



Finance Committee

# Minutes

Wednesday 6 December 2023

## MINUTES

**Minutes of a meeting of the Finance Committee held in the Council Chambers, Administration Building, Southern Drive, Busselton, on Wednesday 6 December 2023 at 10:00 am.**

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## 1 OFFICIAL OPENING

The meeting opened at 10:02am.

The Presiding Member welcomed Councillors, staff, guests and members of the public to the Finance Committee Meeting of 6 December 2023.

The Presiding Member acknowledged the Wadandi and Bibbulmun people as the traditional custodians of this region and paid respects to Elders past and present.

This meeting was audio recorded for minute taking purposes.

## 2 ATTENDANCE

PRESIDING MEMBER	MEMBERS
Mayor Phill Cronin	Cr Jarrod Kennedy
	Cr Jodie Richards
	Cr Andrew Macnish ( <i>Deputy</i> )
	Cr Anne Ryan ( <i>Deputy</i> )

OFFICERS	
Ms Sarah Pierson	Director Corporate Strategy and Performance
Mr Paul Sheridan	Manager Financial Services
Ms Jo Barrett-Lennard	Governance Officer

APOLOGIES	
Cr Kate Cox	
Cr Sue Riccelli	

PUBLIC	
1	

## 3 DISCLOSURES OF INTEREST

### DISCLOSURES OF FINANCIAL INTEREST

Nil

### DISCLOSURES OF IMPARTIALITY INTEREST

Nil

## 4 PUBLIC QUESTION TIME

### 4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

### 4.2 QUESTION TIME FOR PUBLIC

#### **Mr Gordon Bleechmore**

##### **Question**

In regards to the Chief Executive Officer's credit card, are there any benefits or rewards derived from that card? If there are benefits or rewards, do these go solely to the Chief Executive Officer, and are they declared?

##### **Response**

###### **(Paul Sheridan, Manager Financial Services)**

No, the credit card is a corporate account, of which there are no personal benefits. Where there are benefits on corporate cards they are used by the City and not used as personal benefits. There is no personal benefits on any of the corporate cards.

##### **Question**

In relation to the Long Service Leave reserve, account 1043, there is a lump sum payment and a few line items in the reserve. Is that simply for convenience, and does the Long Service Leave reserve contain the correct balance for what is actually owing?

##### **Response**

###### **(Paul Sheridan, Manager Financial Services)**

The Long Service Leave reserve cash backs the provision for Long Service Leave which comes from the entitlements from the payroll system. What can be seen in the reserve schedule is what the City has forecast for staff that are expected to take Long Service Leave over the coming year. Each of those line items represents a transfer from that reserve to the business unit where the particular staff member works.

##### **Question**

In the List of Payments in the agenda, there are a number of confidential payments. What are these payments for?

##### **Response**

###### **(Sarah Pierson, Director Corporate Strategy and Performance)**

These payments are confidential under relevant provisions of the *Local Government Act 1995*. The decision that led to the payments was a confidential decision, and therefore the payments associated are confidential.

**Question**

In the Human Resources budget, reference is made to the Mercer Remuneration Project. What is this project?

**Response**

**(Sarah Pierson, Director Corporate Strategy and Performance)**

The City is currently working with Mercer, a company that specialise in remuneration modelling, in regards to internal classification structures for staff remuneration and levelling in advance of enterprise agreement negotiations scheduled for 2024.

## 5 CONFIRMATION AND RECEIPT OF MINUTES

### 5.1 Finance Committee 1 November 2023

#### COMMITTEE DECISION

**F2312/47** Moved Cr Jodie Richards, seconded Cr Andrew Macnish

**That the Minutes of the Finance Committee 1 November 2023 be confirmed as a true and correct record.**

**CARRIED 4 / 1**

**FOR: Mayor Phill Cronin, Cr Andrew Macnish, Cr Jarrod Kennedy and Cr Jodie Richards**

**AGAINST: Cr Anne Ryan**

## 6 REPORTS

### 6.1 Monthly Financial Report - Year to Date 31st October 2023

<b>Strategic Theme:</b>	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making. 4.5 Responsibly manage ratepayer funds to provide for community needs now and in the future.
<b>Directorate:</b>	Corporate Strategy and Performance
<b>Reporting Officer:</b>	Manager Financial Services - Paul Sheridan
<b>Authorised By:</b>	Director Corporate Strategy and Performance - Sarah Pierson
<b>Nature of Decision:</b>	Legislative: adoption of "legislative documents" such as local laws, local planning schemes and local planning policies. Executive: Substantial direction setting, including adopting budgets, strategies, plans and policies (excluding local planning policies); funding, donations and sponsorships; reviewing committee recommendations.
<b>Voting Requirements:</b>	Absolute Majority
<b>Disclosures of Interest:</b>	No officers preparing this item have an interest to declare.
<b>Attachments:</b>	1. Monthly Financial Report - October 2023 [6.1.1 - 29 pages] 2. Investment Report - October 2023 [6.1.2 - 1 page] 3. Loan Schedule - October 2023 [6.1.3 - 1 page]

#### COMMITTEE RECOMMENDATION

**F2312/48** Moved Cr Jodie Richards, seconded Cr Jarrod Kennedy

That the Council receives the statutory monthly financial report for the period ending 31 October 2023, pursuant to Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996*.

