

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

CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 8 SEPTEMBER 2016

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MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN MEETING ROOM ONE, COMMUNITY RESOURCE CENTRE, 21 CAMMILLERI STREET, BUSSELTON, ON 8 SEPTEMBER 2016 AT 9.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.31am.

2. ATTENDANCE

Presiding Member:

Cr John McCallum

Members:

Cr Gordon Bleechmore
Cr Grant Henley (from 9.33am)
Cr Paul Carter
Cr Coralie Tarbotton (Deputy Member)

Officers:

Mr Matthew Smith, Director, Finance and Corporate Services
Mrs Maxine Palmer, Manager Community Services (from 10.11am)
Mr David Goodwin, Recreation Facilities Coordinator (from 10.11am)
Mr Daniel Hall, Asset Coordinator (until 10.10am)
Mr Stuart Wells, Strategic Financial Plan Accountant (until 10.10am)
Mr Stephen Wesley, Engineering Management Accountant (until 10.10am)
Mr Jeffrey Corker, Financial Compliance Officer (until 10.10am)
Miss Hayley Barge, Administration Officer, Governance

Apologies

Cr Terry Best
Mr Mike Archer, Chief Executive Officer

Approved Leave of Absence

Nil

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 4 August 2016

Committee Decision

F1609/046 Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Minutes of the Finance Committee Meeting held 4 August 2016 be confirmed as a true and correct record.

CARRIED 4/0

9.33am At this time Councillor Grant Henley entered the meeting.

6. REPORTS

6.1 FINANCE COMMITTEE INFORMATION BULLETIN - JULY 2016

SUBJECT INDEX:	Councillors' Information
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Executive Services
REPORTING OFFICER:	Asset Coordinator - Daniel Hall Financial Compliance Officer - Jeffrey Corker Governance Support Officer - Lisa Haste
AUTHORISING OFFICER:	Chief Executive Officer - Mike Archer
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Investment Performance Report for the Period Ended 31 July 2016

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. Investment Performance 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 July 2016, the value of the City's invested funds totalled \$109.1M, down from \$116.3M as at 1 July.

During the month of July \$12.5M in term deposit funds matured. \$10.0M in deposits were renegotiated, for an average of 115 days at an average rate of 2.78% (the same as June). \$2.5M in deposits was closed to provide funds for normal operational activity. A deposit with the WATC in the amount of \$12.2M being for the Airport development was renewed for a further 3 months at a rate of 1.77% - please note that the funding contract for the Airport development requires that the deposits be maintained with the WATC until such time milestones are met and drawdowns are permitted.

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 \$5.0M with the funds being used for normal operational activity.

The RBA reduced official rates by a further 0.25% during July. This cut had been anticipated by the market and term deposits rates had been factoring it in for some weeks. The market does expect further cuts in the coming year which will continue to weigh down rates on offer.

2. 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
28-Jun-16	\$233.00	Firestation Wine Bar	CEO Hospitality, BGC, Mayor & Former Mayor
02-Jul-16	\$436.00	Qantas	Goldcoast - Perth Airfare Airport Study Tour
30-Jun-16	\$207.37	Ascot Quays	* Accom on Way To LGCO Conf, Darwin
12-Jul-16	\$100.00	WA Farmers Federation	Registration Dairy Conference
13-Jul-16	\$98.50	Fiddlers Green Darwin	* Meal - CEO Group Meeting, Darwin

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

◆ Allocated against CEO Hospitality Expenses Allowance

3. 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.

4. 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:

- 0 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$0
- There were 0 applications for sponsorship received or assessed during July 2016.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$0
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$37,450.

5. Asset Management Report

No report.

Committee Decision and Officer Recommendation

F1609/047

Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Finance Committee notes the Finance Committee Information Bulletin for the month of July 2016.

CARRIED 5/0

6.2 LIST OF PAYMENTS MADE - JULY 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:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments Made - July 2016

PRÉCIS

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

F1609/048 Moved Councillor C Tarbotton, seconded Councillor G Henley

That the Council notes payment of voucher numbers M113176 – M113256, EF047257 – EF047720, T007265 – T007267, and DD002814 – DD002832; together totaling \$7,866,702.05.

CARRIED 5/0

6.3 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 31 JULY 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 Financial Accountant - Ehab Gowegati
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - July 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 July 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

NA

FINANCIAL IMPLICATIONS

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

Long-term Financial Plan Implications

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

NA

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 full year 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 JULY 2016

Historically, significant variances are evident in most revenue and expenditure categories during the early part of each financial year. With this in mind, this initial monthly report will not make any specific commentary on individual variances, which are predominantly due to timing differences. However, the report does list, for information purposes, those activities where the 10% reporting threshold has been exceeded (irrespective of timing matters).

Note: In previous years where 'expenditure' has been less than budget, variances have been expressed as a negative number and negative percentage in this report. From July 2016 onwards, expenditure that is less than budget will be expressed as a positive variance and positive percentage.

Operating Activity

▪ Operating Revenue

As at 31 July 2016, there is a variance of 1.3% (\$649K) in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Rates	Below threshold	+\$579
Fees and Charges	Below threshold	-\$146
Operating Grants, Subsidies and Contributions	+92%	+\$42
Other Revenue	+64%	+\$14
Interest Earnings	-30%	-\$58
Non-Operating Grants, Subsidies and Contributions	+26%	+\$219

▪ Operating Expenditure

As at 31 July 2016, there is a variance of +14% (+\$775K) in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	+62%	+\$742
Utilities	+38%	+\$75
Other Expenditure	+87%	+\$236
Allocations	-80%	-\$213

Capital Activity▪ Capital Revenue

As at 31 July 2016, there is a variance of -95% (-\$1,424K) in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Transfer from Reserves	-100%	-\$1,500
Transfer from Restricted Assets	+100%	+\$76

▪ Capital Expenditure

As at 31 July 2016, there is a variance of 92.5% (+\$7,841K) in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	+89%	+\$2,006
Plant and Equipment	+100%	+\$13
Furniture and Equipment	+99%	+\$59
Infrastructure	+95%	+\$5,039
Transfers to Restricted Assets	+46%	+\$48
Transfers to Reserves	+89%	+\$676

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

CONCLUSION

Significant variances are not unusual in the very early part of each financial year, with this primarily due to budget timing differences, coupled with an increased tendency for higher variances to occur based on 'lesser' year to date budget allocations. In reviewing the financial performance to the end of July, the major variances are all primarily attributable to timing differences.

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA

Committee Recommendation and Officer Recommendation

F1609/049

Moved Councillor P Carter, seconded Councillor G Bleachmore

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

CARRIED 5/0

6.4 ROADS RENEWAL UPDATE

SUBJECT INDEX:	Asset Management
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 Facilities Services
REPORTING OFFICER:	Asset Coordinator - Daniel Hall
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Road Asset Renewal Policy

PRÉCIS

The Purpose of this report is to provide the Council with a progress update of the Roads Asset Management Plan. This will detail the progress of the elimination of the worst condition roads since the inception of the roads asset management plan in 2013.

The report will also outline additional funding received to date. This additional funding is Roads to Recovery funding received in 2015/16 financial year and anticipated to be received in 2016/17. The report details how this funding benefits the ongoing elimination of worst condition roads; and also allows for a possible split of renewal and new / major upgrade expenditure into the future.

This report recommends that the Council receive the roads renewal update as a means of assessing the current progress of the Roads Asset Management Plan.

