

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

CITY OF BUSSELTON

MINUTES FOR THE COUNCIL MEETING HELD ON 23 MARCH 2016

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MINUTES

MINUTES OF A MEETING OF THE BUSSELTON CITY COUNCIL HELD IN MEETING ROOM ONE, COMMUNITY RESOURCE CENTRE, 21 CAMMILLERI STREET, BUSSELTON, ON 23 MARCH 2016 AT 5.30PM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 5.30pm.

2. ATTENDANCE

Presiding Member:

Cr Grant Hanley Mayor

Members:

Cr Coralie Tarbotton
Cr Ross Paine
Cr Terry Best
Cr John McCallum
Cr Rob Bennett
Cr Paul Carter
Cr Robert Reekie
Cr Gordon Bleechmore

Officers:

Mr Mike Archer, Chief Executive Officer
Mr Oliver Darby, Director, Engineering and Works Services
Mrs Naomi Searle, Director, Community and Commercial Services
Mr Martyn Glover, Acting Director, Planning and Development Services
Miss Sarah Pierson, Acting Director, Finance and Corporate Services
Miss Lynley Rich, Manager, Governance Services
Miss Hayley Barge, Administration Officer, Governance

Apologies

Nil

Approved Leave of Absence

Nil

Media:

1

Public:

Nil

3. PRAYER

The prayer was delivered by Pastor Nigel Wittwer from Hope Christian Church.

4. PUBLIC QUESTION TIME**Response to Previous Questions Taken on Notice**

Nil

Public Question Time

Nil

5. ANNOUNCEMENTS WITHOUT DISCUSSION**Announcements by the Presiding Member**

Nil

Announcements by other Members at the invitation of the Presiding Member

Nil

6. APPLICATION FOR LEAVE OF ABSENCE

Nil

7. PETITIONS AND PRESENTATIONS

Nil

8. DISCLOSURE OF INTERESTS

The Mayor noted that a declaration of impartiality interest had been received from:

- Chief Executive Officer, Mike Archer in relation to Agenda Item 13.1 Community Sport & Recreation Facilities Fund – Small Grant Round Applications Summer and 14.1 Busselton Harness Racing Lease Of Additional Areas.

The Mayor advised that in accordance with the Local Government (Rules of Conduct) Regulations 2007 this declaration would be read out immediately before Items 13.1 and 14.1 would be discussed.

9. CONFIRMATION AND RECEIPT OF MINUTES**Previous Council Meetings****9.1 Minutes of the Council Meeting held 9 March 2016****Council Decision**

C1603/053

Moved Councillor T Best, seconded Councillor P Carter

That the Minutes of the Council Meeting held 9 March 2016 be confirmed as a true and correct record.

CARRIED 9/0

Committee Meetings9.2 Minutes of the Finance Committee Meeting held 3 March 2016**Council Decision****C1603/054** Moved Councillor P Carter, seconded Councillor C Tarbotton

- 1) That the minutes of the Finance Committee Meeting held 3 March 2016 be received.
- 2) That the Council notes the outcomes of the Finance Committee Meeting held 3 March 2016 being:
 - a) The List of Payments Made - December 2015 Item is presented for Council consideration at Item 10.1 of this agenda.
 - b) The Financial Activity Statements – Period Ending 31 January 2016 Item is presented for Council consideration at Item 10.2 of this agenda.
 - c) The Finance Committee Information Bulletin - November / December 2015 was noted.
 - d) The Budget Amendment - Local Government Grants Scheme Item is presented for Council consideration at Item 10.3 of this agenda.
 - e) The Budget Amendment - Foreshore West Landscaping and Beach Access Ramp Item is presented for Council consideration at Item 10.4 of this agenda.
 - f) The Asset Management Update Item is presented for Council consideration at Item 10.5 of this agenda.
 - g) The Port Geographe Bank Guarantee Payout Item is presented for Council consideration at Item 10.6 of this agenda.

CARRIED 9/09.3 Minutes of the Audit Committee Meeting held 10 March 2016**Council Decision****C1603/055** Moved Councillor R Reekie, seconded Councillor R Paine

- 1) That the minutes of the Audit Committee Meeting held 10 March 2016 be received.
- 2) That the Council notes the outcomes of the Audit Committee Meeting held 10 March 2016 being:
 - a) The Compliance Audit Return 2015 Item is presented for Council consideration at Item 10.7.

CARRIED 9/0

ITEMS BROUGHT FORWARD AND ADOPTION BY EXCEPTION RESOLUTION

At this juncture the Mayor advised the meeting that with the exception of the items identified to be withdrawn for discussion, that the remaining reports, including the Committee and Officer Recommendations, will be adopted en bloc.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/056 Moved Councillor G Bleechmore, seconded Councillor T Best

That the Committee and Officer Recommendations in relation to the following agenda items be carried en bloc:

- 10.1 Finance Committee - 3/03/2016 - LIST OF PAYMENTS MADE - DECEMBER 2015
- 10.2 Finance Committee - 3/03/2016 - FINANCIAL ACTIVITY STATEMENTS – PERIOD ENDING 31 JANUARY 2016
- 10.4 Finance Committee - 3/03/2016 - BUDGET AMENDMENT - FORESHORE WEST LANDSCAPING AND BEACH ACCESS RAMP
- 10.5 Finance Committee - 3/03/2016 - ASSET MANAGEMENT UPDATE
- 10.7 Audit Committee - 10/03/2016 - COMPLIANCE AUDIT RETURN 2015
- 11.1 APPLICATION FOR PLANNING CONSENT FOR A USE NOT LISTED (CARAVAN STORAGE FACILITY), 488 YELVERTON NORTH ROAD, CARBANUP RIVER
- 15.1 COUNCILLORS' INFORMATION BULLETIN

CARRIED 9/0

EN BLOC

10. REPORTS OF COMMITTEE

10.1 Finance Committee - 3/03/2016 - LIST OF PAYMENTS MADE - DECEMBER 2015

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Information Technology
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Financial Accountant - Ehab Gowegati
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments Made - January 2016

This item was considered by the Finance Committee at its meeting on 3 March 2016, the recommendations from which have been included in this report.

PRÉCIS

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

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.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/057 Moved Councillor G Bleechmore, seconded Councillor T Best

That the Council notes payment of voucher numbers M112502 – M112622, EF044296 – EF044725, T007218 – T007222, and DD002654 – DD002679; together totaling \$5,545,432.42.

CARRIED 9/0

EN BLOC

10.2 Finance Committee - 3/03/2016 - FINANCIAL ACTIVITY STATEMENTS – PERIOD ENDING 31 JANUARY 2016

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Information Technology
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Financial Accountant - Ehab Gowegati
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - January

This item was considered by the Finance Committee at its meeting on 3 March 2016, the recommendations from which have been included in this report.

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 31st January 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 23 July 2015, the Council adopted (C1507/208) the following material variance reporting threshold for the 2015/16 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 2015/16 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.

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 treatment/ control that assists in addressing this risk.

CONSULTATION

Coordinators, Managers and Directors

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 year to date basis, the following financial reports are attached hereto:

- Statement of Financial Activity

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

- Net Current Position

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

- Capital Acquisition Report

This report provides year to date 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 year to date 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 31st JANUARY 2016

Operating Activity

▪ Operating Revenue

As at 31st January 2016, there is a variance of +5.6% in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Operating Grants, Subsidies and Contributions	+16%	+\$286
Other Revenue	+610%	+\$1,728
Interest Earnings	+21%	+\$266
Non-Operating Grants, Subsidies and Contributions	+16%	+\$551
Profit on Asset Disposals	-14%	-\$2

A summary of the above variances is provided as follows:

Operating Grants, Subsidies and Contributions (+\$286)

The current variance is primarily attributable to:

- Fire prevention (DFES) - timing difference associated with the ESL levy reimbursement due to budget split evenly over 12 months +\$39k, and receipt of unbudgeted revenue due to finalisation of the 2014/15 end of year DFES reconciliation +\$66k;
- The receipt of unbudgeted \$37k from the Local Government Insurance Scheme for the 2015 scheme member dividend. Last year \$6m was redistributed to members with the City's share as disclosed above. This benefit is largely attributed to the schemes strong financial position over recent times in managing the City's risk through a group self-insurance approach;
- The receipt of a Lottery West grant to part fund the construction of New River East loop trail \$24k. The Project was constructed in 2014/15 however the income was budgeted to be received 2015/16 in arrears as per signed agreement (50% in December and 50% in June hence the timing variance);
- Within the works operation's services business unit, workers compensation revenue recouped exceed budget by +\$30k. This is fully offset by the expenditure incurred;
- CapeRoc waste management study \$24k (share of contribution from the Shire of Augusta-Margaret River);

Other Revenue (+\$1,728)

The current variance is attributable to:

- Funds received from the drawdown of the Port Geographe Bank Guarantees +\$1.8m. There is a report to the Council on the same agenda relating to these funds which are as a result of an agreement entered into with Port Geographe Administrators for a payout of various bank guarantees held by the City in respect of completed stages of the Port

Geographic Development. The report recommends these funds be held in various reserves for expenditure in future financial years.

Interest Earnings (+266K)

The current variance is primarily attributable to:

- Late Payment Interest +\$13k;
- Instalment Plan Interest +12k;
- Interest on Municipal Funds -\$11k;
- Interest on Reserve Funds +\$109k. The reserves balance currently includes the full \$18m loan funds for the Administration building redevelopment which is yet to be utilised to offset any expenditure. Due to the higher than anticipated balance at this time, interest earned has exceeded budget projections. It should be noted of the \$109k in additional interest, \$89k is attributable to the Civic and Administration Centre Construction Reserve;
- Interest on Restricted Funds +\$143k. Relates to airport funds which is not budgeted for but it should be noted that the Airport grant agreement requires these funds be applied towards the Airport project;

Non-Operating Grants, Subsidies and Contributions (+551k)

The variances are primarily attributable to:

- Busselton Foreshore, provision of services and auxiliary works -\$863k. This is due to the \$4.5M Royalties for Regions grant remaining pending. Likely notification June/ July;
- Foreshore east youth precinct (skate park and adventure playground) +\$615k. This is due to a timing difference at this time;
- Busselton Shark Net non-operating grant +\$100k. Timing variance, the Government grant was received earlier than was anticipated;
- Tuart Drive bridge (0239A) +\$645k. This project was completed and invoiced in full. A budget amendment will be processed in March as this project came in under budget by \$360k, and approval has been given to use these unspent federal grant monies on other bridge maintenance undertakings;
- Roads to recovery road construction works (23 road works) is net +\$115k. Timing variance only, the City claimed more of the Federal grant funds in the second quarter (Oct-Dec) based on the predicted schedule of works than we had originally budgeted for;
- Main roads road construction projects are net -\$75k, of which the Strelly Street design project is -\$60k. It was envisaged that the City would claim more of these road design works earlier in the year. Claims are based on expenditure to date, a second claim is anticipated to be made in March;

Profit on Asset Disposals (-\$2K)

The current variance is primarily attributable to:

- Minor timing difference associated with book Profits due to disposal of assets. It should be noted that this is an accounting entry only, and has no direct impact on the Net Current Position.