**CARRIED 5 / 0**

**FOR: Mayor Phill Cronin, Cr Andrew Macnish, Cr Anne Ryan,  
Cr Jarrod Kennedy and Cr Jodie Richards**

**AGAINST: Nil**

#### OFFICER RECOMMENDATION

That the Council receives the statutory monthly financial report for the period ending 31 October 2023, pursuant to Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996*.

## EXECUTIVE SUMMARY

Pursuant to Section 6.4 of the *Local Government Act 1995* (the Act) and Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996* (the Regulations), a local government is to prepare, on a monthly basis, a financial report that reports on the City's Statement of Financial Activity, Statement of Financial Position, and its 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, while also providing the Council with an overview of the City's financial performance on a year-to-date basis, for the period ending 31 October 2023.

## STRATEGIC CONTEXT

Provision of the monthly financial report, while a statutory requirement, also supports open and accountable governance.

## BACKGROUND

The Regulations detail the form and manner in which the monthly financial report is to be presented to the Council, and is 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); and
- Statement of Financial 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 on 26 July 2023, the Council adopted (C2305/57) the following material variance reporting thresholds for the 2023/24 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 2023/24 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 only if not to do so would present an incomplete picture of the financial performance for a particular period; and*
- *Reporting of variances only applies for amounts greater than \$50,000.*



## **OFFICER COMMENT**

To fulfil statutory reporting requirements and to provide the Council with a synopsis of the City's overall financial performance on a year-to-date basis, the following financial reports are attached hereto (Attachment 1):

### Statement of Financial Activity

This report provides details of the City's operating revenues and expenditures on a year-to-date basis, by nature (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.

### Statement of Financial Position

A statement of financial position is a financial statement that summarises the reporting entities assets (what it owns), liabilities (what it owes), and equity (assets less liabilities) on a particular date.

### Basis of Preparation Note (Note 1)

Explains the regulatory framework upon which the financial statements have been prepared.

### Statement of Financial Activity Note (Note 2)

Explains the non-cash items that have been excluded from the calculation of the Net Current Position in the Statement of Financial Activity.

### Explanation of Material Variances Note (Note 3)

Provides a breakdown by directorate and cost centre of each of the variances on the face of the Statement of Financial Activity that meet Councils adopted material variance threshold for 2023/24.

### Net Current Position Summary Report

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

### Capital Acquisition & Construction 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

This report outlines the actual and budgeted movement from the start of the financial year to date, that result in the balances listed in the Statement of Financial Position for Property, Plant & Equipment.

## Reserve Movements Report

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

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

## Net Current Position Chart

Tracks the net Current Position over the year in comparison to previous 4 years.

## Comments on Financial Activity to 31 October 2023

The Statement of Financial Activity (FAS) for the year to date (YTD) to 31 October shows an overall Net Current Position (NCP) of \$46M as opposed to the YTD budget of \$34M. The following table summarises the major YTD variances that appear on the face of the FAS, which, in accordance with Council's adopted material variance reporting threshold, collectively make up the above difference.

Each numbered item in this lead table is explained further in note 3 of the attached Monthly Financial Report.

Description	2023/24 Actual YTD \$	2023/24 Budget YTD \$	2023/24 Budget \$	2023/24 YTD Bud Variance %	2023/24 YTD Bud Variance \$	Change in Variance Current Month \$
<b>Amount Attributable to Operating Activities</b>				<b>10.77%</b>	<b>5,417,478</b>	<b>(826,012)</b>
<b>Revenue from Operating Activities</b>				<b>2.47%</b>	<b>1,852,141</b>	<b>(80,469)</b>
1. Grants, Subsidies and Contributions	1,126,118	611,577	5,325,685	84.13%	514,541	(30,981)
2. Other Revenue	194,390	67,970	334,932	185.99%	126,420	46,359
3. Interest Earnings	2,194,250	1,817,117	4,305,492	20.75%	377,133	(63,154)
<b>Expenses from Operating Activities</b>				<b>9.36%</b>	<b>3,127,042</b>	<b>(565,923)</b>
4. Materials & Contracts	(5,936,515)	(9,606,470)	(29,072,925)	38.20%	3,669,955	656,069
5. Utilities	(673,768)	(850,283)	(2,980,399)	20.76%	176,516	209,013
6. Other Expenditure	(344,966)	(1,796,497)	(6,823,844)	80.80%	1,451,531	218,430
<b>Amount Attributable to Investing Activities</b>				<b>67.40%</b>	<b>12,910,329</b>	<b>2,336,811</b>
7. Capital Grants, Subsidies and Contributions	194,855	26,430	19,649,075	637.25%	168,425	120,425
8. Land & Buildings	(4,235,724)	(12,513,666)	(29,976,325)	66.15%	8,277,942	341,243
9. Plant & Equipment	(216,087)	(554,532)	(6,078,421)	61.03%	338,445	82,383
10. Furniture & Equipment	(64,401)	(558,902)	(1,510,209)	88.48%	494,501	83,596
11. Infrastructure	(2,180,399)	(5,731,161)	(21,896,529)	61.96%	3,550,761	1,730,260