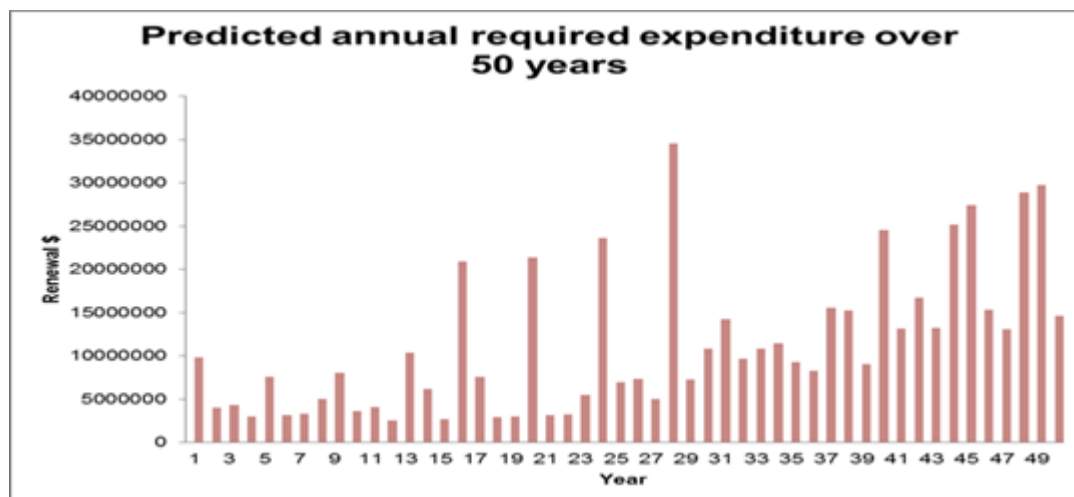
BACKGROUND

The Roads Asset Management Plan was adopted by the Council in June 2013. It was modelled over a period of fifty years and based on maintaining existing levels of service (useful lives) for roads. It presented a fifty year funding gap of \$2.7Million (M) p.a. This was based on predicted expenditure over fifty years measured against historical road renewal expenditure which was \$3.2M in 2013/14.

This amount was subject to a stringent modelling process which included cost reductions identified in the following areas: -

- * Removal of a large portion of widening works for rural single lane seal roads, which was originally costed for all eighty two kilometres of these roads. This was a saving of \$1.6M p.a.
- * Allocation of useful lives greater than minimum industry standards to reflect the actual lives of the seals observed through detailed site inspections. – saving \$1.7M p.a. over the full fifty years of the Asset Management Plan. Spray seals were extended to twenty five years and asphalt seals were extended to thirty five years.

Chart 1 Predicted Annual required Expenditure over 50 Years as Presented in 2013



The first ten years of the asset management plan required a total accrued figure of \$52 M. This equated to an average annual figure of \$5.2M.

Although the modelling showed large spikes in expenditure over time (as demonstrated in Chart 1 above), it was felt that at a practical level the required renewal should be broken into ten year cycles. This allowed the asset management planning to be brought into line with the LTFP and allow the City to plan effectively over a shorter period of time.

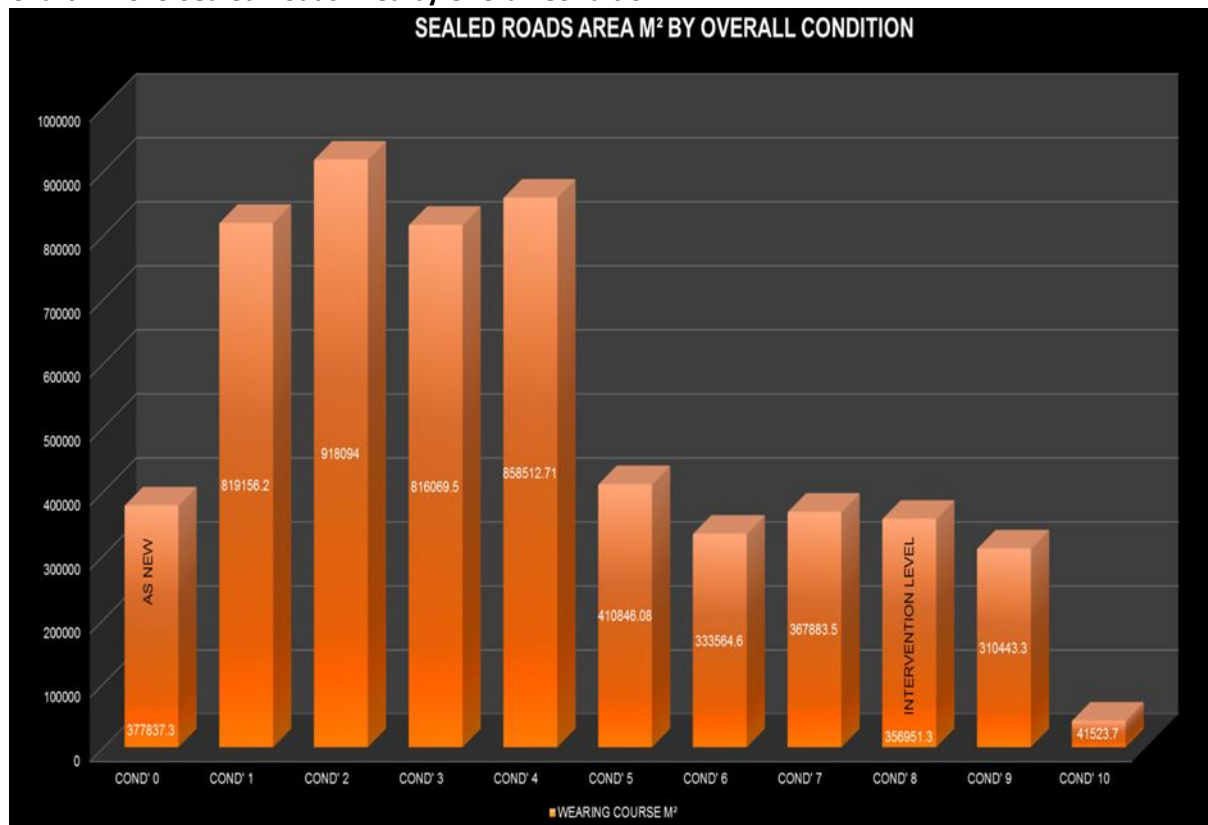
This initial ten years would essentially be used to clear the backlog of worst condition roads and create an improved overall condition for the road network.

Worst condition roads are considered to be those in a condition eight, nine or ten (if one is as new and ten is end of life). The ultimate aim of the roads asset management plan is to maintain the network at a condition seven or less (six, five etc.) so that any renewal works undertaken can be done at less cost than if the road was at condition eight or higher.

The poorer the condition of an asset the more structural issues it is likely to have (i.e. the underlying pavement of a road). The more structural issues that need to be fixed; the higher the cost to fix them. A full road reconstruction can cost in the order of \$45-\$150 / m²; whereas the earlier intervention actions such as asphalt overlays, spray seal, crack sealing etc. cost less than \$18 / m².

The chart below shows the condition profile of the City's road network in 2013. This highlights where the roads sat in terms of condition and the square metres of road in each condition. The condition eight, nine and ten roads is the focus of the renewal program for the first ten years of the asset management plan.

How this has progressed over time is discussed in the officer comment section of this report.

Chart 2: 2013 Sealed Roads Area by Overall Condition

With the modelling completed and the required funding set, staff and the Council set about implementing a funding framework. This would achieve the required renewal expenditure in the first ten years of the plan (2013/14 - 2022/23). This framework included a specific rate increase as well as a priority of allocating road expenditure towards renewal based works.

The specific rate increase consisted of a one per cent rate increase per year over a period of six years (2013/14 – 2018/19). Currently, at the conclusion of year six (2018/19), the rate increase will cease. However the funds generated will remain quarantined and indexed for the express use initially of funding the renewal requirements for roads. The mechanics of the specific rate increase are further outlined within the Road Renewal Funding Policy (PO26) Attachment A.

At the time that the increase was implemented, it was anticipated that over time, funds may be available to assist with major upgrades and new road infrastructure. This would only be undertaken when sufficient progress has been made with the road renewal as outlined within the asset management plan.

Subsequent to the adoption of the Asset Management Plan and the Roads Renewal Policy in 2013; the Council implement a program (August 2015) for the targeted renewal of roads classified as rural single lane country roads in high-use rural areas.

The program instigated a funding split of sixty percent rural (single lane seal roads) and forty percent towards other minimum renewal requirements. These minimal renewal requirements being worst condition urban roads, second coat seals and gravel re-sheets. This program was brought about by the increasing risk posed by the high traffic, higher speed sections of these rural roads.