Operating Expenditure

As at 31st January 2016, there is a variance of -8% in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	-24%	-\$2,211
Utilities	-17%	-\$224
Other Expenses	-13%	-\$224

Description	Variance %	Variance \$000's
Allocations	-18%	-\$206
Loss on Asset Disposal	+29%	+\$18

A summary of the above variances is provided as follows:

Materials and Contracts (-\$2,211K)

Materials and contract nature and type comprises of some 547 cost codes with the main areas of significant variances (over \$50k) as follows;

- Information technology -\$90k. Timing variance only that predominately relate to Consultancy -\$41k, GIS Costs -\$32k, and Computer Software Licences -\$17k;
- Community recreation centres (consolidated for all business units) is -\$77k below budget. This is attributable to -\$47k for the Naturaliste Community Centre and -\$30k for the Geographe Leisure Centre. To maintain the net operating positions forecast, expenditure at both the GLC and NCC is being strictly prioritised and delayed wherever possible;
- Within the Environmental Planning business unit, management plan implementation works is under budget -\$55k. This is attributable to timing differences associated with the utilisation of contractors and the seasonality of the work that is required;
- The Engineering & Works Services Support is -\$300k under budget year to date. This represents the annual payment that is yet to be made to the Department of Transport in relation to the Port Geographe management deed. It is anticipated that this payment will be processed by February/ March;
- Building and Facilities Maintenance is -\$761k under budget year to date. Over half of this variance is attributable to works yet to be carried out on the Busselton Jetty. These works include rust inhibitor inspection and repairs, hand rail painting and a full structural assessment on the underwater observatory.
- The Waste Management is -\$238k under budget year to date. Budget for Busselton transfer station -\$53k, Dunsborough waste facility -\$124k, rubbish sites development -\$50k. These funds are expected to be utilised by the 30th June.

Utilities (-\$224k)

Variances associated with utilities are attributable to timing differences which in turn relates to utility billing cycles. The breakdown is as follows;

- Telephones (-\$13k);
- Electricity (-\$35k);
- Water (-\$176);

Other Expenditure (-\$224k)

Variances associated with other expenditure are attributable to;

- Members of Council expenses -\$63k (main variances are for Elected members sitting fees -\$21k, allowances - Mayor & Deputy -\$8k, international relationships -\$7k, communication allowance -\$3k, gifts and presentations -\$3k, travelling allowance (Councillors meetings) -\$2k, tours of inspection -\$2k);
- Community services administration, events marketing and promotions -\$98k. MERG Marketing funds which have not been expended as MRBTA recharge campaign halted due to amalgamation of GBTA/AMRTA and regional branding. Council has resolved to transfer \$150k from the commercial and industrial differential marketing

funds into new Airport Reserve specifically for marketing/ support of Airport development project, and this \$98k, along with further savings in the remainder of the financial year, will be used for this purpose;

- Expenses associated from the drawdown of the Port Geographe Bank Guarantees +\$100k. This is the payment to the Administrator of the Port Geographe Development which it was agreed the City would make in exchange for receiving a payout of approximately 1.8 million dollars for bank guarantees held by the City, resulting in a net financial gain to the City of approximately \$1.7million.

Allocations (-\$206k)

This activity incorporates numerous internal accounting allocations. Whilst the majority of individual allocations are administration based (and clear each month), the activity also includes plant and overhead related allocations. Due to the nature of these line items, the activity reflects as a net offset against operating expenditure, in recognition of those expenses that are of a capital nature (and need to be recognised accordingly). Variances, particularly early in the financial year, are not uncommon, as the activity is highly dependent upon a range of works related factors. It should be noted however that as anticipated (and in line with historical trends) that the variance will gradually decrease as the year progresses.

Loss on Asset Disposal (+\$18k)

Timing difference associated with book losses due to disposal of assets. It should be noted that this is an accounting entry, and has no direct impact on the Net Current Position. At this stage it is expected that the full plant acquisition/ disposal program will be achieved by 30th June 2016;

Capital Activity

▪ Capital Revenue

As at 31st January 2016, there is a variance of -70% in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Proceeds from Sale of Assets	-40%	-\$195
Transfer from Restricted Assets	-82%	-\$1,236
Transfer from Reserves	-80%	-\$4,595

Variances associated with capital revenue are as follows;

Proceeds from Sales -\$195k

- Timing difference associated with the sale of plant. At this stage it is expected that the full plant acquisition/ disposal program will be achieved by 30th June 2016.

Transfer from Restricted Assets -\$1,236

- The 2015/16 budget includes a transfer from restricted assets of \$1.5m that is associated with expenditure to be incurred for the Busselton Regional Airport development. To date no transfer has been made as expenditure for the project has not yet reached this value (net -\$1.5m);
- The remaining +\$264k are attributable to bonds and deposits refunded to the end of January as all obligations have been fulfilled to authorise the return of funds. As the City does not budget for these transactions, any material variance will be reported accordingly.

Transfer from Reserves - \$4,595k

- The 2015/16 budget includes a transfer from reserves of \$4,590k that is associated with the building of the new Civic and Administration Centre. As this is expenditure has not been realised as at 31st January, no transfer has been made.

- Capital Expenditure

As at 31st January 2016, there is a variance of -38% in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	-84%	-\$8,578
Plant & Equipment	-40%	-\$716
Furniture and Equipment	-27%	-\$96
Infrastructure	-29%	-\$4,199
Transfers to Restricted Assets	+69%	+\$725

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

An overview of the collective year to date financial performance in each of the above classifications is also provided as follows:

Land & Buildings (YTD Variance: -\$8,578K)

This classification comprises the following sub-groups,

Land (YTD Variance: -\$935K)

- The general annual allocation for land purchases within the property services area for land matters is -\$50k. Funds are not required to be spent at this stage as no land dealings have been identified at this time;
- Airport development, purchase of land -\$880k. Land acquisitions negotiations as part of the airport development project are currently being finalised. It is anticipated that deposits for three portions of land will be paid this financial year with the balance in 2016/17.

Buildings- Major Projects (YTD Variance: -\$7,277k)

The current variance is primarily attributable to;

- Foreshore east youth precinct Community Youth Building (incorporating BSLSC) -\$1,691k. Due to policy changes, and a change in timing, with the Lottery West funding system, the outcome of the grant application which has been submitted to Lottery West and worked through with the stakeholders will not be known until February 2016. The majority of these funds will not be expended in the 2015/16 financial year;
- Railway House -\$1,164k. Tender awarded with construction to commence February/March 2016, and to be completed in the 2016/17 financial year;
- Multi-purpose community sporting clubhouse -\$475k. This project should commence construction in May 2016, City Staff are currently working with relevant stakeholders and user groups of the Barnard Park Ovals to develop a suitable concept which meets their requirements (change room, toilet and kiosk facilities). This project will be carried forward and completed in the 2016/17 financial year;
- Civic and administration centre (inclusive of relocation costs) -\$3,970k. This is due to a timing difference in that construction has commenced later than reflected in the 2015/16 budget.

However given the tight schedule for construction and the anticipated practical completion date of February 2017, it is still anticipated that all of the funds on the 15/16 budget will be spent;

- Steel frame shed +\$23k. This project was an extension to scope of the promenade works to be paid for utilising savings in these works;

Buildings - Other (YTD Variance: -366\$K)

The current variance is primarily attributable to;

- GLC sports stadium floor -\$33.7k. This project has been deferred to next financial year. These funds are now required for the change room refurbishment which has exceeded the projected budget forecast (see comment below);
- GLC Change room Refurbishment -\$66.9k. The Tender response came back over budget. Individual RFQ's were sought which has reduced the total project cost somewhat but it is still over the projected budget forecast. The work must be done this financial year to avoid the risk of losing the DSR funding of \$33k. A budget amendment report to transfer the sports stadium floor budget to the change room refurbishment budget will be presented to Council shortly;
- Performing arts centre -\$50k. This project has been put back a year due to other priority projects and this will be a saving to the community facilities contributions account;
- Airport terminal stage 1B -\$96k. The airport terminal stage 1B works forms part of the airport development project. These works have not occurred due to the preparation of a project definition plan, to be formally considered by a project governance committee, which confirms the project scope and subsequent costings. Stage 1B works will be completed by the end of financial year.
- Kookaburra caravan park ablutions refurbishment -\$61k. This relates to the refurbishment of park 1 ablution block. This is a timing difference only with work to commence after Easter;
- Kookaburra park home -\$47k. again this is a timing difference with delivery and installation proposed in April 2016;

Plant & Equipment (YTD Variance: -\$716K)

The current variance is primarily attributable to;

- Building Services -\$35k. Replacement for light vehicle is due in February 2016. Waiting delivery of 2016 model to local dealer;
- Law, Order and public safety -\$53k. Replacement of a Ranger's ute is due in September 2015. The City is looking at a new 'pod' system for the Ranger ute based on predetermined specifications (as advised by the rangers department). Expect to order in February 2016 with delivery late April 2016;
- Airport development -\$40k. A vehicle for the Airport Development Project was budgeted for however is determined as not required this financial year.
- Parks and gardens plant purchases -\$145k. Timing difference relating to delivery of trucks. All expected to be delivered by 30th June 2016;
- Construction plant purchases -\$337k. The replacement of a road maintenance truck has been identified as a carryover into the 2016/17 financial year. This is due to the build time for these bodies which is only carried out in the eastern states & the significant lag between ordering & delivery. All other construction plant is expected to be delivered by 30th June 2016.

In summary, actual expenditure on Plant and Equipment replacement is \$716k under the year to date forecast position, which is attributable to timing difference only. Many of the heavy vehicles up for replacement are historically delivered and paid for in the second half of the year, with much of the quotation and tendering process having already been finalised in the first 6 months. Almost all light fleet vehicles due for change-over have been replaced in the first half of the financial year.

