### CITY OF BUSSELTON

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

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</table>
MINUTES

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

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.30am.

2. ATTENDANCE

Presiding Member: Members:
Cr Paul Carter Cr Grant Henley
Cr Robert Reekie Cr Rob Bennett Deputy Member (arrived 9.32am)

Officers:
Mr Mike Archer, Chief Executive Officer
Mr Kim Dolzadelli, Manager, Finance Services
Miss Kate Dudley, Administration Officer, Governance

Apologies
Cr Coralie Tarbotton
Cr John McCallum
Mr Tony Nottle, Director, Finance and Corporate Services

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 17 May 2018

COMMITTEE DECISION

F1806/042 Moved Councillor G Henley, seconded Councillor R Reekie

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

CARRIED 3/0

9.32am At this time Cr Bennett entered the meeting.
6. REPORTS

6.1 DONATIONS/CONTRIBUTIONS AND SUBSIDIES FUND - MAY 2018

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

PRÉCIS

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

BACKGROUND

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

STATUTORY ENVIRONMENT

There are no significant statutory environment points to note.

FINANCIAL IMPLICATIONS

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

Long Term Financial Plan

There are no long term financial plan implications.

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

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

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

OFFICER COMMENT

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

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

CONCLUSION

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

OPTIONS

This report is for noting only and hence there are no options presented.
TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

This report is for noting only.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

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

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

CARRIED 4/0
6.2 **FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 31 MAY 2018**

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

**PRÉCIS**

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

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

**BACKGROUND**

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

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

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

“That pursuant to Regulation 34(5) of the Local Government (Financial Management) Regulations, the Council adopts a material variance reporting threshold with respect to financial activity statement reporting for the 2017/18 financial year as follows:

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

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

RELEVANT PLANS AND POLICIES

Not applicable.

FINANCIAL IMPLICATIONS

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

Long-term Financial Plan Implications

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

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

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

CONSULTATION

Not applicable

OFFICER COMMENT

In order to fulfil statutory reporting requirements, and to provide the Council with a synopsis of the City’s overall financial performance on a full year basis, the following financial reports are attached here to:

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

- **Net Current Position**
  This report provides details of the composition of the net current asset position on a full year basis, and reconciles with the net current position as per the Statement of Financial Activity.
Capital Acquisition Report
This report provides full year budget performance (by line item) in respect of the following capital expenditure activities:
- Land and Buildings
- Plant and Equipment
- Furniture and Equipment
- Infrastructure