Description	2023/24 Actual YTD \$	2023/24 Budget YTD \$	2023/24 Budget \$	2023/24 YTD Bud Variance %	2023/24 YTD Bud Variance \$	Change in Variance Current Month \$
12. Proceeds from Sale of Assets	204,487	135,300	863,800	51.14%	69,187	(32,165)
<b>Amount Attributable to Financing Activities</b>				<b>(908.57%)</b>	<b>(6,132,415)</b>	<b>1,387,895</b>
13. Proceeds from New Loans	0	1,750,000	2,000,000	(100.00%)	(1,750,000)	0
14. Transfer to Restricted Assets	(5,162,473)	0	(11,180)	(100.00%)	(5,162,473)	(1,317,547)
15. Transfer from Restricted Assets	4,909,337	6,854,360	20,563,074	(28.38%)	(1,945,023)	1,699,505
16. Transfer from Reserves	17,918,765	13,960,712	52,392,260	28.35%	3,958,053	1,861,343

### Investment Report

Pursuant to the Council's Investment Policy, a report is to be provided to the Council monthly, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio. The report (attachment 2) is also to provide details of investment income earned against budget, while confirming compliance of the portfolio with legislative and policy.

A brief summary of the details contained in the report are as follows:

As at the 31 October 2023 the value of the City's investments had no movement, from \$122m to the same as at 30 September 2023. As at the 31 October 2023 the 11am account balance is \$26.9M, also having no movement from the 30 September 2023. During the month of October one term deposit totalling the amount of \$3m matured. This was renewed for a further 240 days at 5.15%.

The official cash rate stayed steady during the month of October 2023 at 4.10%. Further movement in the cash rate is currently uncertain, though there is a possibility of an increase next month.

### Borrowings Update

During the month no new loans were drawn, with \$455K paid off the principal and \$65K paid in interest on existing loans. The attached Loan Schedule outlines the status of all existing loans YTD.

### Chief Executive Officer – Corporate Credit Card

Details of transactions made on the Chief Executive Officer's corporate credit card during October 2023 are provided below to ensure there is appropriate oversight and awareness.

Date	Payee	Description	\$ Amount
4/10/2023	SLIMLINE WAREHOUSE BROADMEADOWS	MOBILE LAPTOP STAND FOR TRAINING PURPOSES	385.35
9/10/2023	THE BANKSIA TAVERN	DINNER FOR COUNCILLORS AND ELT	501.50
18/10/2023	KMART PHOTO CENTRE	MAYOR FAREWELL GIFT	32.20

Date	Payee	Description	\$ Amount
18/10/2023	DAN MURPHYS	BEVERAGES FOR MAYOR'S FINAL COUNCIL DINNER	70.99
22/10/2023	DOMINOS	CATERING FOR ELECTION STAFF	86.57
22/10/2023	BAKED BUSSELTON	BEVERAGES FOR ELECTION STAFF	118.30
24/10/2023	LOCAL GOVERNMENT MANAGEMENT	COMMTELLIGENCE CONFERENCE-STAKEHOLDER RELATIONS STAFF	760.00
26/10/2023	WEST AUSTRALIAN	DIGITAL SUBSCRIPTION-PR	28.00
30/10/2023	DUXTON HOTEL PERTH	ACCOMMODATION & PARKING COMMTELLIGENCE CONFERENCE	243.60
30/10/2023	DUXTON HOTEL PERTH	ACCOMMODATION & PARKING COMMTELLIGENCE CONFERENCE	243.60
30/10/2023	PADDINGTON JAM WEST PERTH	MINISTER TEMPLEMAN MEETING PERTH -FOOD AND BEVERAGE	49.30
31/10/2023	EASY PARKING	CEO PARKING -MINISTER TEMPLEMAN MEETING PERTH	10.73
31/10/2023	MAILCHIMP	ELECTRONIC NEWSLETTER	392.54
		<b>TOTAL</b>	<b>2,922.68</b>

### **Donations & Contributions Received**

During the month no non-infrastructure asset (bridges, roads, POS etc), donations or contributions were received.