Furniture & Office Equipment (YTD Variance: - \$96K)

The current variance is attributable to;

- Information Technology -\$68k. This budget includes numerous projects, all of which are progressing within projected timeframes. There is presently nothing to indicate that the annual budget allocation for this section will not be achieved by financial year end;
- Naturaliste community centre -\$8k. Expenditure of this budget is being delayed to ensure the NCC meets its end of year net operating position;
- Geographe Leisure Centre -\$27k. Expenditure of this budget is being delayed to ensure the GLC meets its end of year net operating position;

Infrastructure (YTD Variance: - \$4,199K)

This classification is reported by three main groups being major projects, general infrastructure works and those classified as Airport development projects. Comments on each component are as follows:

Infrastructure – Major Projects (YTD Variance: -\$226K)

Although the current difference is not significant from a dollar value perspective (in terms of the overall infrastructure variance), an analysis is nonetheless required due to some significant differences that exist on individual projects within the Busselton foreshore development. The main variances are attributable to;

- Foreshore east youth precinct (skate park and adventure playground – C3103) +\$419k. This is due to timing difference however all funds are expected to be spent on this project by the end of the financial year;
- Foreshore Promenade (Jetty to Geographe Bay Road – C3107) +\$282k. These works were slightly delayed but are nearing completion with some “tidying up” works now taking place. Expectation that this project will be completed on budget by the end of the financial year;
- Foreshore provision of services and auxiliary works (C3132) -\$922k. These works have not commenced because the \$4.5M Royalties for Regions through the SWDC grant remains pending. The City is not likely to be notified as to whether or not the grant is successful until June/ July hence these works are unlikely to commence this financial year;
- Foreshore ancillary works (C3133) -\$203k. These works have been delayed until later in 2016;
- Foreshore water supply and services (C3140) +\$176. This overspend is due to an addition to the scope of these works which will be funded by an equivalent underspend in the foreshore Promenade works budget;

Infrastructure – Other (YTD Variance: -\$3,184K)

Excluding the Busselton Regional Airport, Foreshore and Administration Building construction the majority of the remaining Infrastructure projects are administered by the Engineering and Works Services Directorate. In respect of year to date financial performance, the Engineering and Works Service Directorate advises that these projects are presently \$3.2m below year to date (YTD) budget estimates, with much of this variance attributable to timing only. Council should be mindful that there were a further \$2m in committed orders against these projects as at 31 January, which if taken into account reduces the year to date variance for infrastructure projects to \$1.2m. The following major items are contributing to the variance;

- Busselton Jetty Refurbishment (C3500) -\$625K, The Busselton Jetty accounts for 19% of the year-to-date variance. All of the cruise ship landing facilities have now been completed, but the final payments are yet to made (hence timing difference only);
- Parks and Gardens projects, of which there are 17 this financial year, are under budget to the tune of -\$1.2m. 90% of this variance is attributable to the new Vasse Oval Development where preliminary works had been scheduled to begin in the first half of the financial year. Due to planning and design related matters and other commitments these works will now commence in March 2016;

- Sanitation infrastructure -\$1.4m. The Transfer Station and New Cell Development budgets were evenly spread across the financial year. Works on the Transfer Station are yet to commence and as such there is a -\$603k variance to the year to date budget. Although the New Cell is underway, expenditure to date is -\$841k under the predicted year to date budgeted amount. Both these variances are due to timing.

Infrastructure – Airport Development (YTD Variance: -\$789K)

In relation to the progress of the Busselton Regional Airport development projects, the Community and Commercial Services Directorate report the following:

- Airport project expenses are -\$789k as compared to year to date budget. This is attributable to unconfirmed costs associated with the establishment and operations of the Project Office during budget preparation, the appointment of staff during the year rather than the start of financial year, and the delayed payment of building construction insurance. Further, the Airport Development capital budget was prepared based on the total project budget (\$55.9m) rather than being allocated to specific years reflecting the project progress, as this information was unknown at the point of budget development for 2015/16;

Transfers to Restricted Assets (+\$725k)

The annual budget in this category relates to contributions and is spread evenly across the financial year. The favourable year to date variance is due to;

- The receipt of additional developer contributions in excess of budget totalling approximately +\$295k. The additional contributions received were mainly attributable to Provenge, Vasse, and Peppermint Park. These funds have been receipted into the Community and Recreation Facilities account and are subsequently transferred to the Restricted Assets account;
- The receipt of unbudgeted deposits and bonds of +\$430k. The additional deposits and bonds were mainly for roadwork bonds and town planning bonds. Once a bond is received a contra is created in the creditors account to recognise the liability.

Transfers to Restricted Assets has no direct impact on the surplus/ deficit position, as associated transactions represent equity transfers to quarantine funds received in the form of, amongst others, developer contributions (via the 'Non-Operating Grants, Subsidies and Contributions' operating revenue category) and borrowings.

CONCLUSION

As at 31 January 2015, the overall operating revenue is \$3.2m above year to date budget. This is mainly attributable to the unbudgeted additional revenue of \$1.8m received due to the drawdown of the Port Geographe bank guarantee (which will be subject to a Council report), and timing difference associated with the receipt of other revenue (i.e. contributions, reimbursements, interest etc.). Expenditure categories are currently tracking below budget by \$3m, at this time however these variances have been identified as timing issues only. More significant variances are evident in the capital revenue and expenditure categories. Capital revenue performance is highly dependent upon the level of capital expenditure (i.e. acquisitions and construction). Capital expenditure performance to the end of January is below year to date budget projections across a number of classes; which significantly contributes to the reduced capital revenue levels.

Notwithstanding the above, as detailed in the December 2015 Financial Activity Statement Report, with the exception of the Busselton Airport development and specific Foreshore works projects (being Foreshore East – Youth Precinct Community Youth Building, Railway House, Multi-Purpose Community Sporting Clubhouse – Active Playing Fields Stage 1A, and Civic Administration Building), that all other capital projects will be achieved by financial year end.

The Annual Budget Review is to be completed based on the City's financial performance to 29 February 2016; at which time a projection of the City's financial performance to 30 June 2016 will be provided.

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA

Council Decision / Committee Recommendation and Officer Recommendation

C1603/058 Moved Councillor G Bleechmore, seconded Councillor T Best

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

CARRIED 9/0

EN BLOC

10.4 Finance Committee - 3/03/2016 - BUDGET AMENDMENT - FORESHORE WEST
LANDSCAPING AND BEACH ACCESS RAMP

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Engineering and Facilities Services; Operations Se
ACTIVITY UNIT:	Engineering and Works Services
REPORTING OFFICER:	Engineering Management Accountant - Stephen Wesley
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A Initial Project Site Layout Attachment B First Letter to WAPC - Gale Street Contribution Attachment C Project Concept Plan - Beach Access Ramp Attachment D Second Letter to the WAPC - Jolliffe Street Contribution Attachment E Cash-in-Lieu of Public Open Space - Planning Bulletin No.21 April 1997

This item was considered by the Finance Committee at its meeting on 3 March 2016, the recommendations from which have been included in this report.

PRÉCIS

This report seeks to amend the capital budget pursuant to the project titled "Foreshore West Landscaping - King Street Area" (C3138).

BACKGROUND

A project was recorded against the 2015/16 budget to complete landscaping and to provide a formalised beach access way at the far Western end of the Foreshore West development located at the northern end of Gale Street. **See Attachment A.** Unfortunately due to a mix up between various projects being considered at the time the project name included an erroneous reference to the "King Street Area" instead of to the correct reference as to the "Gale Street Area".

These works were to be funded from a Cash-In-Lieu of Public Open Space Development Contribution collected from a housing development in Gale Street. The projects preliminary scope of works was to include the following three aspects;

- a) Construct a beach access ramp (compliant with disability access regulation if feasible) with associated path tie-in to the existing pathway.
- b) Basic landscaping of the traffic islands along Geographe Bay road between Gale and High streets and,
- c) Some minor dune restoration including bollard type fencing and plantings.

In September a letter was sent to the West Australian Planning Commission (WAPC) seeking approval to undertake these works. **See Attachment B.**

Unfortunately, the city was notified that cash in lieu of public open space contributions could not be used within a Road Reserve and thus the landscaping of the traffic islands could not be funded from this source, and to a lesser extent it limited some anticipated sand dune rehabilitation works.

With regards to the ramp, from the detailed design phase, a combination of excessive cost, space availability (not impeding on the existing vehicle access way) and the gradient (fall) from the top of

the ramp to the beach, meant the only sensible option would be to construct a simple ramp without switchbacks. **See Attachment C.** This would mean that the ramp would unfortunately not comply with all aspects of the disability access regulation requirements, mostly associated with recommended gradients. This said, the ramp being proposed will be constructed from mod wood for greater longevity and durability and can be considered a big improvement for easier beach access, especially for the elderly, based on what exists presently.

Due to the above mentioned matters combined with a delay in making a conclusive decision the initial WAPC request was withdrawn.

In January a second letter was sent to the WAPC, **See Attachment D** this time seeking approval to use a Cash-In-Lieu of Public Open Space Development Contribution from a housing development in Jolliffe Street. This was deemed more appropriate for two main reasons,

1. The contribution totaled \$70,000 being more closely aligned with the estimated funding required, now exclusive of the landscaping.
2. The Gale Street contribution of \$102,000 is better placed to be applied to a future undertaking at the foreshore such as a specific element within the soon to be redeveloped Central Core.

Subsequent to the submission to the WAPC there was some concern that a portion of the path-tie-in to the beach access ramp would fall within the road reserve. **See Attachment E.** It has been estimated that approximately 35% of the exposed aggregate area would be within the road reserve and as such the City has agreed that the cost of this, estimated at approximately \$1,800 will be paid for by the City. This can be achieved as either;

- a) an over expenditure against the project or,
- b) via a journal to the footpath maintenance budget, or
- c) by a reduced draw down from the restricted funds account upon completion of the project.

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.

Town Planning and Development Act 1928, Section 20C outlines the purposes for which cash-in-lieu of public open space may be expended.

RELEVANT PLANS AND POLICIES

Planning Bulletin No.21 April 1997, **Attachment E** - Cash-in-Lieu of Public Open Space Policy DC 2.3 Public Open Space in Residential Areas.

FINANCIAL IMPLICATIONS

This report seeks to reduce the budget against; Foreshore West Landscaping - King Street Area (to be adjusted to Gale Street Area) from \$108,000 to \$70,000 to reflect a change to the Cash in Lieu Contribution being applied to fund the allowable proposed works.

This budget adjustment will have no financial implications on the City's overall financial position, and have no impact on net municipal funds.

STRATEGIC COMMUNITY OBJECTIVES

Well Planned, Vibrant and Active Places

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

This project will enhance the amenity of the popular Western End of the existing Foreshore West development.

Caring and Inclusive Community

Item 1.3; A community that supports healthy, active ageing and services to enhance quality of life as we age.

The City is providing a safer beach access option for a large number of elderly residents who are known to frequent the beach at this location.

RISK ASSESSMENT

There is a small risk to the City, as there is with all projects undertaken, that the final cost of the works could exceed budget. Based on the relatively simple nature of the works involved and preliminary quotes received to date this is deemed to be unlikely. If funding allows a bike rake may be installed at this location.