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

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

COMMENTS ON FINANCIAL ACTIVITY TO 31 May 2018

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

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

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Ordinary Activities</td>
<td>64,659,810</td>
<td>64,468,604</td>
<td>66,421,049</td>
<td>0.30%</td>
<td>191,206</td>
</tr>
<tr>
<td>Expenses from Ordinary Activities</td>
<td>(60,295,551)</td>
<td>(62,422,003)</td>
<td>(68,674,825)</td>
<td>3.41%</td>
<td>2,126,452</td>
</tr>
<tr>
<td>Non-Operating Grants, Subsidies and Contributions</td>
<td>13,049,426</td>
<td>23,437,861</td>
<td>43,655,339</td>
<td>-44.13%</td>
<td>(10,343,435)</td>
</tr>
<tr>
<td>Loss on Asset Disposals</td>
<td>(641,061)</td>
<td>(6,252)</td>
<td>(6,252)</td>
<td>-105.13%</td>
<td>(634,809)</td>
</tr>
<tr>
<td>Capital Revenue &amp; (Expenditure)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land &amp; Buildings</td>
<td>(4,557,187)</td>
<td>(15,538,361)</td>
<td>(16,636,693)</td>
<td>70.67%</td>
<td>10,981,174</td>
</tr>
<tr>
<td>Plant &amp; Equipment</td>
<td>(1,868,589)</td>
<td>(4,278,112)</td>
<td>(4,279,400)</td>
<td>56.32%</td>
<td>2,409,523</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>(484,529)</td>
<td>(800,193)</td>
<td>(830,212)</td>
<td>39.45%</td>
<td>315,664</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(38,213,066)</td>
<td>(53,908,332)</td>
<td>(60,684,321)</td>
<td>29.11%</td>
<td>15,695,266</td>
</tr>
<tr>
<td>Proceeds from Sale of Assets</td>
<td>318,150</td>
<td>635,150</td>
<td>635,150</td>
<td>-49.91%</td>
<td>(317,000)</td>
</tr>
<tr>
<td>Proceeds from New Loans</td>
<td>6,960,000</td>
<td>10,110,000</td>
<td>10,110,000</td>
<td>-31.16%</td>
<td>(3,150,000)</td>
</tr>
<tr>
<td>Advances to Community Groups</td>
<td>(110,000)</td>
<td>(260,000)</td>
<td>(260,000)</td>
<td>57.69%</td>
<td>150,000</td>
</tr>
<tr>
<td>Transfer to Restricted Assets</td>
<td>(2,458,356)</td>
<td>(564,501)</td>
<td>(625,751)</td>
<td>-335.49%</td>
<td>(1,893,855)</td>
</tr>
<tr>
<td>Transfer from Restricted Assets</td>
<td>21,688,927</td>
<td>15,354,556</td>
<td>27,808,739</td>
<td>41.25%</td>
<td>6,334,371</td>
</tr>
<tr>
<td>Transfer to Reserves</td>
<td>(10,825,164)</td>
<td>(14,279,526)</td>
<td>(16,285,572)</td>
<td>24.19%</td>
<td>3,454,362</td>
</tr>
<tr>
<td>Transfer from Reserves</td>
<td>5,035,307</td>
<td>1,146,659</td>
<td>19,921,964</td>
<td>339.13%</td>
<td>3,888,648</td>
</tr>
</tbody>
</table>
Operating Revenue:

Revenue from ordinary activities is $191,206 more than expected when compared to YTD Budget with the following items meeting the material variance reporting threshold set by Council for the 2017/2018 Financial Year.

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Grants, Subsidies and Contributions</td>
<td>1,956,132</td>
<td>2,769,653</td>
<td>3,637,258</td>
<td>-29.37%</td>
<td>(813,521)</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>476,594</td>
<td>355,846</td>
<td>426,167</td>
<td>33.93%</td>
<td>120,748</td>
</tr>
</tbody>
</table>

Operating Grants, Subsidies and Contributions

<table>
<thead>
<tr>
<th>Cost Code</th>
<th>Cost Code Description</th>
<th>Comment</th>
<th>Variance YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10200</td>
<td>Financial Services</td>
<td>Insurance Recovered - Claims</td>
<td>47,893</td>
</tr>
<tr>
<td>10521</td>
<td>Human Resources &amp; Payroll</td>
<td>Reimbursements - Workers Compensation offset with level of expenditure</td>
<td>(75,485)</td>
</tr>
</tbody>
</table>

Community and Commercial Services

<table>
<thead>
<tr>
<th>State Government Grants &amp; Subsidies - Operating Activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10540</td>
<td>Recreation Administration</td>
<td>Operating Grants &amp; Subsidies Dept. Sport &amp; Rec - balance of Grant to claim</td>
<td>(32,314)</td>
</tr>
<tr>
<td>11151</td>
<td>Airport Operations</td>
<td>Operating Grant-Following the State Government’s Value Optimisation Review of the Busselton-Margaret River Airport Development Project the City negotiated with the State the return of $1.4M in funding. A variation to the Financial Assistance Agreement for the Royalties for Regions funding followed and the $1.4M was returned in May 2018.</td>
<td>56,800</td>
</tr>
<tr>
<td>C6101</td>
<td>Airport Development - Project Expenses</td>
<td></td>
<td>(1,400,000)</td>
</tr>
</tbody>
</table>