### **Statutory Environment**

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

### **Relevant Plans and Policies**

The officer recommendation aligns to the following adopted plan or policy:

Plan:

Annual Adopted Budget 2022-2023

[Strategic Community Plan 2021-2031](#)

[Corporate Business Plan 2022-2026](#)

[Long Term Financial Plan 2022/23 - 2031/32](#)

Policy:

There are no relevant policies for this report.

### **Financial Implications**

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

### **External Stakeholder Consultation**

Not applicable.

### **Risk Assessment**

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

### **Options**

The Statements of Financial Activity are presented in accordance with Section 6.4 of the Act and Regulation 34 of the Regulations and are to be received by Council. Council may wish to make additional resolutions as a result of having received these reports.

### **CONCLUSION**

As at 31 October 2023, the City's net current position stands at \$46M, and cash reserve balances remain sufficient for their purposes.

### **TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Not Applicable.

**6.2 List of Payments Made - October 2023**

<b>Strategic Theme:</b>	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making. 4.5 Responsibly manage ratepayer funds to provide for community needs now and in the future.
<b>Directorate:</b>	Corporate Strategy and Performance
<b>Reporting Officer:</b>	Manager Financial Services - Paul Sheridan
<b>Authorised By:</b>	Director Corporate Strategy and Performance - Sarah Pierson
<b>Nature of Decision:</b>	Noting: The item is simply for information purposes and noting.
<b>Voting Requirements:</b>	Simple Majority
<b>Disclosures of Interest:</b>	No officers preparing this item have an interest to declare.
<b>Attachments:</b>	1. CONFIDENTIAL REDACTED - Confidential List of Payments for Council October 2023 [6.2.1 - 1 page] 2. List of Payments for Council October 2023 [6.2.2 - 12 pages]

**COMMITTEE RECOMMENDATION**

**F2312/49** Moved Cr Anne Ryan, seconded Cr Jarrod Kennedy

**That the Council notes payment of voucher numbers for the month of October 2023 as follows:**

<b>CHEQUE PAYMENTS</b>	119786 - 119798	6,633.15
<b>ELECTRONIC FUNDS TRANSFER PAYMENTS</b>	98370 - 99086	9,331,359.80
<b>TRUST ACCOUNT PAYMENTS</b>	EFT# TR000011 - TR000014	29,950.63
<b>PAYROLL PAYMENTS</b>	01.10.2023 - 31.10.2023	2,732,515.48
<b>INTERNAL PAYMENT VOUCHERS</b>	DD #5456 - 5499	391,163.53
<b>TOTAL PAYMENTS</b>		<b>12,491,622.59</b>

**CARRIED 5 / 0**

**FOR: Mayor Phill Cronin, Cr Andrew Macnish, Cr Anne Ryan, Cr Jarrod Kennedy and Cr Jodie Richards**

**AGAINST: Nil**

## **OFFICER RECOMMENDATION**

That the Council notes payment of voucher numbers for the month of October 2023 as follows:

CHEQUE PAYMENTS	119786 - 119798	6,633.15
ELECTRONIC FUNDS TRANSFER PAYMENTS	98370 - 99086	9,331,359.80
TRUST ACCOUNT PAYMENTS	EFT# TR000011 - TR000014	29,950.63
PAYROLL PAYMENTS	01.10.2023 - 31.10.2023	2,732,515.48
INTERNAL PAYMENT VOUCHERS	DD #5456 - 5499	391,163.53
<b>TOTAL PAYMENTS</b>		<b>12,491,622.59</b>

## **EXECUTIVE SUMMARY**

This report provides details of payments made from the City's bank accounts for the month of October 2023 for noting by the Council and recording in the Council Minutes.

## **STRATEGIC CONTEXT**

Provision of the list of payments, while a statutory requirement, also supports open and accountable governance.

## **BACKGROUND**

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

## **OFFICER COMMENT**

In accordance with regular custom, the list of payments made for the month of October 2023 is presented for information. Also attached is a separate confidential payment listing relating to matters confidential under section 5.23(2)(c) of the *Local Government Act 1995* (the Act).

## **Statutory Environment**

Section 6.10 of the 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.

### **External Stakeholder Consultation**

Not applicable.

### **Risk Assessment**

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

### **Options**

Not applicable.

### **CONCLUSION**

The list of payments made for the month of October 2023 is presented for information.

### **TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Not applicable.



## 7 CONFIDENTIAL MATTERS

Nil

## 8 NEXT MEETING DATE

Wednesday 7 February 2023

## 9 CLOSURE

The meeting was closed at 10:45am.

The minutes of the Finance Committee meeting held 6 December 2023 were confirmed as a true and correct record on

Date: 7 February 2023

Presiding Member: *Am Lox*