CONSULTATION

City Officers have liaised with WAPC Officers in regards to securing approval to undertake the proposed works.

OFFICER COMMENT

Nil.

CONCLUSION

City Officers seek Councils approval to amend the budget accordingly, in order that works can be arranged and completed by the 30 June 2016.

OPTIONS

The Council could decide not to go ahead to construct a Beach Access Way at this location, and leave the amenity as it is. In this way, the contribution will not be applied and will remain as restricted monies to be used at a future date for an alternative purpose.

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.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/059

Moved Councillor G Blechmore, seconded Councillor T Best

That Council endorses the following amendments to the 2015/16 budget:

Budget Account Number	Section	Description	2015/16 adopted budget	2015/16 proposed budget	Difference
545-C3138-1280-0000	Developer Contributions	Cash in Lieu of P.O.S.	-\$108,000.00	\$0.00	\$108,000.00
545-C3138-3280-0000	Foreshore West Landscaping - King Street Area	Contractors	\$108,000.00	\$0.00	-\$108,000.00
545-New-1280-0000	Developer Contributions	Cash in Lieu of P.O.S.	\$0.00	-\$70,000.00	-\$70,000.00
545-New-3280-0000	Foreshore West Access Ramp - Gale Street Area	Contractors	\$0.00	\$70,000.00	\$70,000.00
TOTAL			\$0.00	\$0.00	\$0.00

CARRIED 9/0

BY ABSOLUTE MAJORITY

10.5 Finance Committee - 3/03/2016 - ASSET MANAGEMENT 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:	Asset Management
REPORTING OFFICER:	Asset Coordinator - Dan Hall
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

This item was considered by the Finance Committee at its meeting on 3 March 2016, the recommendations from which have been included in this report.

PRÉCIS

The purpose of this report is to provide an overview of the linkage between asset management plans expenditure and the Long Term Financial Plan (LTFP) and how the various infrastructure expenditure figures within the LTFP have been determined and the purpose for these amounts in the short, medium and long term.

BACKGROUND

The Government of Western Australia's Integrated Planning Framework (implemented in 2013) required local governments to develop a strategic community plan and corporate business plan by 30 June 2013.

The intention of the Integrated Planning process is to make councils more focussed on community aspirations and priorities, through increased and targeted community engagement and also to ensure a consistent "whole of organisation" approach to strategic and long term financial planning.

The corporate business plan is to integrate matters relating to resources, including asset management. With this ultimate goal in mind, asset management plans are required to be formulated outlining relevant information about each asset class such as location, size, value, condition and timing and cost of replacements /renewals of existing infrastructure.

The Integrated Planning Framework, brought about the need for the City to implement asset management plans for infrastructure assets – in particular Roads, Buildings and Parks and Gardens, which were considered to be the most critical to the City in terms of effective service delivery. These were adopted by the Council in June 2013, as per the requirements of Integrated Planning. The asset renewal expenditure for the ten years (2013/14 – 2022/23) recommended within the asset management plans were then used as the basis for the initial long term financial plan (2013/14 – 2022/23).

The Asset Management Plans for Roads, Buildings and Parks and Gardens provided the ten year renewal expenditure figures which were used in the LTFP. The figures in the initial LTFP associated with the remaining assets were based on asset management assessments of varying complexity dependent on the type and criticality of the asset.

The most notable outcome from the initial round of asset management planning in 2013, was the implementation of a specific rate increase for the purpose of road renewal. This involved a one per cent rate increase per year over a period of six years (2013/14 – 2018/19). This was to rectify the fifty year funding gap for the renewal of roads.

At the conclusion of year six the one per cent per year rate increase will cease, however the funds generated will remain quarantined for the express use initially of funding the renewal requirements for roads, with some money over time to assist with major upgrades and new infrastructure

The effects of this additional funding over the shorter term (ten years) are that the current backlog of works that have built up over time can be cleared. This will eliminate the worst condition roads (Condition eight, nine and ten, with 1 being as new and ten being end of life) from the prioritised projects list by Year ten. The ongoing effects of this being that intervention on poor condition roads can be undertaken earlier (at condition seven) at a reduced cost to the City.

Following the implementation of the initial LTFP, In 2014; the Council also adopted Asset Management Plans for Drainage and Footpaths and Cycle ways. These plans did not recommend any increase in the annual allocation over and above what was already allocated within the LTFP.

This shows a strategic approach by the Council in terms of balancing required works against affordability over the course of the ten years. The backlog will not be cleared over the course of one or two years; but it will be cleared in an effective and appropriate manner.

Other assets have since received various levels of assessment depending on the need and criticality of the asset. The amounts that are currently allocated through the LTFP for these assets are considered to be sufficient, as a minimum amount; to renew the assets over time on a like for like basis. Any large upgrades or large scale renewal of these assets would require any increase in funding for these areas.

Also through the Asset Management Plan process, where the need has become evident; funding policies have been developed to ensure the appropriate ongoing level of renewal for the relevant assets. Funding Policies have been developed for Roads and Footpaths and Cycleways. These policies have a bearing on long term planning as they place some parameters on the LTFP expenditure for these assets.

The purpose of the Footpaths and Cycle Ways Funding Policy is to provide a framework for the ongoing provision of Footpaths and Cycle Ways for the City of Busselton. The intention of this Policy is to outline the overall funds required to be directed towards footpaths and cycleways over a period of fifty years; the required split between new and renewal expenditure and timeframes for the construction of required new paths.

To accommodate the short and mid-term expenditure requirements for footpaths and cycle ways, the Council has committed to set aside a portion of Long Term financial Plan (LTFP) funds for the express use of renewal of footpaths and cycleways ; and an amount for construction of new paths and cycleways. This split will be administered through the annual budget process has been determined as seventy per cent new and thirty percent renewal. This split will be in place for the period 2015/16 – 2036/37.

At the conclusion of the 2036/37 financial year, the funds will revert to 100% renewal based.

In light of the fact that large funding gaps (based on existing levels of expenditure) are not expected to appear until around 2050, any additional income can be planned for in subsequent reviews of the paths and cycle ways asset management plan.

The current draft LTFP reflects the requirements of the Policy for the total pool of funds. Renewal is predominately allocated to footpaths in 2016/17 as these are seen as most critical based on current condition.

The intention of the Road Funding Policy is 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 will provide 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.

To address the roads funding gap, the Council has committed to an additional one per cent (1%) asset renewal rate increase to be generated annually over six (6) years commencing 2013/14.

From year seven (2019/20) and beyond the funds generated in 2018/19 will continue in perpetuity and will be allocated, on an annual basis; to the Roads Asset Renewal Reserve for the use of funding the renewal requirements for roads.

The funds allocated from year seven (2019/20) onwards will continue to compound on a yearly basis, based on the nominated rate increase for the given year as a percentage increase to the previous year's additional funding amount.

The "1% asset renewal rate increase" referred to in this policy relates to an increase on the 'base rate' from the previous financial year. This one per cent rate increase is to be utilized specifically for asset management, which is therefore over and above any other Council imposed increases between 2013/14 and 2018/19.

It is also in addition to any external State or Federal Government Funding as well as the Council's own source funding.

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

The data from Asset Management Plans is incorporated into the LTFP and in this way informs the Corporate Business Plan and Annual Budget.

FINANCIAL IMPLICATIONS

Asset plans provide the Council with information pertaining to any "funding gaps" that may exist within the relevant asset category. i.e. situations whereby what has been spent historically is less than what is required into the future.

Expenditure is also scrutinised in terms of the amount being spent historically on renewing the existing assets as opposed to new and upgraded assets. Renewal of existing assets is critical in ensuring the maximum life is achieved from the assets in the most cost effective manner.

Some modelling undertaken within the Asset Management Plans has shown that no immediate increase in income is required for these assets. There is however, a need to increase the levels of renewal expenditure within existing expenditure levels as a priority over and above new and major upgrade expenditure.

This demonstrates instances where improvements can be made through changes in existing practices rather than increasing overall income. This has been the case for the majority of assets that have received asset management planning up to this point. This has been brought about by a conservative

approach whereby extra funds are only requested when all other avenues have been exhausted and there is absolute certainty that this is the best course of action.

The Roads modelling has shown a funding gap for which the Council has made provision to fund, as outlined within this report. A considered approach was undertaken on the way to making this decision, whereby officers undertook a series of workshops and presentations with the Council outlining what was causing the funding gaps and the options for rectifying these funding gaps.

The eventual course of action was to reduce this gap over time (ten years) as opposed to trying to reduce it over a shorter period of time. The ten year timeframe was chosen to minimise any resource bourdons in actually delivering the works on the ground.

With this in mind, the initial ten year period is in its third year and is achieving the initial reductions in backlog as planned. The challenge now is to ensure that the funds allocated for road renewal in 2013, maintain as such for the foreseeable future.

Long-term Financial Plan Implications

The infrastructure renewal figures presented within the various asset management plans (subsequently reflected in the LTFP) are all there for a specific purpose and any moving of money between assets or to other areas, will cause a ripple effect that will reduce the effectiveness of the city's asset management planning.

The use of allocated renewal funding for New or major upgrade needs to be kept to a minimum also so as not to dilute the funds spent on renewal over the ten years. Within major upgrade projects however, there can be an element of renewal of the existing assets within the project. From time to time Asset Management funding is utilized for this purpose.

Re-prioritizing of renewal works within the ten year plan has been undertaken and is simply undertaking some renewal activities before others. An example of this is the re-prioritizing of rural and urban works within the LTFP to increase the rate of renewal of narrow seal rural roads.

The proposed 60%/40% rural / urban funding split is set to begin in 2016/17 and has been recommended following a considered and detailed assessment of current and future road renewal requirements as set out by the Roads Asset Management Plan.

Renewal of the rural single lane seal roads is not intended to be undertaken at the expense of the worst condition urban roads and other minimum requirements for renewal, rather be undertaken in conjunction with these other required works.

This split will allow the city to expedite the renewal of the priority rural single lane seal roads over a period of five to seven years – with six years considered as the most appropriate timeframe.

Six years is considered to be the most appropriate timeframe as it provides an adequate balance between the rural single lane seal roads (60%) and the remaining minimum requirements works (40%). Although large groupings of works in urban areas will be reduced under this proposal, there will still be sufficient funds to renew the worst condition urban roads on an annual basis. As well as undertake other works such as gravel re-sheets and second coat seals.

The figures currently allocated within the LTFP are considered to be the minimum amount required to keep each of the asset classes in a serviceable to good condition and will allow the assets to be renewed in a staged manner over time.