The program also brought about a slight change in philosophy from a very high weighting on condition when prioritising renewal works. Other factors such as safety, use and strategic linkages were given a higher weighting along with condition.

This was considered as a prudent and appropriate measure based on all the factors considered. However it does create situations where condition seven roads may be renewed before condition eights, nines and tens. These instances may overtime, slow the progress of the reduction in square metres of higher condition roads. However this is significantly offset by the many benefits of renewing these particular rural roads in a targeted manner. Further discussion on this is contained within the Officer Comment section of this report.

In addition to these renewal based strategies, at its 8 June 2016 Ordinary Meeting; the Council adopted a strategic direction with respect to the Busselton Traffic Study. The traffic study assessed and provided recommendations for the progressive major upgrades of the local road network in the Busselton-Vasse urban area. The strategic direction adopted will guide more detailed planning and implementation.

The implementation of these progressive major upgrades of the local road network will require large amounts of funding from various sources over time; some of which will more than likely be required from the Council roads asset expenditure budget. This currently funds the asset management plan works.

All of the above factors noted, play a role in the determination of when a funding split within the existing LTFP can be implemented. Re-direction of renewal expenditure towards new and major upgrade should only be implemented if it does not adversely affect the renewal requirements of the road network.

As the asset management plan progresses, it may become possible to implement a funding split to allow for new and major upgrade expenditure. This could take the form of an annual percentage funding split of available funds to allow for both renewal and new / major upgrade expenditure.

The timing of this funding split would be subject to a determination of when sufficient progress has been made with the renewal of the worst condition roads.

STATUTORY ENVIRONMENT

The *Local Government Act 1995* S5.56 (1) requires the Local Government to develop a “plan for the future” and further detail in relation to this requirement is provided in regulation 19 of the *Local Government (Administration) Regulations*. The Local Government is required to have a corporate business plan linking to long term financial planning that integrates asset management, workforce planning and specific council plans (informing strategies) with a strategic plan.

RELEVANT PLANS AND POLICIES

This report has been compiled with reference to the 2013 Asset Management Plan for Roads. This plan details the overall condition of the road network. Based on this condition information it also outlines funding required to maintain the road network into the future.

The funding outlined by the Asset Management Plan for Roads is backed by the Road Asset Renewal Policy. The intention of the policy being to ensure that all funds generated by the asset renewal rate increase as per the Council’s Long Term financial Plan, plus any surplus of Council’s existing own source renewal funding are transferred to and from the Road Asset Renewal Reserve. This provides a clear understanding of the amount of funds generated and where they are spent and also allow for longer term planning of works to take place.

FINANCIAL IMPLICATIONS

The Road renewal program (including funding) as detailed in the Asset Management Plan is used to inform the LTFP. Table 1 below shows the actual and predicted LTFP figures for road renewal. These are the figures that need to be met in order to achieve the required levels of renewal expenditure.

Table 1 Long Term Financial Plan – Road Renewal

	1	2	3	4	5	6	7	8	9	10	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
LTFP Figures (original 13/14 - 15/16 plus updated 16/17 - 22/23)	3,544,411	4,265,139	4,439,590	6,396,000	5,308,800	5,791,000	5,942,000	6,068,800	6,201,000	6,118,000	54,074,740

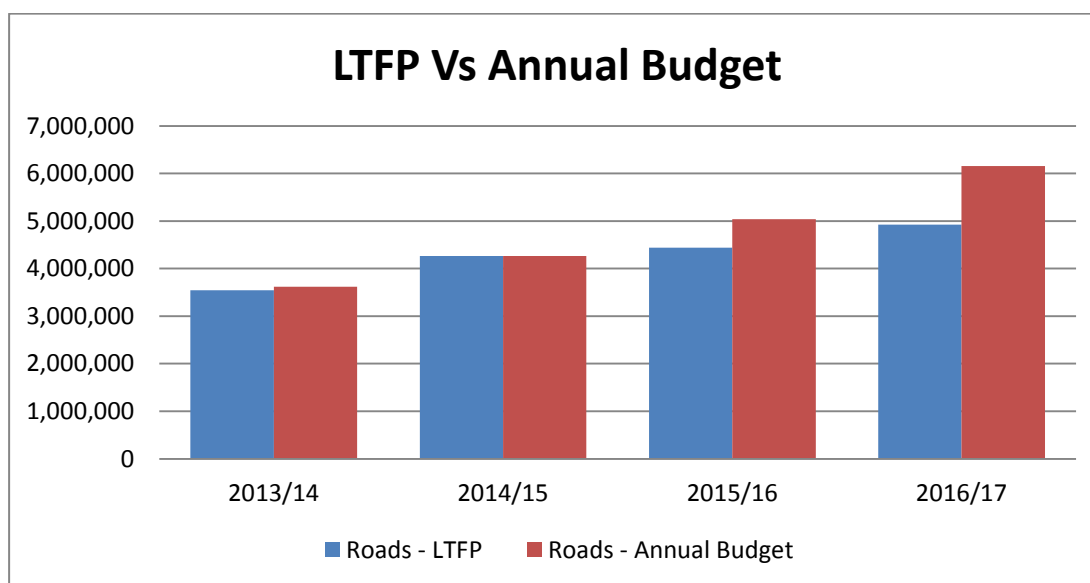
The table shows LTFP figures for the Period 2013/14 – 2022/23. This was the initial timeframe set for the renewal of all condition eight, nine and ten roads. The expenditure figures shown in the table are a combination of figures from the original LTFP (2013/14 – 2015/16) as well as those from the current LTFP (2016/17 – 2022/23).

Once the LTFP figures are set, they form the starting point for budget deliberations for the relevant year. The aim being for the adopted budget to be at least equal to the LTFP figure to ensure that the estimated required renewal levels are being met.

Chart 3 below provides an overview of the progress of the asset plan based on actual budget raised measured against that outlined within the LTFP. The Blue columns in the chart represent the LTFP figures for road renewal and show the planning side of road renewal. The red columns represent the actual budget raised in the relevant years and provide a visual representation of the relationship between LTFP and actual budget raised.

The key with this chart is to ensure that the red column matches (or exceeds) the blue column in any given year. The columns representing 2015/16 and 2016/17 show how the red columns exceed the blue columns in these years (budget raised is higher than predicted LTFP amount).

Chart 3: LTFP measured Against Annual Budget



The additional funding can be attributed to Roads to Recovery funding received for 2015/16 and predicted for 2016/17. This includes supplementary funding brought about by agreement at a

Federal Government level. The agreement will see the fuel excise (the main fuel tax in Australia) increase in February and August in line with the consumer price index (CPI). These additional funds are distributed out through the Roads to Recovery program. This has previously not been the case.

Continued Roads to Recovery increases from 2016/17 onwards have not been considered as part of the modelling undertaken within this report. This is on the basis that although further increases past 2016/17 are theoretically possible, they are not confirmed and therefore it would be difficult to predict any timing and amounts beyond what is known with some certainty. However if this additional funding was to continue past 2016/17, it would create ongoing capacity for new and major upgrade works.

Table 2 provides more detail of the additional roads to recovery funding as outlined within Chart 3.