Planning and Development Services

<table>
<thead>
<tr>
<th>State Government Grants &amp; Subsidies - Operating Activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10830</td>
<td>Environmental Management Administration</td>
<td>Operating Grants &amp; Subsidies-Other - recoup earlier than expected</td>
<td>44,256</td>
</tr>
</tbody>
</table>

Reimbursements

<table>
<thead>
<tr>
<th>Cost Code</th>
<th>Cost Code Description</th>
<th>Comment</th>
<th>Variance YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>10940</td>
<td>Fire Prevention DFES</td>
<td>Reimbursement - ESL Levy - recoup earlier than expected</td>
<td>40,522</td>
</tr>
</tbody>
</table>
**Finance Committee**

**10**

**21 June 2018**

**Engineering and Works Services**

**State Government Grants & Subsidies - Operating Activities**

| 11300 | Sanitation Waste Services Administration | Operating Grants & Subsidies-Offset with level of expenditure | (90,000) |

**Contributions - Operating Activities**

| 11160 | Busselton Jetty | Contributions - Operating Activities - recoup earlier than expected | 383,017 |

**Reimbursements**

| 11501 | Operations Services Works | Reimbursements - Workers Compensation - offset with expenditure | 38,980 |

**Other Revenue**

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

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

**Interim Rates:**

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

![Interim Rate Income YTD Analysis - 31 May 2018](chart.png)
Operating Expenditure:

Expenditure from ordinary activities, excluding depreciation, is $2.54M less than expected when compared to YTD Budget with the following items meeting the material variance reporting threshold set by Council for the 2017/2018 Financial Year.

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials &amp; Contracts</td>
<td>(13,525,861)</td>
<td>(15,135,292)</td>
<td>(16,914,999)</td>
<td>10.63%</td>
<td>1,609,431</td>
</tr>
<tr>
<td>Allocations</td>
<td>1,605,424</td>
<td>1,796,173</td>
<td>1,996,270</td>
<td>10.62%</td>
<td>(190,749)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Cost Code</th>
<th>Cost Code Description / GL Activity</th>
<th>Variance YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>10100</td>
<td>Finance &amp; Corporate Services Support</td>
<td>29,272</td>
</tr>
<tr>
<td>10250</td>
<td>Information &amp; Communication Technology Services</td>
<td>38,175</td>
</tr>
<tr>
<td>10500</td>
<td>Legal and Compliance Services</td>
<td>35,175</td>
</tr>
<tr>
<td>10591</td>
<td>Geographe Leisure Centre</td>
<td>67,480</td>
</tr>
<tr>
<td>10635</td>
<td>Regional Centres Program</td>
<td>100,000</td>
</tr>
<tr>
<td>10900</td>
<td>Cultural Planning</td>
<td>53,791</td>
</tr>
<tr>
<td>11151</td>
<td>Airport Operations</td>
<td>(48,718)</td>
</tr>
<tr>
<td>10830</td>
<td>Environmental Management Administration</td>
<td>58,315</td>
</tr>
<tr>
<td>10850</td>
<td>Implement Management Plans Other</td>
<td>57,492</td>
</tr>
<tr>
<td>10925</td>
<td>Preventative Services - CLAG</td>
<td>39,337</td>
</tr>
<tr>
<td>11170</td>
<td>Meelup Regional Park</td>
<td>67,099</td>
</tr>
<tr>
<td>11104</td>
<td>Port Geographe</td>
<td>(300,000)</td>
</tr>
<tr>
<td>11106</td>
<td>Street Lighting Installations</td>
<td>33,086</td>
</tr>
<tr>
<td>11108</td>
<td>Rural Intersection (Lighting) Compliance</td>
<td>40,830</td>
</tr>
<tr>
<td>11160</td>
<td>Busselton Jetty</td>
<td>498,157</td>
</tr>
<tr>
<td>12600</td>
<td>Street &amp; Drain Cleaning</td>
<td>(38,419)</td>
</tr>
<tr>
<td>Various</td>
<td>Bridge Maintenance</td>
<td>78,396</td>
</tr>
<tr>
<td>Various</td>
<td>Building Maintenance</td>
<td>136,496</td>
</tr>
<tr>
<td>C8500</td>
<td>Cycleways Maintenance Busselton</td>
<td>(26,727)</td>
</tr>
<tr>
<td>Various</td>
<td>Waste</td>
<td>398,480</td>
</tr>
<tr>
<td>Various</td>
<td>Road Maintenance</td>
<td>(218,543)</td>
</tr>
<tr>
<td>Various</td>
<td>Reserve Maintenance</td>
<td>(373,765)</td>
</tr>
<tr>
<td>5280</td>
<td>Transport - Fleet Management</td>
<td>95,701</td>
</tr>
</tbody>
</table>
**Allocations:**
Allocations are running $190k under YTD Budget; these items are an internal allocation of administrative costs from the Finance and Corporate Services division.