It is important that the amounts allocated to each asset category for the purpose of renewing that asset, remain as such, so that the long term benefits of the planned renewals can be realized. Although in some instances (particularly for roads) there may be some to be large sums of money

allocated, each dollar has a purpose and is part of a larger plan to reduce (over time) the amount of poor condition roads within the City and then maintain the network at an overall better condition.

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 implementing the officer recommendation has been undertaken using the City’s risk assessment framework. The assessment identifies ‘downside’ risks only, rather than ‘upside’ risks as well. Risks are only identified where the residual risk, once controls have been identified, is identified as ‘medium’ or greater. No such risks have been identified.

CONSULTATION

Nil

OFFICER COMMENT

In considering the current iteration of the LTFP, the Council needs to be mindful of all the elements that are associated or “sit behind” the asset renewal expenditure figures. These elements include asset management plans, funding policies and funds quarantined for a specific purpose.

The main elements to consider are as follows;

Footpaths and Cycle ways Funding Policy;

This policy provides a framework for the ongoing provision of Footpaths and Cycle Ways for the City of Busselton. The intention of this Policy is to outline the overall funds required to be directed towards footpaths and cycle ways over a period of fifty years; the required split between new and renewal expenditure and timeframes for the construction of required new paths.

The Renewal / new split has been set at seventy percent new and thirty percent renewal.

Roads Funding Policy;

This policy is 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 will provide 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.

Program to renew Rural Single Lane Seal Roads as a priority;

The proposed 60%/40% rural / urban funding split is set to begin in 2016/17 and has been recommended following a considered and detailed assessment of current and future road renewal requirements as set out by the Roads Asset Management Plan.

Existing LTFP figures considered as the minimum amount required to renew infrastructure assets on a ‘like for like’ basis over time.

All the documents, policies and previous Council decision essentially work together to set the direction for maintaining the city’s assets in the most cost effective and efficient manner.

CONCLUSION

As outlined within this report, there are many elements that make up the asset expenditure figures in the LTFP. These have been implemented through a considered approach and for the betterment of the cities infrastructure assets in the short, medium and long term.

The infrastructure renewal figures presented within the various asset management plans (subsequently reflected in the LTFP) are all there for a specific purpose and any moving of money between assets or to other areas, will cause a ripple effect that will reduce the effectiveness of the city's asset management planning.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The Council is only required to receive the officer's recommendation and as such, there is no timeframe for implementation of the officer's recommendation.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/060 Moved Councillor G Bleechmore, seconded Councillor T Best

That the Council:

1. Receive the Asset Management Update Report and note the linkage between current asset funding within the Long term Financial Plans and Asset Management Plans.

CARRIED 9/0

EN BLOC

10.7 Audit Committee - 10/03/2016 - COMPLIANCE AUDIT RETURN 2015

SUBJECT INDEX:	Reporting and Compliance
STRATEGIC OBJECTIVE:	Governance systems that deliver responsible, ethical and accountable decision-making.
BUSINESS UNIT:	Governance Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Manager, Governance Services - Lynley Rich Director, Finance and Corporate Services - Matthew Smith
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Compliance Audit Return 2015 Attachment B Auditor's Overview Report

This item was considered by the Audit Committee at its meeting on 10 March 2016, the recommendations from which have been included in this report.

PRÉCIS

The Compliance Audit Return relating to the activities of the City of Busselton during 2015 has been completed. The return is a statutory obligation and covers a range of requirements under the *Local Government Act 1995* and various Regulations.

The completed Compliance Audit Return is attached to this report for the consideration of the Council. The return is recommended for adoption, after which it will be forwarded to the Department of Local Government and Communities as required by the 31 March 2016.

BACKGROUND

The Compliance Audit Return is one of the tools enabling a local government to monitor how the organisation is functioning. An external auditor was engaged to verify the organisation's compliance to enable independent oversight of the process.

The compliance assessment is an organisational performance measurement "Compliance Assessment – Measure – Report from external inspector as to City's compliance as provided by the Department of Local Government".

STATUTORY ENVIRONMENT

The Statutory Compliance Return is required pursuant to Section 7.13(i) of the *Local Government Act 1995* and Audit Regulations. The Audit Regulations require that the audit results are presented to the Audit Committee for reporting to the Council.

The audit examines a range of systems and processes of the local government that are established to ensure compliance with the relevant legislation. It is noted that some of these systems and processes will require review and updating, for example gift disclosure forms and annual report forms, as a result of recent changes to legislation and new processes will need to be implemented.

RELEVANT PLANS AND POLICIES

NA.

FINANCIAL IMPLICATIONS

Costs associated with the appointment of the external auditor were expected and included in the 2015/16 budget.

Long-term Financial Plan Implications

NA.

STRATEGIC COMMUNITY OBJECTIVES

The compliance assessment is one of the mechanisms that enables the organisation to ensure that it has governance systems that deliver responsible, ethical and accountable decision-making.

RISK ASSESSMENT

The whole process of the compliance assessment is about identifying risks to the organisation where non-compliant activities have potentially occurred.

CONSULTATION

The questions listed in the compliance return provided by the Department of Local Government and Communities have been responded to by designated council staff responsible for the actions required to comply with the appropriate legislation. The Auditor, Lindsay Delahaunty, was required to review the appropriateness of responses provided in the return and inspect any supporting documentation and registers to ensure the action taken was appropriate, accurate and meets the requirements of the legislation.

OFFICER COMMENT

The attached Compliance Audit Return demonstrates that the organisation has a good understanding of statutory requirements and has applied the correct interpretation to these requirements. The return, and therefore the auditor, examined the organisation's processes and records relating to:

- Commercial Enterprises by Local Government;
- Delegation of Power/Duty;
- Disclosure of Interest;
- Disposal of Property;
- Elections;
- Finance;
- Local Government Employees;
- Official Conduct;
- Tenders for providing Goods and services.

The external auditor advised that during the course of the audit he reviewed various registers and supporting documentation. This demonstrated that a correct interpretation exists at the City of the various provisions of the Local Government Act and Regulations, fostering a desirable culture of compliance. All of the Council records viewed during the audit had been well maintained and found to be accurate and of a high standard.

Only one minor matter was raised during the audit, whereby a delegation to a Committee did not identify the requirement for an absolute majority decision of Council to be achieved. However, as the absolute majority was achieved, the matter was still assessed to be compliant.

In response to staff's identification of the issue, the auditor stated that it is noted that the Council adopted revised governance arrangements and terms of reference for the Meelup Regional Park Management committee at its meeting held 14th October 2015. This decision was not carried by absolute majority as required, due to a human error in the report presented to the Council. The motion was fortunately carried 8/1 which would have met the absolute majority requirements had that been requested. This matter should be rectified when the Council undertakes its annual review of delegations in June 2016.

CONCLUSION

It is recommended that the Council adopt the return for submission to the Department of Local Government and Communities.

OPTIONS

The option that would be available to the Council in order to comply with the requirement to lodge the return with the Department of Local Government and Communities by the end of March would be to query any of the responses provided and recommend a different response to the Department prior to adopting the return for submission.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The certified return must be lodged with the Department of Local Government and Communities by 31 March 2016.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/061 Moved Councillor G Bleechmore, seconded Councillor T Best

That the Council:

1. accepts the report from Mr Lindsay Delahaunty in relation to his assessment of the City's compliance in 2015;
2. adopts the Compliance Audit Return 2015;
3. authorises the Mayor and Chief Executive Officer to sign the joint certificate.

CARRIED 9/0

EN BLOC

11. PLANNING AND DEVELOPMENT SERVICES REPORT

11.1 APPLICATION FOR PLANNING CONSENT FOR A USE NOT LISTED (CARAVAN STORAGE FACILITY), 488 YELVERTON NORTH ROAD, CARBANUP RIVER

SUBJECT INDEX:	Development/Planning Applications
STRATEGIC OBJECTIVE:	Growth is managed sustainably and our environment is protected and enhanced as we develop.
BUSINESS UNIT:	Development Services and Policy
ACTIVITY UNIT:	Statutory Planning
REPORTING OFFICER:	Planning Officer - Sturt McDonald
AUTHORISING OFFICER:	A/Director, Planning and Development Services - Martyn Glover
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Applicant Cover letter Attachment B Development Plans

PRÉCIS

The Council is asked to consider an application seeking approval for a Caravan Storage Facility at 488 Yelverton North Road, Carbanup River ("the site").

The proposal has been placed before Council due to the possible conflict between this development and elements of the planning framework, relating to the use of agricultural land.

It is considered that, on balance, this development is consistent with the relevant planning framework and is recommended for approval.

BACKGROUND

The City received an application (DA16/0032) for a Caravan Storage facility (use not listed) at 488 Yelverton North Road, Carbanup River. The application for planning consent, as advertised, is provided at Attachment B.

The site is located on the eastern side of Yelverton North Road. It is zoned 'Agriculture' and has a total size of 40.0757 Ha. The site is currently used for farming land and a single residence (Owner Occupied) and the property is accessed through a battleaxe access leg to Yelverton North Road.

The proposal comprises of five 7mx30m sheds, totalling to an area of 1050², with an associated gravel driveway and screen planting. When including the gravel manoeuvring areas, the area the proposal covers totals to approximately 1Ha or 2.5% of the property.

The majority of properties surrounding the site are primarily farming properties, some vacant but many with dwellings. The closest dwelling is located approximately 100m from the proposed storage facility.

STATUTORY ENVIRONMENT

The key statutory environment is set out in the City of Busselton *Local Planning Scheme No. 21* ('the Scheme'), as modified by the *Deemed provisions for local planning schemes* set out in Schedule 2 of the Planning and Development Regulations 2015. The proposed Caravan Storage facility does not fall under any use listed in Table 1 of the Scheme. The proposed development is therefore a 'use not listed' and can be approved at the discretion of the City following a compulsory consultation process as outlined in clause 64 of the Deemed Provisions.

Agriculture Zone

The site is located in the 'Agriculture' zone. Objectives of this zone relevant to this application are as follows:

- (a) To conserve the productive potential of rural land.
- (c) To regulate the subdivision of agricultural lands within this zone to ensure that land is not withdrawn from production or that the potential for land to be productive is not diminished.
- (d) To enable the development of land for other purposes where it can be demonstrated by the applicant that suitable land or buildings for the proposed purposes are not available elsewhere and that such purposes will not detrimentally affect the amenity of any existing or proposed nearby development.

Policies of the 'Agriculture' zone relevant to this application are:

- (a) To permit land included within the zone and shown by close investigation in consultation with the Department of Agriculture and Food not to be prime agricultural land to be utilised for other purposes not incompatible with adjacent uses.
- (f) To implement and adhere to the adopted recommendations and outcomes of the Local Rural Planning Strategy adopted by the local government and endorsed by the Commission.