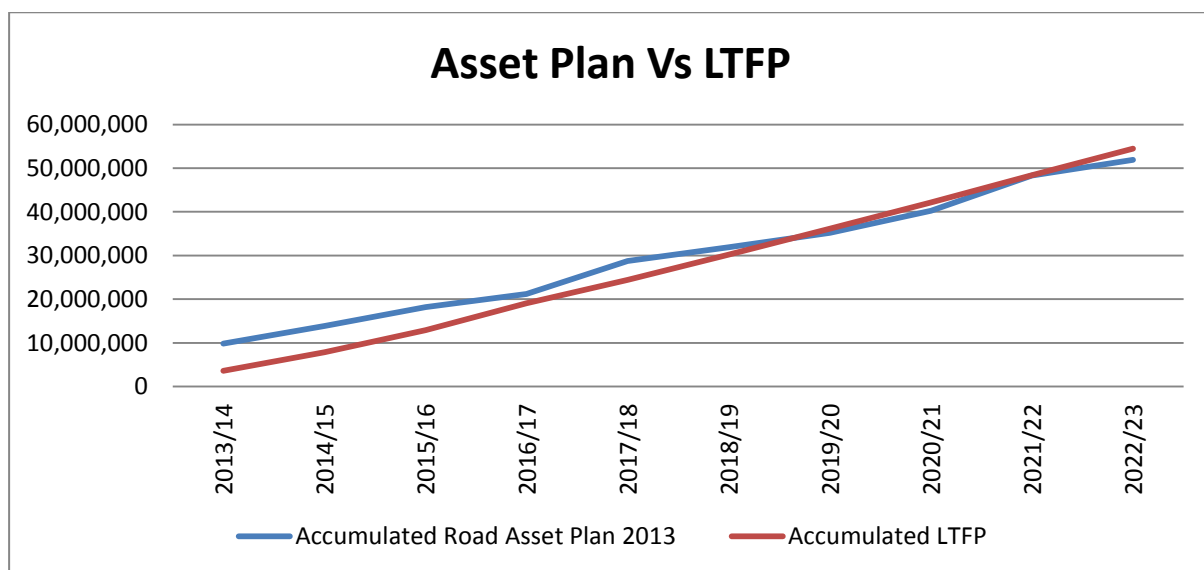
Table 2: Roads to Recovery Funding

	2015/16	2016/17	Total
Original "Planned" Funding	658,000	678,000	1,336,000
Actual funding received	2,036,150	1,898,000	3,934,150
Total Additional	1,378,150	1,220,000	2,598,150

The original "planned" funding figures for the Roads to Recovery were included in the original LTFP of 2014/15, and were the basis of the Roads Asset Management Plan.

Chart 4 below shows the effect of this additional funding as the initial ten year plan moves to the latter years. The LTFP expenditure (red line) catches the predicted Asset Plan expenditure (blue line) at the conclusion of year nine (2021/22). This demonstrates that the required renewal amount as set in 2013 (by the Asset Plan) will be surpassed sometime in the tenth year, rather than at the conclusion of the year ten as originally planned.

Chart 4: Asset Plan Measured Against LTFP



Long-term Financial Plan Implications

There are no LTFP implications as a result of the adoption of the recommendations within this report.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 2 – ‘Well Planned, Vibrant and Active Place’ and more specifically Community Objective 2.3 - ‘Infrastructure assets that are well maintained and responsibly managed to provide for future generations’.

RISK ASSESSMENT

An assessment of the potential implications of not implementing the officer recommendation and adopting the asset management plans has been undertaken using the City’s risk assessment framework.

The table below shows identified risks where the residual risk, once controls have been identified, as ‘medium’ or greater;

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
Anticipated external funding does not eventuate as planned.	Priority for budgetary allocation given to road renewal.	Major	Rare	M10

CONSULTATION

Nil

OFFICER COMMENT

There are a number of factors to consider when assessing the current progress of the roads asset management plan. At a broad level the condition profile charts provide an effective overview of this progress based on condition. However, there are some instances where condition is not the major trigger for renewal works to occur.

Whilst the justification for prioritising renewal of the rural single lane seal roads was based on the condition. It also placed a very high importance on other factors such as traffic volumes, (local and tourist) safety, risk factors of narrow 3.7m wide seals and strategic priorities of anticipated future increases in traffic flows. Some of these roads identified as priority roads within the program may not necessarily be the worst condition roads in terms of pure condition rating; but are obvious priorities based on all the other factors considered.

When assessing the progress of the ten year plan for elimination of all condition eight nine and ten roads. Simply measuring this is only one part of the measure of the overall success (or otherwise) of the asset management plan.

The progress and success can also be measured in terms of improved safety of higher speed linkage roads, improved amenity for tourist and visitor traffic and works to compliment other major projects.

The current progress of the reduction of worst condition roads can be seen by comparing charts 5, 6 and 7 below. The Charts show how the condition profile has changed over time and demonstrates the improving condition of the overall network. The distribution of condition ratings has changed over time as the roads are renewed. In particular, the reduction of the total square meters of roads in the eight, nine and ten condition ratings, and the increase in rating zero (As New).