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

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

<table>
<thead>
<tr>
<th>Cost Code</th>
<th>Cost Code Description</th>
<th>Variance YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>10235</td>
<td>Contributions (Revenue) Prog 7</td>
<td>(2,603.24)</td>
</tr>
<tr>
<td>10239</td>
<td>Contributions (Revenue) Prog 11</td>
<td>(108,322.95)</td>
</tr>
<tr>
<td>10240</td>
<td>Contributions (Revenue) Prog 12</td>
<td>46,526.91</td>
</tr>
<tr>
<td>10900</td>
<td>Cultural Planning</td>
<td>32,246.00</td>
</tr>
<tr>
<td>C6097</td>
<td>Airport Construction Stage 1B, Jet Fuel</td>
<td>(242,913.00)</td>
</tr>
<tr>
<td>C6099</td>
<td>Airport Development - Project Expenses</td>
<td>(9,899,607.00)</td>
</tr>
<tr>
<td>B1023</td>
<td>Vasse Bushfire Brigade - Donated Asset</td>
<td>503,967.62</td>
</tr>
<tr>
<td>B1029</td>
<td>Busselton Branch SES</td>
<td>49,193.59</td>
</tr>
<tr>
<td>B9517</td>
<td>GLC - Pool Relining</td>
<td>32,000.00</td>
</tr>
<tr>
<td>B9999</td>
<td>Donated Buildings</td>
<td>180,000.00</td>
</tr>
<tr>
<td>C1513</td>
<td>Port Geographe Boat Trailer Parking Layout Redevelopment</td>
<td>(85,875.00)</td>
</tr>
<tr>
<td>C2512</td>
<td>Sand Re-Nourishment</td>
<td>(50,413.00)</td>
</tr>
<tr>
<td>F1019</td>
<td>Busselton Bypass - Country Road Footpath</td>
<td>(30,696.00)</td>
</tr>
<tr>
<td>F1020</td>
<td>College Avenue Shared Path</td>
<td>(114,000.00)</td>
</tr>
<tr>
<td>S0035</td>
<td>Strelly Street</td>
<td>(28,826.00)</td>
</tr>
<tr>
<td>S0049</td>
<td>Layman Road</td>
<td>(91,663.00)</td>
</tr>
<tr>
<td>S0064</td>
<td>Peel Terrace</td>
<td>(390,337.00)</td>
</tr>
<tr>
<td>S0066</td>
<td>Queen Street</td>
<td>(86,663.00)</td>
</tr>
<tr>
<td>S0067</td>
<td>Layman Road - Reconstruction Between 3250 and 6190</td>
<td>(46,663.00)</td>
</tr>
<tr>
<td>S0068</td>
<td>Georgiana Molloy Bus Bay Facilities</td>
<td>(120,000.00)</td>
</tr>
<tr>
<td>T0079</td>
<td>Patton Terrace - Asphalt Overlay</td>
<td>(79,336.00)</td>
</tr>
<tr>
<td>T0080</td>
<td>Craig Street - Asphalt Overlay</td>
<td>60,663.00</td>
</tr>
<tr>
<td>T0084</td>
<td>Yelverton Road- Rural reconstruction &amp; widening</td>
<td>129,476.00</td>
</tr>
</tbody>
</table>
Capital Expenditure

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

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

Investment Report

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

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

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

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

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) increased by $6.0M due to the inflow of new Loan Income. The balance of the Airport Development ANZ cash account decreased by $2.55M as funds were needed to pay ongoing expenses. The balance of funds held at the WA Treasury decreased by $1.4M when the funds were required to be returned to the WA Government.