RELEVANT PLANS AND POLICIES

The key policy implications for consideration are set out in the following policy documents:

- *Leeuwin-Naturaliste Ridge Statement of Planning Policy (SPP 6.1)*
- *Land Use Planning in Rural Areas Statement of Planning Policy (SPP 2.5)*
- *Local Rural Planning Strategy*
- *Special Character Areas and Visual Management Policy*

Loss of agricultural land through incompatible development, subdivision and settlement has been identified by both local and state government, as a trend that is unacceptable. The planning documents listed above reiterate this position and provide appropriate policy measures to address this growing land-use issue.

The LNRSP and LRPS identify the subject lot as being located within a "Principle Agriculture Area" and "Primary Rural Precinct" respectively. Policy provisions from each acknowledge that not only are non-compatible land uses conflicting with agricultural land, but *competing* land uses are an issue as well, and that an aim of the planning framework will be that Agriculture is to remain the predominant economic land use. A presumption against the approval of non-agricultural land uses/development (although with exceptions) has therefore been established as a policy provision/statement in each.

Both LNRSP and LRPS address other matters such as the economic and social well-being of the region, but these are less directly relevant to the proposal being assessed.

SPP 2.5 primarily addresses the operation of the planning framework rather than individual land use matters. The overarching policy requirements that it lists includes:

- a) land use change from rural to all other uses is to be planned and provided for in a planning strategy or scheme; and*

b) land identified as priority agricultural land in a planning strategy or scheme is to be retained for that purpose.

The Special Character Areas and Visual Management Policy contain the 3H Outbuilding Assessment Provisions. These policy provisions specify outbuilding height and size limits for various rural zones. Outbuildings in the Agriculture zone have no size limit, other than what the City considers to be appropriate given the size of the lot, visibility from nearby vantage points and impact on adjoining landowners.

FINANCIAL IMPLICATIONS

The recommendation of this report is a planning determination. It does not impose any direct financial implications upon the City.

STRATEGIC COMMUNITY OBJECTIVES

The recommendation in this report reflects Community Objective 5.2 of the City's Strategic Community Plan 2013 – 'Growth is managed sustainably and our environment is protected and enhanced as we develop.'

RISK ASSESSMENT

An assessment of the potential implications of implementing the Officer Recommendation has been undertaken using the City's risk assessment framework. The assessment identifies 'downside' risks only, rather than 'upside' risks as well. Risks are only identified in Council reports where the residual risk, once controls are identified, is 'medium' or greater.

No such risks have been identified.

CONSULTATION

Clause 64 of the *deemed provisions for local planning schemes* (Schedule 2, Planning and Development Regulations 2015) requires that any development application for a use not listed shall be referred to the public for comment. This proposal was referred to adjoining landowners for a period of 14 days ending on the 15th February 2016.

Comments from adjoining landowners can be summarized as support for the development. No objections have been received.

The Department of Agriculture and Food was contacted for comment. In regard to the land being removed from possible agricultural use, it was mentioned that soil profile was quite sandy, but that they were unable to provide an assessment of agricultural viability of the land.

OFFICER COMMENT

The City has assessed the application having regard to the objectives and principles of the agriculture Zone, State policy and Matters to be Considered and in particular the consideration proper and orderly planning as required by the Scheme.

The key issues to be considered are;

- The displacement of productive rural land
- The visual impact and amenity
- Cumulative effect

Traffic has not been considered to be a key issue, as a storage facility of this nature is anticipated to generate a low number of vehicle movements. The existing crossover and gravel driveway are considered to be of an acceptable standard for the proposed development.

The displacement of productive rural land

Both LNRSP and LRPS have a presumption against the displacement of productive land uses.

This can occur from both a direct physical displacement or through the introduction of incompatible land uses that can evoke various environmental and health legislation that can curtail the productive use of the adjoining land.

Apart from the direct displacement of the area by the storage shed itself, the proposed use is ostensibly benign. It is not affected by noise, routine dust or odour that may be taken in productive agricultural pursuits on adjoining land. It makes also no particular demand upon services traffic volumes generated by the activity are small. Equally the proposal does not pose an environmental affect upon the adjoining land.

The proposed development is located on a portion of land that is not well suited to agricultural use. The area of land proposed to be used by the development is small (approx. 2.5% of the property).

The City had sought advice from the Dept. of Agriculture about the productive use of the land and in particular the value and consequence of the displacement of area by the storage sheds. Its advice did not express a view that this site was of particular value but its comments related agricultural land generally, and considerations generally taken.

The subject land is below a size that would provide economic support in its own right. The storage sheds that will occupy 2.5% of the land would be a valuable use and may provide a return that supplement the continued operation of the remainder of the land for agricultural purposes, noting this it is also a hobby farm.

The proposal which would displace 2.5% of the site, is not inconsistent with maintaining the productive value of the land for agricultural purposes.

The visual impact and amenity

Large sheds are often found in the Agriculture Zone. As per the City's local Planning Policy 3H - *Outbuilding Assessment Provisions*, there is no quantified size limit applied to the development of sheds in this zone. In considering agricultural sheds the City considers the amenity and purpose and in turn proportionality with the size of the lot, the visibility from nearby vantage points including the impact on adjoining landowners and the consistence of expectation with the prevailing land use.

The Agriculture Zone is not a Landscape Zone or a Conservation Zone. Structures are not expected to be hidden in the Agriculture Zone.

The proposed development is well screened from adjoining landowners. It will not be visible from nearby roads and additional screening vegetation is planned as part of this proposal. The proposal is therefore considered to have little visual impact on the amenity of the area.

Cumulative effect

The objective of the relevant planning policies is to avoid the sterilization of otherwise productive agricultural land, noting an economic emphasis.

Caravan storage does take up a large area in urban terms. Other suitable locations are traditionally at caravan parks or storage facilities in the industrial area.

In broader economic terms industrial land has a high value and arguably should be utilized for productive activities that benefit from an urban location.

Caravan storage is not dependent upon an urban location and may be more orderly and economically provided in rural locations. The proposal before the City with storage undercover is a formal approach, but easily other landholders could offer parking/storage of vans on cheaper and less formal arrangements. The market however is finite.

As a use not listed the development of a caravan storage can be assessed on a case by case basis. In this instance the supporting aspects are low intensity of traffic generation, a minor displacement of land within the existing lot, minimal environmental effect, and minimal effect upon the visual amenity. The same considerations should apply to any similar development and it distinguishes it from a *Transport Depot* – garaging and maintenance of heavy vehicles. Without these distinctions a caravan storage may otherwise be classed as a *Transport Depot*.

The garaging of heavy vehicles is also a problem in the urban area and City receives requests for approval and follows compliance issues involving heaving vehicle storage in the agriculture zone and other non -urban areas. A *Transport Depot* is *prohibited* in the Agriculture Zone. The nature of a Transport Depot is a higher intensity of development, presenting a frequent use, noise, and potentially involves the storage or use of hazardous materials and managing contaminated runoff from standing areas.

The approval of this proposal is considered sufficiently distinguished not to create any perceived unfairness in the City's approach to *Transport Depots*.

Rating

The subject land is rated Primary Production and is based on an unimproved land value. The annual rate for the subject land is \$1,452 excluding rubbish charges total \$227. The introduction of the commercial component will warrant the whole property being rated as Unimproved Valuation (Commercial). This rate is generally double the Unimproved Valuation (Rural) rate. If the subject land is rated Unimproved Valuation (Commercial) the cost to the owner will be approximately an additional \$1,500.

By way of comparison this approach also includes such activities as Art Studios, Holiday Accommodation, Plant Nurseries, Wineries, Cellar Door Sales, Animal Establishments and any other activity that may not be considered a (Rural) Primary Production activity.

CONCLUSION

The City has the discretion to approve or refuse development such as this on a case by case basis, taking into account the specifics of a proposal and its context.

Whilst in terms of orderly and proper planning there is nothing to positively direct the proposal is appropriate, at the same time it also not found to be contrary the purpose of the prevailing policy, to retain agricultural land for productive purposes.

The proposed development is relatively unobtrusive, would be well screened with vegetation and has little to no impact on adjoining landowners and would supplement the economic viability of an agricultural land parcel.

It is recommended that the Council approve the development with conditions.

OPTIONS

The Council could:

1. Refuse the proposal, setting out reasons for doing so.
2. Apply additional or different conditions.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The proponent will be advised of the Council decision within two weeks of the Council meeting.

Council Decision and Officer Recommendation

C1603/062 Moved Councillor G Bleechmore, seconded Councillor T Best

That the Council resolve:

1. That application DA16/0032 submitted for development at No. 488 (Lot 8) Yelverton North Road, Carburnup River is considered by the Council to be generally consistent with Local Planning Scheme No. 21 and the objectives and policies of the zone within which it is located.
2. That Development Approval is issued for the proposal referred to in 1. above subject to the following conditions:

General Conditions:

1. All development is to be in accordance with the approved Development Plan dated (attached), including any amendments placed thereon by the City and except as may be modified by the following conditions.
2. The development hereby approved shall be substantially commenced within two years from the date of this decision letter.

Prior to Commencement of Any Works Conditions:

3. The development hereby approved, or any works required to implement the development, shall not commence until the following plans or details have been submitted to the City's Planning Department and have been approved in writing:
 - 3.1. A Landscape Plan
 - 3.2. A Stormwater and Drainage Management Plan

Prior to Occupation/Use of the Development Conditions:

4. The development hereby approved shall not be occupied or used until all plans, details or works required by Condition 3 have been implemented and/or the following conditions have been complied with:
 - 4.1. Landscaping shall be implemented in accordance with the approved Landscape Plan and shall thereafter be maintained to the satisfaction of the City. Unless otherwise first agreed in writing, any trees or plants which, within a period of

five years from first planting, are removed, die or, as assessed by the City as being seriously damaged, shall be replaced within the next available planting season with others of the same species, size and number as originally approved.

On-going Conditions:

5. The Caravan storage facility hereby approved is permitted to store caravans, boats and camper trailers. No storage of cars, vans, buses or other vehicles is permitted.
6. The Caravan storage facility hereby approved is to store no more than 50 of the trailers described in condition 5 at any given time.