Chart 5: 2013 Sealed Roads Area by Overall Condition

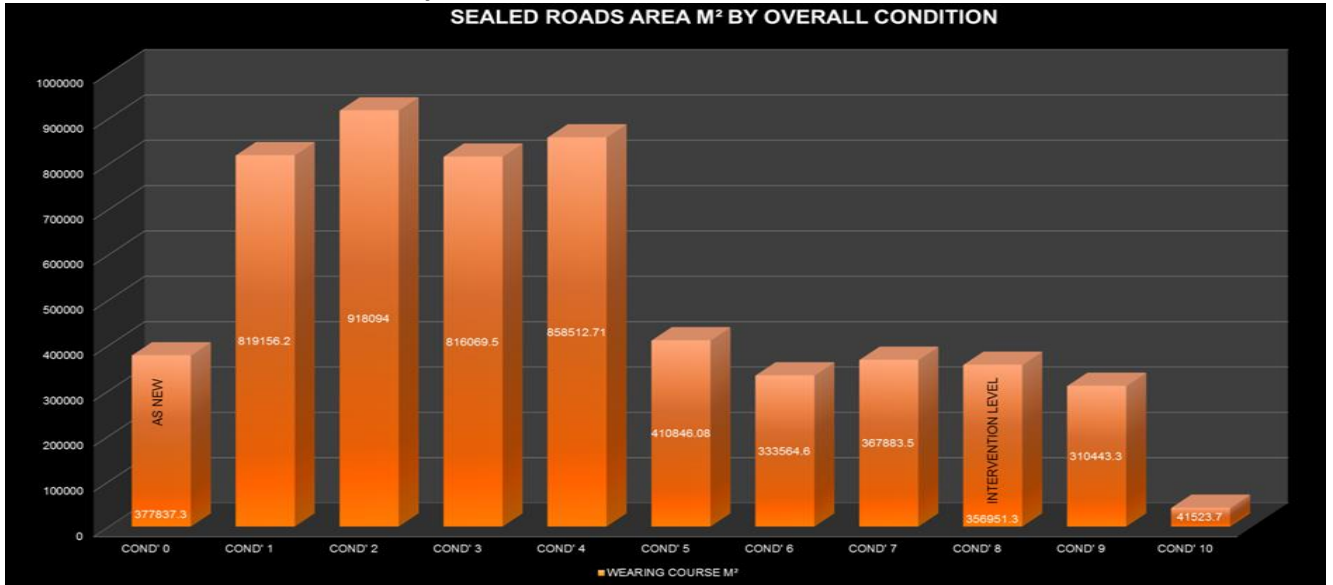


Chart 6 2015 Sealed Roads Area by Overall Condition May 2015

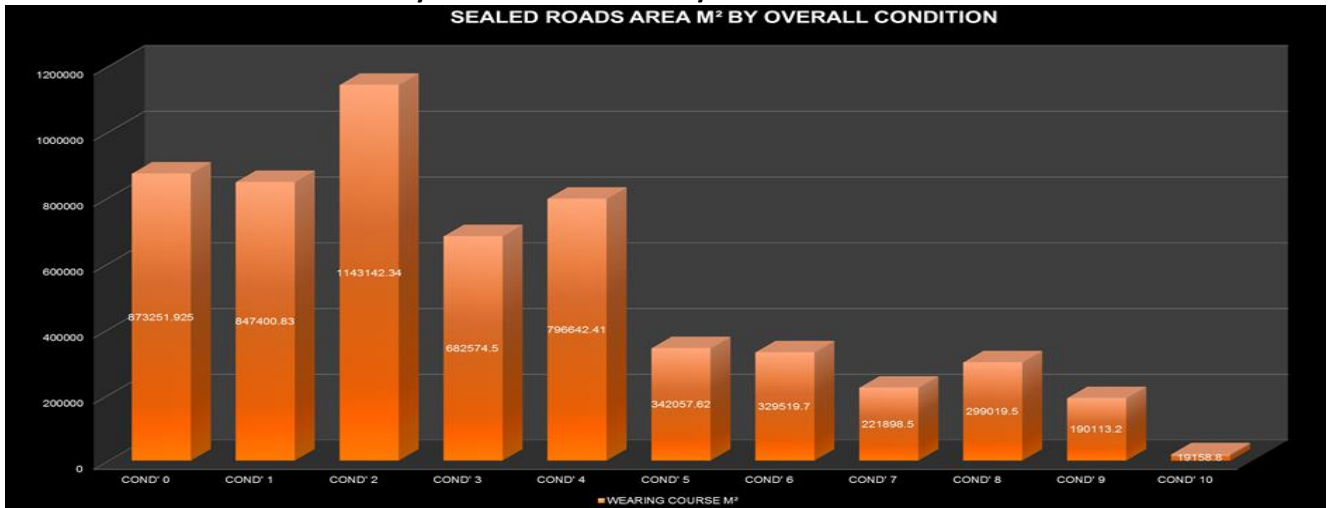


Chart 7 2017 Estimated Sealed Roads Area by Overall Condition June 2017

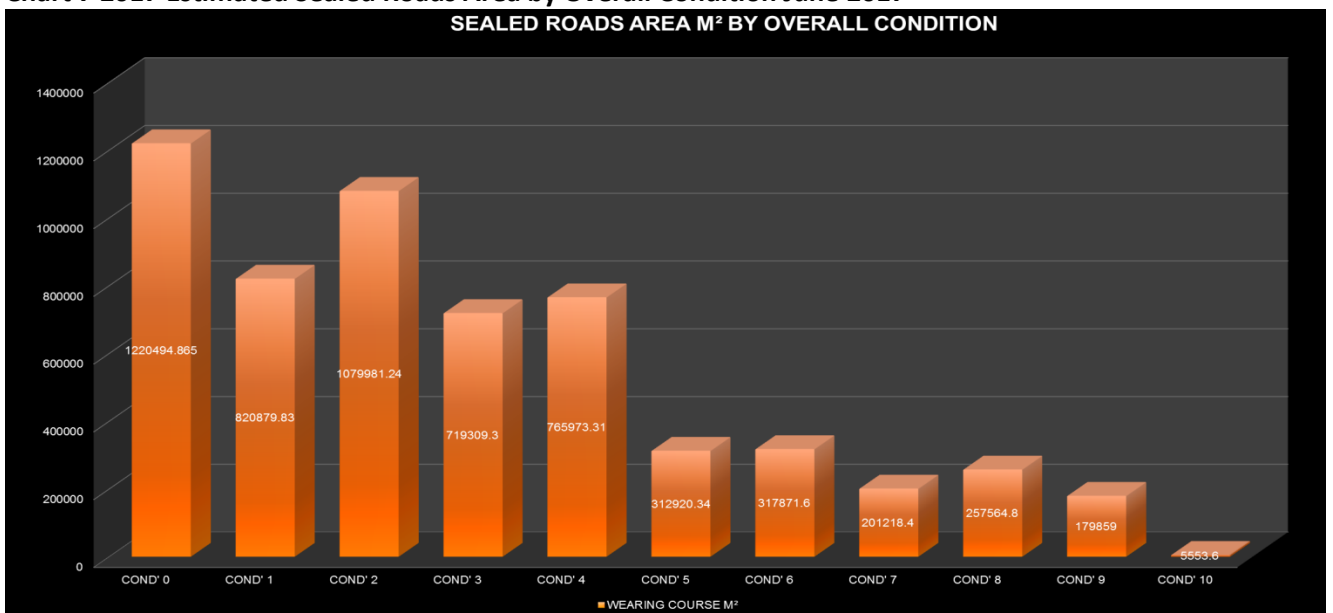


Table 6 below shows the data contained within the charts and also includes estimated figures for the completion of 2016/17. These figures are estimated based on the 2016/17 road renewal program being carried out as per the current budget.

Table 6 Allocated Road Condition Over Time

	JUNE 2013 M2 of roads	MAY 2015 M2 of roads	JUNE 2016 M2 of roads	JUNE 2016/17 PREDICTED M2 of roads
CONDITION 0	377,837	873,251	1,220,494	1,334,523
CONDITION 7	367,883	221,898	201,218	186,017
CONDITION 8	356,951	299,019	257,565	229,192
CONDITION 9	310,443	190,113	179,859	165,129
CONDITION 10	41,524	19,159	5,554	3,285

Based on the current rate of completion, the full elimination of all worst condition roads is estimated to be achieved in 2024/25. This is two years later than year ten of the original plan which is 2022/23. This however is still subject to further review and scrutiny of the lower priority of these roads. A review would consider factors such as strategic importance of the roads, current traffic flows and risk posed. A review may highlight other, more minor forms of remediation which would still provide the required levels of service. This may allow these roads to be renewed sooner than 2024/25.

A continued high weighting on factors other than condition will reduce the rate of worst condition roads renewed on an annual basis, and is a slight change in philosophy from the original asset management plan. However this is still prioritising renewal first and foremost and contributing to the continuous improvement of the overall road network.

CONCLUSION

Since 2013, significant progress has been made on the renewal of the City's worst condition urban and rural roads. Planning over a period of ten years and beyond is subject to many variables over time; and the current progress is a testament to the Councils commitment to the ongoing renewal of the road network.

The next challenge for the City will be to strike a balance between renewal, major upgrade and new expenditure. This balance refers to a possible split of funds catering for; the ongoing renewal of worst condition roads, upgrade of unsafe, high traffic rural single lane seal roads and commencement of traffic study implementation.

How this balance will be achieved will be subject to further discussion and review as the asset management plan progresses.

OPTIONS

The Council could chose not to receive the road renewal update.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

There is no specific time line tied to the adoption of this report.

Committee Recommendation and Officer Recommendation**F1609/050** Moved Councillor C Tarbotton, seconded Councillor G Bleechmore

That the Council: Receive the roads renewal update as a means of assessing the current progress of the Roads Asset Management Plan.

CARRIED 5/0

- 10.10am At this time the Asset Coordinator, Strategic Financial Plan Accountant, Engineering Management Accountant and the Financial Compliance Officer left the meeting and did not return.
- 10.11am At this time the Manager Community Services and the Recreation Facilities Coordinator entered the meeting.

6.5 GEOGRAPHE LEISURE CENTRE LIFEGUARDS BUDGET REPORT

SUBJECT INDEX:	GLC Lifeguards Budget Rport
STRATEGIC OBJECTIVE:	A City where the community has access to quality cultural, recreation, leisure facilities and services.
BUSINESS UNIT:	Community Services
ACTIVITY UNIT:	Community Services
REPORTING OFFICER:	Recreation Facilities Coordinator - David Goodwin
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

This report is further to recent presentations to Council's Finance and Policy and Legislation Committees to inform Councillors of current operating conditions regarding lifeguarding at the Geographe Leisure Centre (GLC). The risks to Council arising from operating the swimming pools within current budgetary restraints have been assessed as high. Officers have evaluated a number of options to mitigate and lower the current risks and this report presents those options for Council's consideration.

BACKGROUND

Due to budget constraints and the focus on reducing the net operating cost of the centre to Council the GLC has over the past few years been budgeting according to historical pool supervision standards of one (1) lifeguard to one hundred (100) patrons.

The recent presentations informed Council how it is becoming increasingly difficult to achieve significant reductions in the net operating cost for the GLC for a number of reasons including but not limited to increased utilisation which incurs increased cost, increased service by keeping the outdoor pool open all year round and changes to pool supervision operating requirements. The GLC is unlikely to ever fully recover costs and is subsidised heavily by Council in order to keep the facilities and services affordable. A recent benchmarking exercise has found that the subsidy at GLC is significantly lower than that provided by other Councils with similar recreation centres.