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

Chief Executive Officer – Corporate Credit Card

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Payee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-May-18</td>
<td>$75.00</td>
<td>Sticky Tickets</td>
<td>BCCI Budget Breakfast Tickets (2 x Cr’s)</td>
</tr>
</tbody>
</table>

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

+ Allocated against CEO Hospitality Expenses Allowance
CONCLUSION

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

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

Moved Councillor G Henley, seconded Councillor P Carter

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

CARRIED 4/0
6.3 **LIST OF PAYMENTS MADE MAY 2018**

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

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

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

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

**RELEVANT PLANS AND POLICIES**
Not Applicable.

**FINANCIAL IMPLICATIONS**
Not Applicable.

**Long-term Financial Plan Implications**
Not Applicable

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

**RISK ASSESSMENT**
Not Applicable.

**CONSULTATION**
Not Applicable.
OFFICER COMMENT

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

CONCLUSION

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

OPTIONS

Not Applicable.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not Applicable.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

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

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

CARRIED 4/0
6.4 **BUDGET AMENDMENT REQUEST**

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

**PRÉCIS**

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

**BACKGROUND**


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

1. **“Regional Road Group Projects”**

**BACKGROUND**

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

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

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

**PLANNED EXPENDITURE ITEMS**

Increased expenditure on Peel Terrace project.

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

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

PROPOSED OUTCOME

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

STATUTORY ENVIRONMENT

Section 6.8 of the Local Government Act refers to expenditure from the municipal fund that is not included in the annual budget. In the context of this report, where no budget allocation exists, expenditure is not to be incurred until such time as it is authorised in advance, by an absolute majority decision of the Council.

RELEVANT PLANS AND POLICIES

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

FINANCIAL IMPLICATIONS

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

Long Term Financial Plan Implications

There are no LTFP implications in relation to this item.

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

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

CONSULTATION

Consultation has occurred with Main Roads WA.
OFFICER COMMENT

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

CONCLUSION

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

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

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

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

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

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

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

Table 1:

<table>
<thead>
<tr>
<th>Cost Code</th>
<th>Description</th>
<th>Current Budget</th>
<th>Change</th>
<th>Proposed Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S0066</td>
<td>RRG Project Queen Street</td>
<td>254,412</td>
<td>-150,000</td>
<td>104,412</td>
</tr>
<tr>
<td>S0064</td>
<td>RRG Project Peel Terrace</td>
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<td>150,000</td>
<td>1,252,549</td>
</tr>
<tr>
<td></td>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S0066</td>
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<td>-60,000</td>
</tr>
<tr>
<td>S0064</td>
<td>RRG Project Peel Terrace – Grant Income</td>
<td>-644,000</td>
<td>-100,000</td>
<td>-744,000</td>
</tr>
<tr>
<td><strong>Net Total</strong></td>
<td></td>
<td>552,961</td>
<td>0</td>
<td>552,961</td>
</tr>
</tbody>
</table>

CARRIED 4/0
6.5 CREATION OF NEW RESERVE ACCOUNTS AND BUDGET AMENDMENT REQUEST

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

PRÉCIS

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

BACKGROUND

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

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

- **Emergency Disaster Recovery Reserve**
  
  Purpose: To provide funds for Disaster Recovery activities within the district.
  
  Proposed Transfer: $50,000

- **Energy Sustainability Reserve**
  
  Purpose: To provide funds for the investigation, implementation and optimisation of Energy Sustainability initiatives on City owned assets.
  