CARRIED 9/0

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15. CHIEF EXECUTIVE OFFICER'S REPORT

15.1 COUNCILLORS' INFORMATION BULLETIN

SUBJECT INDEX:	Councillors' Information
STRATEGIC OBJECTIVE:	Governance systems that deliver responsible, ethical and accountable decision-making.
BUSINESS UNIT:	Executive Services
ACTIVITY UNIT:	Executive Services
REPORTING OFFICER:	Reporting Officers - Various
AUTHORISING OFFICER:	Chief Executive Officer - Mike Archer
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Hon Mia Davies MLA - CSRFF Application Success Attachment B Liza Harvey MLA - TAFE College Systems Attachment C Hon Barry House MLC - Letter of Congratulations Attachment D Shire of Harvey - Letter of Appreciation

PRÉCIS

This report provides an overview of a range of information that is considered appropriate to be formally presented to the Council for its receipt and noting. The information is provided in order to ensure that each Councillor, and the Council, is being kept fully informed, while also acknowledging that these are matters that will also be of interest to the community.

Any matter that is raised in this report as a result of incoming correspondence is to be dealt with as normal business correspondence, but is presented in this bulletin for the information of the Council and the community.

INFORMATION BULLETIN

15.1.1 Current Active Tenders

2015 TENDERS

RFT15/15 UNDERWATER OBSERVATORY – CONCRETE CONDITION INSPECTION & REPORTING

The City of Busselton invited tenders for the inspection of and reporting on the structural integrity of the Busselton Jetty Underwater Observatory (UWO). The purpose is to identify any areas of deterioration and vulnerability in the structure, in order to implement future maintenance strategies. The Tender was advertised on the 10 October 2015, with the closing date on 10 November 2015. Five tender submissions were received by the City. The Tender evaluation process was completed in March and the outcome of the evaluation panel presented to the CEO. The value of the contract does not exceed \$350,000 and therefore falls within the delegated authority. The Contract resulting from RFT15/15 was awarded to CDJ Engineering and Consulting Services for the total contract sum of \$166,958.50 (exclusive GST). The date for practical completion of the works under the contract is 30 June 2016.

RFT 16/15 CONSTRUCTION OF LANDFILL CELL 1 AT THE DUNSBOROUGH WASTE FACILITY

The City of Busselton invited tenders for the Construction of Cell 1 at the Dunsborough Waste Facility located on Western Cape Drive. These works are to follow the bulk earthworks for Cell 1 recently completed under RFT 02/15. Construction of Cell 1 under RFT 16/15 involves the installation of associated leachate drainage and treatment infrastructure. The Tender was advertised on 24 October 2015 and closed on 01 December 2015. The Tender evaluation process was completed and the outcome of the evaluation panel presented to Council on 9 December 2015. The Council

endorsed the recommendation report to award tender RFT 16/15 – Construction of Landfill Cell 1 at Dunsborough Waste Facility to WBHO Infrastructure Pty Ltd for the total contract sum of \$1,063,838.35 (exclusive GST). The Contract resulting from RFT16/15 was awarded to WBHO on 05 February 2016. Site access was given to the contractor on 11 February 2016 and the date for practical completion of the works under the contract is 30 May 2016.

RFT 19/15 CONSTRUCTION OF THE NEW TRANSFER STATION AT BUSSELTON WASTE FACILITY

The City of Busselton invited tenders for the construction of the new transfer station at the Busselton Waste Facility at Rendezvous Road, Vasse. The project includes construction of a new multifunctional facility, comprising of a community recycling drop-off area, light and heavy vehicle multi-tiered drop-off area for putrescible waste, as well as associated stormwater drainage and road access infrastructure. The tender was advertised on 26 December 2015 with an initial closing date for submissions of 29 January 2016, but, due to a number of technical queries from prospective tenderers, was extended to 26 February 2016. Ten tenders have been received which are currently under evaluation. The value of the contract is likely to exceed the CEO's delegated authority and will have to be awarded by Council. It is anticipated that the evaluation will be completed and a report presented to Council by April 2016.

2016 TENDERS

RFT 01/16 PROVISION OF CITY OF BUSSELTON CORPORATE UNIFORMS

The City of Busselton invited tenders for the provision of the City's corporate uniforms. The successful supplier will supply the City's corporate wardrobe as required for a period of three years. The tender was advertised on 16 January 2016 with a closing date for submissions of 11 February 2016. Three compliant tender submissions were received which are currently under evaluation. The value of the contract will not exceed \$350,000, and therefore falls within the CEO's delegated authority. It is anticipated the tender evaluation will be completed and a contract awarded by the CEO in March 2016.

RFT 02/16 VASSE SPORTING PRECINCT STAGE 1 – SUPPLY & LAY TURF

The City of Busselton has invited tenders for the supply and installation of roll-on turf for Stage 1 of the sporting oval located in the new sports precinct under development in Vasse. The turf installation is scheduled to take place following completion of the preliminary works which are being managed in conjunction with the relevant developer. The Tender was advertised on 16 January 2016 and closed on 02 February 2016. Five conforming tender submissions and two alternative tender submissions were received which are currently under evaluation. The Tender evaluation process was completed in March and the outcome of the evaluation panel presented to the CEO. The value of the contract does not exceed \$350,000 and therefore falls within the delegated authority. The Contract resulting from RFT02/16 was awarded to 3 Vines Management Company Pty Ltd trading as True Blue Turf for the total contract sum of \$141,540 (exclusive GST). The date for practical completion of the works under the contract is 30 June 2016.

15.1.2 Hon Mia Davies MLA – Funding Support Letter

Correspondence has been received from the Hon Mia Davies MLA, Minister for Sport and Recreation and is available to view in Attachment A.

15.1.3 Liza Harvey MLA – TAFE College Letter

Correspondence has been received from Liza Harvey MLA, Deputy Premier; Minister for Police; Road Safety; Training and Workforce Development; Women's Interests and is available to view in Attachment B.

15.1.4 Hon Barry House MLC – Letter of Congratulations

Correspondence has been received from the Hon Barry House MLC and is available to view in Attachment C.

15.1.5 Shire of Harvey – Letter of Appreciation

Correspondence has been received from the Shire of Harvey and is available to view in Attachment D.

Council Decision and Officer Recommendation

C1603/063 Moved Councillor G Bleechmore, seconded Councillor T Best

That the items from the Councillors' Information Bulletin be noted:

- 15.1.1 Current Active Tenders
- 15.1.2 Hon Mia Davies MLA – Funding Support Letter
- 15.1.3 Liza Harvey MLA – TAFE College Letter
- 15.1.4 Hon Barry House MLC – Letter of Congratulations
- 15.1.5 Shire of Harvey – Letter of Appreciation

CARRIED 9/0

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ITEMS CONSIDERED BY SEPARATE RESOLUTION

At this juncture, in accordance with Clause 5.6 (3)(a) & (b) of the Standing Orders, those items requiring an Absolute Majority or in which Councillors had declared Financial, Proximity or Impartiality Interests were considered.

10.3 Finance Committee - 3/03/2016 - BUDGET AMENDMENT - LOCAL GOVERNMENT GRANTS SCHEME

SUBJECT INDEX:	Emergency Services
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Environmental Services
ACTIVITY UNIT:	Ranger and Emergency Services
REPORTING OFFICER:	Manager, Environmental Services - Greg Simpson
AUTHORISING OFFICER:	A/Director, Planning and Development Services - Martyn Glover
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

This item was considered by the Finance Committee at its meeting on 3 March 2016, the recommendations from which have been included in this report.

PRÉCIS

The City has received an offer under the Local Government Grants Scheme (LGGs) to fund the construction of a new fire shed at Ambergate and for additions to the Wilyabrup fire shed to enhance the City's volunteer bushfire brigade. This report recommends that Council accepts the grant funding, and amends the 2015/16 Budget to enable works associated with upgrading the Wilyabrup Fire Shed to be undertaken during the current financial year.

As a site for a new fire shed at Ambergate has yet to be determined, DFES have indicated that the LGGs funding for a new Ambergate fire shed be rolled forward to allow for the determination of a site for the fire shed. The LGGs funding for the Ambergate fire shed can therefore be considered as a submission to the 2016/17 Draft Budget.

BACKGROUND

The Emergency Services Levy (ESL) provides funds through the LGGs to local government by way of capital grants to assist the provision of facilities for the City's Bush Fire Brigade services.

The City through its Bush Fire Advisory Committee regularly review resource requirements and each year submits an application to DFES for LGGs funding. Following assessment of the City's 2015 capital grant request, the governments Bush Fire Services Capital Grants Committee have approved capital grants under the LGGs for the purpose of constructing a new fire shed with one appliance bay and amenities for the Ambergate Fire Brigade (\$123,307) and a grant for training/amenity room additions to the Wilyabrup Bush Fire Brigade (\$77,273).

STATUTORY ENVIRONMENT

The LGGs capital funding enhances the City's volunteer Bush Fire Brigade capacity to respond to fire emergencies as part of a general responsibility for administration of the Bush Fires Act 1954.

Section 6.8 of the *Local Government Act 1995* refers to expenditure from the municipal fund not included in the annual budget.

RELEVANT PLANS AND POLICIES

The City's Bush Fire Strategic Plan was adopted in 2005 and is the overarching plan for the City's management of bush fire issues.

FINANCIAL IMPLICATIONS

The provision of a fire shed for the Ambergate Fire Brigade is considered necessary as the fire appliance for the Ambergate Brigade is currently housed on private property. However, the location of the fire shed has not been determined and it is recommended that a request be submitted to the Bush Fire Services Capital Grants Committee to roll forward the grant to the 2016/17 financial year, to allow time for Council to finalise the location of the Ambergate Fire Shed. This report recommends that Council accept the LGGs grant of \$123,307, with this amount to be considered further as a submission to the City's 2016/17 Draft Budget.

In order to maintain the integrity of Council's financial reporting, this report recommends an amendment to Council's 2015/2016 Budget to include the LGGs capital grant funding for the construction of training/amenity room additions to the Wilyabrup Bush Fire Brigade with this work to be completed in the 2015/16 financial year.

Revenue and corresponding expenditure for the works associated with the Wilyabrup Bush Fire Brigade training/amenity room additions is as follows:

Description	Account String	2015/2016 Adopted Budget	2015/2016 Amended Budget (Proposed)
Revenue			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-1215	0	(77,273)
Expenditure			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-3280	0	77,273
Net Exp/Rev		0	0

Long-term Financial Plan Implications

Nil

STRATEGIC COMMUNITY OBJECTIVES

Consideration of this matter is consistent with Community Objective 6.3 - An organisation that is managed effectively and achieves positive outcomes for the community – of the City of Busselton Strategic Community Plan 2013.

RISK ASSESSMENT

An assessment of the potential implications of implementing the officer recommendations has been undertaken using the City's risk assessment framework. The assessment identifies 'downside' risks only, rather than 'upside' risks as well. There were no risks identified rated as medium or greater.

CONSULTATION

The City prepares the LGGs capital grant applications in consultation with the City's Bush Fire Brigades and the DFES South West region district officer.