Staffing costs are inevitably the main driver dictating expenditure within any leisure centre and one of the contributory factors to the low subsidy per visit at the GLC is that staffing is lower than industry benchmarks. As the GLC has an outdoor pool one would expect staffing costs to be significantly higher than those Centre's that don't have an outdoor pool. This is not the case.

However, the particularly low subsidy per visit does provide opportunity for potential increases in the subsidy in order to adequately address inherent risks and raise the level of customer service and public safety at the facility. Other options are to manage significant reductions in service levels to reduce current risk levels.

STATUTORY ENVIRONMENT

Premises classified as aquatic facilities by the WA Health (Aquatic Facilities) Regulations 2007 are required to comply with the provisions of the Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities. GLC is classified as a Class 1 facility. This code states that management is responsible for ensuring the facility implements adequate measures to supervise all patrons. Lifeguards must be able to provide supervision at all times, and not be allocated duties that could interfere with their ability to respond immediately to an emergency.

RELEVANT PLANS AND POLICIES

Not applicable.

FINANCIAL IMPLICATIONS

The current GLC net operating budget forecast for 2016/17 is \$645,406. (This includes an additional \$96,000 in contractors this year to undertake structural assessments of the pools and feasibility studies to recommend future expansion options for the centre). Benchmarking as presented to Council committees' shows that this is significantly lower than other comparative centres who, in 2015/16 had budgeted net operating positions of between \$872,000 and \$2.3 million respectively. Regional Centre's with the most similar operating environments typically are operating at average net operating positions of approximately \$1.1 million per annum which is more than \$400,000 above the current GLC net operating position.

The table below shows four (4) options to reduce the current high risk of lifeguard operations. Each option shows the impact on revenue, any savings from any service reductions, additional lifeguard costs and the forecast variance to the 2016/17 budgeted net operating position of \$645,406. In considering these options it should be noted each scenario is based on a full financial year of operations and therefore option 2 could not now be implemented in the current year. The Officer comment provides more detail about each option and other options considered but discounted as they do not address the level of risk sufficiently.

Option	Approx.Variation in income	Approx.Variation in operating expenses (eg chemicals and utilities)	Approx.Variation in lifeguard costs	Approx total variation to net operating position
Option 1 - Council acknowledges the risks identified in the current operations and funds extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during all opening hours.	\$0	\$0	\$168,000	\$168,000
Option 2- Close the outdoor pool from May to September inclusive and fund extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during all opening hours between October and April.	-\$96,600	-\$30,198	\$98,000	\$164,402
Option 3- Close the outdoor pool indefinitely	-\$246,000	-\$71,476	\$0	\$174,524
Option 4- Council acknowledges the risks identified in the current operations and funds extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during periods of high risk.	\$0	\$0	\$87,763	\$87,763

Long Term Financial Plan Implications

In order to sufficiently meet Statutory obligations, industry standards, cope with user growth and reduce risks associated with the operation of the GLC, further increases to the GLC resourcing budget will need to be considered by Officers and Council as part of the 2017/18 budget development process and next review of the Long Term Financial Plan.

STRATEGIC COMMUNITY OBJECTIVES

This matter aligns with the City of Busselton Strategic Community Plan 2013 and principally with the following strategic goal:

- Be a responsible, accountable local government and
- To manage the City's resources to provide optimum benefit to the community

RISK ASSESSMENT

The risk of death, drowning or serious injury at the Geographe Leisure Centre swimming pools is rated as high because the consequence is major (death or serious injury) and the likelihood due to lack of supervision is possible.

The following table shows a risk assessment of each option presented for consideration in this report.

Risk	Rating	Mitigation	Rating after mitigation
Death, drowning or serious injury at Geographe Leisure Centre swimming pools	Consequence: Major Likelihood: Possible Rating: High 18	Option 1 - Council acknowledges the risks identified in the current operations and funds extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during all opening hours.	Consequence: Major Likelihood: Rare Rating: Medium 10
		Option 2 - Close the outdoor pool from May to September inclusive and fund extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during all opening hours between October and April.	Consequence: Major Likelihood: Rare Rating: Medium 10
		Option 3 - Close the outdoor pool indefinitely	Consequence: Major Likelihood: Rare Rating: Medium 10
		Option 4 - Council acknowledges the risks identified in the current operations and funds extra human resources at GLC in order to meet minimum requirements of the Pool Supervision Guidelines during pre-determined periods of high patronage and /or increased risk.	Consequence: Major Likelihood: Rare Rating: Medium 10*

*Periods of high risk still remain, but are limited. See Officer Comment section for further details.

CONSULTATION

Not applicable.

OFFICER COMMENT

The GLC is classified as a Class 1 facility under the WA Health (Aquatic Facilities) Regulations 2007. There are additional risks associated with Class 1 pools because the public are admitted without any health or swimming ability screening taking place. Where there is an absence of constant supervision risks are heightened due to the potential for patrons to remain unnoticed when in difficulty. There is an inherent risk in water environments that injuries may occur to patrons, no matter what sort of swimming ability, fitness or otherwise, however under resourcing of swimming pools is high risk as the consequence could be death, the last thing any Council would want in its history.

The WA Health Act Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities states management is responsible for ensuring the facility implements adequate measures to supervise all patrons. A lifeguard service providing effective supervision of patrons, can prevent drowning, and is essential in higher-risk facilities such as the GLC. Industry guidelines and best practice (The Pool Supervision Program) develops and expands on the intent of the WA Health Act. Industry best practice is that facilities should have a minimum of one (1) lifeguard facing the water at all times regardless of how many people are in it. The Pool Supervision Program states that when allocating human resources facility operators should consider a range of factors such as: weather, holidays, size, number, and layout of pools, surface reflection, average attendance, anticipated attendance, swimming capabilities, special needs individuals and groups, the number and distribution of users, recreational activities, either programmed or spontaneous.

Currently in order to maintain operating costs within the 2016/17 budget, whilst also attempting to reduce the risk of drowning and comply as far as possible with the Pool Supervision Program the Centre has been forced to reallocate staff from other roles such as the Pool Operators, Centre Supervisor Aquatics and Fitness and at times the Recreation Facilities Coordinator into lifeguarding roles. This is not an efficient use of senior staff resourcing junior lifeguard roles. However, this is necessary to provide adequate supervision throughout the pools opening hours and in order that some of the necessary ancillary duties can be completed and so that lifeguards can have rostered breaks. In the current operating environment officers are continually compromising ancillary and administrative duties associated with the operating of the pool and other areas of the centre in favor of reducing risk in the pools. The result is a reduction of customer service and other tasks being delayed or not completed at all.

A number of options have been investigated in order to mitigate the risks associated with a drowning death or serious injury at the GLC. Consideration was given to utilising other staff on duty at the Centre such as customer service staff during busy periods in the pools to supplement existing lifeguard staffing however this was found to be unviable and problematic.

The use of available technological solutions has also been investigated as a possible risk mitigation strategy . There would appear to be two systems on the market.

The Sentag wristband system is a personal safety device. It keeps track of guests while swimming or playing in the pool and if a user stays too deep for too long the Sentag Drowning Detection system will immediately alert lifeguards. The system acts as an extra level of safety if lifeguards and regular safety procedures fails. This system is used extensively in Europe with no current installation in Australia

The Poseidon pool surveillance system makes use of overhead and underwater cameras that can send an alert via a computer or LED alert panel to lifeguards if swimmers are in difficulty. This system

is in use in the Eastern States of Australia and in Europe. There are currently no installations in Western Australia.

It is clear that from research conducted and advice received that technology is intended to complement lifeguards, not replace them or reduce their responsibilities or vigilance. Technology does not save people from drowning, lifeguards do and under no circumstances should the presence or use of technology result in the reduction or modification of lifeguard staffing or duties as required by regulation or normal practices. The use of technology is not recommended as an option at present for the above reasons.

The following four options are presented for Council's consideration as a strategy to mitigate the risk associated with a drowning or serious injury at the GLC swimming pools.