  Proposed Transfer: $100,000

- **Cemetery Reserve**
  
  Purpose: To provide funding for the renewal, expansion/establishment and major maintenance and initiatives of Cemeteries within the district.
  
  Proposed Transfer: $100,000

STATUTORY ENVIRONMENT

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

(1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.

(2) Subject to subsection (3), before a local government —
   (a) changes* the purpose of a reserve account; or
   (b) uses* the money in a reserve account for another purpose,

   it must give one month’s local public notice of the proposed change of purpose or proposed use.

   * Absolute majority required.

(3) A local government is not required to give local public notice under subsection (2) —
   (a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or
   (b) in such other circumstances as are prescribed.

(4) A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.

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

Section 6.8 of the Local Government Act refers to expenditure from the municipal fund that is not included in the annual budget. In the context of this report, where no budget allocation exists, expenditure is not to be incurred until such time as it is authorised in advance, by an absolute majority decision of the Council.

RELEVANT PLANS AND POLICIES

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

FINANCIAL IMPlications

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

Long Term Financial Plan Implications

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

STRATEGIC COMMUNITY OBJECTIVES

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

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

CONSULTATION

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

OFFICER COMMENT

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

CONCLUSION

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

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the Officer Recommendation be endorsed, the associated budget amendment will be processed by 30 June 2018.
COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION
F1806/047  Moved Councillor G Henley, seconded Councillor R Bennett

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Council endorse:

1. The creation of the following Reserve accounts:
   - **Emergency Disaster Recovery Reserve**
     Purpose: To provide funds for Disaster Recovery activities within the district.
   - **Energy Sustainability Reserve,**
     Purpose: To provide funds for the investigation, implementation and optimisation of Energy Sustainability initiatives on City owned assets.
   - **Cemetery Reserve.**
     Purpose: To provide funding for the renewal, expansion/establishment and major maintenance and initiatives of Cemeteries within the district.

2. The following Transfers to Reserve to occur from the 2017/2018 Surplus position:
   - **Emergency Disaster Recovery Reserve $50,000**
   - **Energy Sustainability Reserve $100,000**
   - **Cemetery Reserve $100,000**

   CARRIED 4/0
6.6 **ENDORSEMENT OF RESERVES AND RESERVE PURPOSES FOR THE 2018/19 ANNUAL BUDGET**

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

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

**PRÉCIS**

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

**BACKGROUND**

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

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

**STATUTORY ENVIRONMENT**

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

“6.11. Reserve accounts

(1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.

(2) Subject to subsection (3), before a local government —  
   (a) changes* the purpose of a reserve account; or  
   (b) uses* the money in a reserve account for another purpose,  
   it must give one month’s local public notice of the proposed change of purpose or proposed use.  

   * Absolute majority required.

(3) A local government is not required to give local public notice under subsection (2) —  
   (a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or  
   (b) in such other circumstances as are prescribed.

(4) A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.
(5) Regulations may prescribe the circumstances and the manner in which a local government may set aside money for use for a purpose in a future financial year without the requirement to establish and maintain a reserve account.”

Section 6.8 of the Local Government Act refers to expenditure from the municipal fund that is not included in the annual budget. In the context of this report, where no budget allocation exists, expenditure is not to be incurred until such time as it is authorised in advance, by an absolute majority decision of the Council.

RELEVANT PLANS AND POLICIES

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

FINANCIAL IMPLICATIONS

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

Long Term Financial Plan Implications

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

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

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

CONSULTATION

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

OFFICER COMMENT

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

CONCLUSION

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

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

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

OFFICER RECOMMENDATION

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

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

COMMITTEE RECOMMENDATION

F1806/048 Moved Councillor R Reekie, seconded Councillor G Henley

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

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

CARRIED 4/0
7. **GENERAL DISCUSSION ITEMS**

Nil

8. **NEXT MEETING DATE**

Thursday, 19 July 2018

9. **CLOSURE**

The meeting closed at 10.51am.

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

DATE:______________  PRESIDING MEMBER:________________________