Option 1 - Council acknowledges the risks identified in the current operations and funds extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during all opening hours.

This option fully meets requirements and reduces the risk rating from high 18 to medium 10. In addition there is no loss of revenue and no reduction in service. This option provides a minimum of 2 lifeguards on pool deck at all times the GLC pools are open. This option enables a minimum one lifeguard to be stationed on the outdoor pool and on the inside pools.

The effect to the net operating position at the GLC would be an extra cost to Council of up to \$168,000 per annum.

Option 2- Close the outdoor pool from May to September inclusive and fund extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines during all opening hours between October and April.

Council should note that this is not a viable option for the 2016/17 financial year due to the timing of this report however in forthcoming years this option could be considered. This option is likely to result in a loss of revenue of approximately \$94,600. There would likely be a saving in utilities, chemicals etc. of approximately \$30,198 but an extra cost to provide a minimum of 2 lifeguards on pool deck at all times the GLC pools are open of approximately \$98,000.

There may also be an unquantifiable loss of revenue resulting from a loss of membership options to use the outdoor pool during the winter months.

If this option was preferred then it would reduce the risk rating from high 18 to medium 10 with the consequences remaining major and the likelihood reducing to rare.

The effect on the net operating position at GLC would be an extra cost to Council of up to \$164,402 per annum.

Option 3- Close the outdoor pool indefinitely

This option results in a complete loss of annual revenue from the outdoor pool of approximately \$246,000. There would be a saving in utilities, chemicals etc. of approximately \$71,476.

There may also be an unquantifiable loss of revenue resulting from a loss of membership options to use the outdoor pool as well as a loss of customer satisfaction due to significantly more overcrowding of the indoor pools.

If this option was preferred the it would reduce the risk rating from high 18 to medium 10 consequences remaining major and the likelihood reducing to rare.

The effect on the net operating position of the GLC would be an extra cost to Council of up to \$174,524 per annum.

Option 4- Council acknowledges the risks identified in the current operations and funds extra human resources at GLC in order to meet minimum requirements of the WA Health Act and the Pool Supervision Guidelines **during pre-determined periods of high patronage and /or increased risk.**

This option results in no loss of revenue and fewer but some service reductions. This option provides a minimum of two lifeguards on pool deck at all times the GLC pools are open during predetermined high patronage and/or predetermined high risk conditions and or usage.

This option is based on additional resourcing above current budget at predetermined times only which can be due to weather, holidays, average attendance, anticipated attendance, swimming capabilities, special needs individuals and groups, the number and distribution of users, recreational activities, either programmed or spontaneous.

In considering this option Council should note that there will still be some periods where the pools are not sufficiently supervised and therefore the risk at these times is still high. To reduce the risk further would require closer of the outdoor pool during periods of low usage. It is not considered practical or feasible at this time to close the outdoor pool at short notice and dependant on fluctuations of demand due to staff rostering requirements, employment conditions and customer satisfaction however a full investigation of outdoor pool usage can be completed with a view to providing a recommendation for the 2017/18 financial year's budget in relation to advertised opening times.

In order that some of the necessary ancillary duties can be completed other GLC officers such as the Pool operators, Centre Supervisor Aquatics and Fitness and at times the Recreation Facilities Coordinator will still require redeployment, albeit on a less regular basis, to reduce risks to a medium level. This option may still result in a reduction of customer service and some ancillary tasks being delayed or not completed throughout the rest of the 2016/17 financial year.

If this option was preferred the it would reduce the risk rating from high 18 to medium 10 with the consequences remaining major and the likelihood reducing to rare during the majority of times the pools are open. During reduced periods of inadequate supervision the risk rating will remain high.

The effect on the net operating position of GLC would be an extra cost to Council of up to \$87,783 per annum.

CONCLUSION

Officers recommend that Council approves an overspend of up to \$87,783 of the GLC's budgeted net operated position for the 2016/17 financial year to increase lifeguard resourcing of the GLC pools during pre-determined periods of high patronage and /or increased risk. This option is recommended in order to provide a short term solution within the acknowledged existing budgetary constraints of Council.

In order to sufficiently meet Statutory obligations, industry standards, cope with the growth forecast and reduce risks associated with the operation of the GLC further increases to the GLC resourcing budget will need to be considered by Officers and Council as part of the 2017/18 budget development process and next review of the Long Term Financial Plan. It is to be noted that through

ongoing discussions with the CEO, best endeavors will be made throughout the year to recoup the costs associated with this recommendation throughout the organisation's salaries and wages budget.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the Officer Recommendation be endorsed additional lifeguard resourcing will be implemented in the next pool staffing roster.

Committee Recommendation and Officer Recommendation

F1609/051 Moved Councillor G Henley, seconded Councillor P Carter

That the Council:

1. Notes an overspend of up to \$87,783 of the Geographe Leisure Centre's budgeted net operating position for the 2016/17 financial year to increase lifeguard resourcing of the GLC pools during pre-determined periods of high patronage and /or increased risk.

CARRIED 5/0

6.6 GEOGRAPHE LEISURE CENTRE SPECTATOR FEE PETITION

SUBJECT INDEX:	GLC Spectator Fee Petition
STRATEGIC OBJECTIVE:	A City where the community has access to quality cultural, recreation, leisure facilities and services.
BUSINESS UNIT:	Community Services
ACTIVITY UNIT:	Community Services
REPORTING OFFICER:	Manager, Community Services - Maxine Palmer
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Petition - GLC Spectator Fee

PRÉCIS

This report is in response to a petition received by the Council at its ordinary meeting held on 24 August 2016 requesting the removal of the \$1 spectator fee from the Fees and Charges of the Geographe Leisure Centre (GLC). The Council resolved that the petition be received and referred to the CEO to prepare a report.

This report recommends the \$1 GLC spectator fee is removed from the GLC Fees and Charges Schedule with immediate effect. Further details and the reasons for this recommendation are set out in the 'Officer Comment' section of this report.

BACKGROUND

A petition was received on the 17 August 2016, requesting the removal of the \$1 spectator fee from the Fees and Charges of the Geographe Leisure Centre (GLC). The petition stated the fee is unjust and unfair for the following reasons:

- No reason or explanation for said dollar charged
- Inconsistency of dollar charged
- No dollar/spectator fee to watch basketball
- Other leisure centres in surrounding areas do not charge fee
- Receipt for dollar?
- What service is provided?

The petition was electronic and contained 203 names, a country and/or State of location, date, time and comment. The petition was presented to the Council at the 26 August 2016 meeting. The Council resolved (C1608/210) that the petition be received and referred to the CEO to prepare a report to the Council or a Committee. A copy of the petition is provided, in full, as **Attachment A** to this report. This report is in response to this petition received by the Council.

STATUTORY ENVIRONMENT

Section 6.16(3) of the Act states that a schedule of fees and charges is to be adopted by the Council when adopting the annual budget, however fees and charges may also be imposed during a financial year.

Section 6.16 of the Local Government Act (the "Act") states that a local government may impose and recover a fee or charge for any goods or services it provides or proposes to provide, other than a service for which a service charge is imposed.

Section 6.17 of the Act further states that in determining the amount of a fee or charge for goods and services, a local government is to take in to consideration the following factors:

- a) The cost to the local government of providing the service or goods
- b) The importance of the service or goods to the community; and
- c) The price at which the service or goods could be provided by an alternative provider

Pursuant to Section 6.19 of the Act, local public notice must be given should fees and charges be adopted outside of the annual budget adoption process.

RELEVANT PLANS AND POLICIES

Not applicable.

FINANCIAL IMPLICATIONS

In 2015/16, the GLC receipted \$6,289 in spectator fees through its point of sale system. All revenues generated by the GLC help to offset the operating expenses of the centre which last year totaled \$2,745,454.

The 2016/17 budget forecasts revenue of \$7,000 from spectator fees. In considering the Officer recommendation, to immediately remove the spectator fee, the Council should note there will be up to a \$7,000 deficit in GLC revenue this financial year.

Long-term Financial Plan Implications

Nil

STRATEGIC COMMUNITY OBJECTIVES

This matter aligns with the City of Busselton Strategic Community Plan 2013 and principally with the following strategic goals:

- A City where the community has access to quality cultural, recreation, leisure facilities and services
- Infrastructure assets are well maintained and responsibility managed to provide for future generations

RISK ASSESSMENT

An assessment of the potential risks of implementing the Officers recommendation was undertaken, and as a result, no risks were rated as 'medium' or above were identified.

CONSULTATION

The removal of the spectator fee will require public notice to be given of the date from which the change will be imposed.

OFFICER COMMENT

The \$1 spectator fee has been in place since the GLC opened nineteen years ago. Over time it increased to a \$1.30 but was reduced back to a \$1 a few years ago.

It is understood the petition is a result of a community member querying the spectator fee when visiting the GLC, in August, to watch their child swim during the Department of Education In Term Swimming Program.

The fee only applies to spectators entering the pool hall to watch another person swim for the Department of Education's (DoE) swimming lessons, general pool usage and school carnivals. The fee does not apply when a parent or carer brings their child to the GLC's Learn to Swim program, GLC private swim lessons, hires the pool hall for a party or for aquatic club member usage.

A spectator fee does not apply to the stadium and this is in line with general practice across the recreation centre industry. Spectator fees are considered in club and user hire fees and any program the GLC may run from the stadium courts. This may generate some confusion regarding why and when a spectator fee should or shouldn't apply.

It is acknowledged the application of the fee has been inconsistent, perhaps contributing some confusion with spectators. This is primarily due to the multiple and varied fee structure of the GLC which has caused some confusion for new or casual staff who may not work on the reception desk on a regular basis. Prior to the installation of the pool entry doors and the separation of the kiosk from the reception desk, the entry foyer allowed anyone to walk through into the pool hall. This was, and to a certain extent still is, a problem when a large group arrives at once because non-paying customers may enter the aquatics hall through the door that opens to allow fee paying customers through. Often the reception has one staff member who cannot leave the desk to follow customers who have not paid for entry.

Other centres and the industry generally have battled with this issue for many years. As a result some other centres have chosen not to have a separate spectator fee for their aquatics areas. Whilst the spectator fee could be clearly defined or clarified it is likely that it will be the subject of further dispute in the future. Whilst never the subject of a petition before, GLC reception staff regularly handle queries about it.

In 2015/16, the GLC receipted \$6,289 in spectator fees through its point of sale system. All revenues generated by the GLC help to offset the operating expenses of the centre which last year totaled \$2,745,454. The largest proportion of this operating cost is to operate the aquatics area. Pools, pool halls, spas and associated change rooms, toilets and shower facilities are expensive operational items due to their heating, water and chemical usage and higher staff resourcing and cleaning costs. The GLC runs on a tight operating budget, and has a user pays principal in an attempt to generate as much revenue as possible to reduce the operating burden on all the community's rate payers.

Officers recommend that Council remove the spectator fee from the GLC Fees and Charges Schedule with immediate effect on the basis that it is not easily clarified and is likely to continue to cause confusion into the future. In considering this recommendation Council should note there will be up to a \$7,000 deficit in GLC revenue this financial year.

Options to recover the revenue by incorporating it into other aquatic fees that attract spectators were considered. These options and why they are not recommended at this point are detailed below:

Option 1 - Recover spectator fee revenue from the Department for Education Swimming Lessons

The GLC has forecast it will receive approximately \$7,000 in spectator fee revenue this financial year. As the issue has primarily been raised by parents watching their children during the Department of Education's (DoE) swim program, the Council could consider adding the spectator fee to the DoE fees. DoE do not pay lane hire for in term school swimming lessons and are charged a reduced rate of \$3.60 per child per visit. (The usual pool entry price for under 16 is \$5 a saving of \$1.40 per child or 28%).

DoE provide their own swim teachers. Each school provides the class teacher and assistant and transport for the students to the pool. Some schools also provide one or two parent helpers. The GLC

is informed in advance of their attendance and helpers and teaching staff are not charged the spectator fee.

In 2016/17, the GLC has forecast \$91,500 in revenue from the Department of Education. \$7,000 could be recovered by adding 30 cents per child visit charged to the DOE child entry cost. Private schools may pass this cost on to all parents, whilst public schools will have to find the extra budget. In considering this option it should be noted that only a small number of parents attend to spectate during the school swimming program and therefore, in the case of private schools, all parents will pay extra regardless of if they spectate or not.

A 30 cent rise is an 8% fee increase for the DoE to fund. DoE and each school budget annually in advance to resource their swimming lesson programs. DoE rely on the public notice of the GLC's imposition of Fees and Charges to inform their budget development and would have budgeted according to the current Fees endorsed by Council. Officers are of the opinion that it would be unfair to expect DoE to somehow find an extra \$7,000 in the current budget year to absorb the increase imposed. In percentage terms this would be an 8% fee rise, over double the usual annual increase applied to Fees and Charges. It is also considered unfair because some schools have already completed their swimming programs and paid the current rate. For this reason Officers do not recommend this as a viable option.

Option 2 – Recover spectator fee revenue from the GLC's own swimming lessons

A spectator fee is already considered in the GLC's own swimming lesson fees. In the 2016/17 budget the GLC has forecast revenue of \$294,500 from its swim programs. The current Learn to Swim fee is \$13.50 and private one on one lessons are \$35 for 30 minutes and \$18 for 15 minutes. The GLC has forecast to provide 24,860 lessons this year. An extra 30 cents per lesson would recover the \$7,000 spectator fee revenue.

This is a smaller fee increase in percentage terms 1% for Learn to Swim, 0.85% for private 30 minute lessons and 1.6% for private 15 minute lessons. However, these parents are already paying full price for their children's swimming lessons (unlike the subsidised DoE fee) and this price already includes a \$1 spectator cost per lesson, therefore Officers do not recommend this option.

Option 3 - Recover spectator fee revenue from DoE and the GLC's own aquatic program

An alternate option is to spread the recovery of the \$7,000 in spectator fees across the largest user base possible to make it as small as possible. This can be achieved by adding 15 cents to the DoE child entry cost raising it from \$3.60 to \$3.75 (a 4% increase), adding 15 cents to GLC's Learn To Swim program from \$13.50 to \$13.65 (a 1% increase), and raising private lessons from \$35 to \$35.15 for 30 minutes (0.4% increase) and from \$18 to \$18.15 (a 0.8% increase) for 15 minutes. This option has the lowest impact on the paying parent, DoE and schools and provides DoE and schools with sufficient notice to inform their budget preparations. Officers can consider this along with other fee increases when all GLC Fees and Charges are reviewed during the formulation of fees and charges for the 2017/18 budget process.

CONCLUSION

Officers recommend that Council remove the \$1 spectator fee from the GLC Fees and Charges Schedule with immediate effect on the basis that it is not easily clarified and is likely to continue to cause confusion into the future. In considering this recommendation Council should note there will be up to a \$7,000 deficit in GLC revenue this financial year which cannot be recouped due to the impacts explained on DoE and school budgets in the current financial year. All attempts will be made however to recoup costs where possible.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the Officer Recommendation be endorsed the \$1 spectator fee will be removed with immediate effect.

Committee Recommendation and Officer Recommendation

F1609/052 Moved Councillor P Carter, seconded Councillor G Henley

That the Council:

1. Endorses the removal the \$1 spectator fee from the 2016/17 Geographe Leisure Centre Fees and Charges Schedule with immediate effect, noting this may result in lost revenue of \$7k in 2016/17.
2. As part of the 2017/18 budget development process, considers the recovery of spectator fee revenue across the aquatics Fees and Charges.

CARRIED 5/0

7. GENERAL DISCUSSION ITEMS

Nil

8. NEXT MEETING DATE

Thursday, 6 October 2016

9. CLOSURE

The meeting closed at 10.27am.

THESE MINUTES CONSISTING OF PAGES 1 TO 34 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 6 OCTOBER 2016.

DATE: _____ PRESIDING MEMBER: _____