In May 2012, DFES Planning and LGGs allocation branch also undertook a project to confirm the current housing arrangement and future requirements for LGGs funded appliances/vehicles for Bush Fire Brigades in consultation with the City and Bush Fire Brigades. The provision of a fire shed for the Ambergate Bush Fire Brigade was identified as one of a number of funding priorities.

OFFICER COMMENT

Capital grant funds are provided under the LGGs to enhance the Bush Fire Brigades defence/offence capacity to manage and respond to bushfires and provide greater community protection through improved facilities.

The capital grant offer for the construction of a training room and amenities for the Wilyabrup Bush Fire Brigade is part of the ESL funding procedures under the LGGs for the ongoing improvement of Bush Fire Brigade facilities and these additions can be completed in the current financial year. Therefore, an amendment to the 2015/16 Budget is required if the additions to the Wilyabrup fire shed is to be undertaken in the current financial year.

The provision of a new fire shed for Ambergate is also necessary as the Ambergate Fire Brigade appliance are currently housed on private land. While the development of a new fire shed in Ambergate is considered a priority there has been some delay in receiving funding as a location for the fire shed has not been confirmed.

Now that a LGGs funding offer has been received an investigation of suitable sites will be undertaken and a future report will be provided to Council on this matter. DFES are aware of the need to determine a site and have indicated that the LGGs funding allocated for the new Ambergate fire shed be rolled over to the 2016/17 financial year and pending determination of the sheds location.

CONCLUSION

This report recommends that Council accepts the LGGs capital grant funds and amends the 2015/16 Budget to enable construction of training/amenity room additions to the Wilyabrup Bush Fire Brigade in the current financial year, with the funding for a new fire shed at Ambergate to be considered as part of the 2016/17 Budget preparations.

OPTIONS

The Council may determine to not endorse the proposed amendment to the 2015/2016 budget to undertake the construction of training/amenity room additions to the Wilyabrup Bush Fire Brigade fire shed.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the Officer Recommendation be endorsed, an amendment to the 2015/2016 adopted budget will be processed by the 31 March 2016.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/064

Moved Councillor G Bleachmore, seconded Councillor J McCallum

That the Council:

1. Accept the capital grant funding allocated under the Local Government Grants Scheme to fund the construction of a new fire shed at Ambergate and for additions to the Wilyabrup fire shed to enhance the City's volunteer bushfire brigade.

2. Endorses an amendment to the 2015/2016 adopted budget on the following basis:

Description	Account String	2015/2016 Adopted Budget	2015/2016 Amended Budget (Proposed)
Revenue			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-1215	0	(77,273)
Expenditure			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-3280	0	77,273
Net Exp/Rev		0	0

3. Accept the LGGS grant of \$123,307, with this amount to be considered further as a submission to the City's 2016/17 Draft Budget.

CARRIED 9/0

BY ABSOLUTE MAJORITY

10.6 Finance Committee - 3/03/2016 - PORT GEOGRAPHE BANK GUARANTEE PAYOUT

SUBJECT INDEX:	Port Geographe
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Corporate Services; Finance
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

This item was considered by the Finance Committee at its meeting on 3 March 2016, the recommendations from which have been included in this report.

PRÉCIS

The City has entered into an agreement with the Administrators of Tallwood Nominees Pty Ltd, the former developer of the Port Geographe Development, for the payout of a number of bank guarantees relating to various stages of that development which have been handed over to the City. The purpose of this report is to allocate the monies which have been received by the City, which are unbudgeted, to various financial reserves held by the City for consideration for future expenditure when needed.

BACKGROUND

In the mid 1990's Tallwood Nominees Pty Ltd (Tallwood) purchased the Port Geographe Development which was then in its initial stages and has since then been the developer responsible for carrying out the Port Geographe Development on a staged basis until 4 August 2011 when Tallwood went into administration and PPB Advisory was appointed as Administrators. The Council has received numerous reports over the years regarding the progress of the Port Geographe Development, in relation to which there have been various issues, and the impact of the financial difficulties faced by Tallwood in progressing the development.

At the time Tallwood went into administration, Stages 3 and 4 of the Phase 2 of the Port Geographe Development were the stages that had been most recently completed. The City held the following bank guarantees in respect of the development:

Bank Guarantees	Purpose	Amount
St George Bank Bank Guarantee dated 17 March 2009	For public open space works and Stages 3 and 4 of Phase 2 of the Port Geographe Development.	\$1,200,000.00
St George Bank Bank Guarantee dated 17 March 2009	For outstanding civil and landscaping works for Stages 3 and 4 of the development (mainly drainage and streetscape works).	\$ 414,571.67
St George Bank Bank Guarantee dated 8 October 2008	In relation to dust management obligations throughout the whole Port Geographe Development	\$ 51,755.00
St George Bank Bank Guarantee dated 8 October 2008	In relation to various outstanding subdivisional works in Port Geographe primarily in Phase 1.	\$ 120,000.00
St George Bank Bank Guarantee dated 8 October 2008	For 24 month maintenance cost for landscaping works in Stages 1 and 2 of Phase 2 of the Port Geographe Development.	\$ 28,359.00
TOTAL		\$1,814,685.67

In the time that has passed since Tallwood went into administration, new agreements have been entered into with various parties to deal with remaining aspects of the Port Geographe Development including the management of the coastal structures and artificial waterways in Port Geographe and the transfer of the unsubdivided developable land in Port Geographe which was owned by Tallwood Nominees. These issues have been the subject of reports to Council and appropriate legal agreements and other arrangements.

The Administrators of Tallwood have been anxious to wrap up some remaining outstanding matters in relation to the Port Geographe Development. Thus the Administrators approached the City to consider entering into an agreement to resolve the outstanding bank guarantees for previously cleared stages of the Port Geographe Development.

The City indicated that it was prepared to enter into such an agreement, however, that it felt it would still need to rely on the vast majority of the monies held within those bank guarantees to pay for various outstanding works within the Port Geographe Development that had not been completed by Tallwood. Particular reference was made in this regard to the development and completion of public open space areas, drainage and streetscape works in Stages 3 and 4 of Phase 2 that were not completed at the time of clearance.

Ultimately the City and the Administrators of Tallwood entered into an agreement on 19 January 2016 whereby the City would claim upon the 5 bank guarantees listed above in full and in return for making a payment of \$100,000.00 to the Administrators, would be entitled to spend the remainder of the proceeds as the City saw fit. Thus soon after that agreement was entered into the City arranged to draw upon the bank guarantees referred to above and received a bank cheque for \$1,814,685.67 from St George Bank, and simultaneously made a payment of \$100,000.00 to PPB Advisory, the Administrators of Tallwood. Thus the City has in effect has \$1,714,685.67 in additional funds available to it to spend as the Council sees fit.

The agreement entered into between the City and the Administrators of Tallwood also involved the Western Australian Planning Commission (WAPC) as the WAPC held a separate bank guarantee in respect of certain matters relating to artificial waterways at Port Geographe. While the WAPC actually had the entitlement to the bank guarantee, it was in effect held by and regulated by the Department of Transport. The WAPC via the Department of Transport entered into a similar agreement in relation to their bank guarantee and received a net payment of \$230,000.00 in respect of that bank guarantee. The Department of Transport have requested the money be paid into the Port Geographe Waterways Management Reserve, seeing that as the most appropriate place to hold that money. Thus the Department have forwarded the \$230,000.00 to the City to be held in the Waterways Reserve.

Separately to this, the City also holds \$95,958.83 in Restricted Asset Accounts that relates to previously cleared stages of the Port Geographe Development. These monies are leftover amounts from bank guarantees that have previously been drawn down upon by the City for use for the completion of works in various previously cleared Port Geographe stages that have not been adequately completed by the developer. The biggest portion of this amount, \$67,560.00 relates to the bank guarantee that was drawn upon by the City to complete works on the Port Geographe Pedestrian Bridge. While there are still works that need to be completed on the bridge for which the bulk of this money will be required, this report is seen as an opportunity to “clean-up” the allocation of these monies which are held in restricted asset accounts and thus it is proposed that Council resolve to include these monies amongst the monies transferred to various Reserves for future works, primarily in the Port Geographe area.

STATUTORY ENVIRONMENT

Decisions relating to the receipt and expenditure, including reservation, of income outside of the City's Annual Budget process are dealt with under Section 6.8 (1) (b) of the Local Government Act 1995.

That section requires an Absolute Majority decision of Council for any proposed expenditure or allocations not included in the Annual Budget.

RELEVANT PLANS AND POLICIES

Not applicable.

FINANCIAL IMPLICATIONS

The net result of the proposals outlined in the Background section to this report is that the City will receive \$1,810,644.50 in unbudgeted income being the net result of the payout of the 5 bank guarantees listed in the Background section to the report, minus the \$100,000 paid to the Administrators of Tallwood Nominees and with the addition of the \$95,958.83 held in restricted asset accounts relating to previously paid out bank guarantees.

As discussed with the Finance Committee, there are various Port Geographe related needs to which some of these monies will need to be applied, particularly in Stages 3 and 4 of Phase 2 of the Port Geographe Development. However, there will still be considerable discretion for the Council as to the ultimate expenditure of a substantial portion of these monies.

The City holds two Financial Reserves in relation to Port Geographe. The Port Geographe Waterways Management Reserve primarily receives monies from the Specified Area Rate that is raised in relation to Port Geographe in order to pay for the waterway management costs associated with the artificial waterways in the development. Thus the purpose of that Reserve is solely to fund the City meeting its obligations under the Waterway Management Deed that relates to the Port Geographe subdivision area. The current balance of that Reserve is \$3, 407,082.

The Port Geographe Development Reserve has a purpose being to provide for costs associated with the Port Geographe Development. The current balance of that Reserve is \$575,635.

The City also two other Reserves that may be relevant in the context of this report. The Infrastructure Development Reserve has been set up for the purpose of setting aside funds to facilitate the identification, design and development of new infrastructure and other capital projects and has a current balance of \$2,339,588. The City also has a Legal Expenses Reserve to provide for any legal expenses or contingency involving the City and that has a current balance of \$312,668.

Long-term Financial Plan Implications

The receipt of untied monies has some potential to have a minor positive impact on the Long-term Financial Plan.

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

The recommendations in this report are to put the monies referred to in this report into various Reserve accounts for consideration for future planned expenditure. In this way the recommendations seek to ensure the current and future needs associated with the Port Geographe Development are properly considered before any final decisions are made about expenditure of these monies and thus it is not seen that any medium or high level risks would arise from the recommendations contained in this report.

The fact that the City has entered into a binding legal agreement with the Administrators of Tallwood Nominees which contains a provision acknowledging that the expenditure of the monies drawn down from the Port Geographe bank guarantees is totally at the discretion of the City removes any legal or compliance risks to the City associated with the expenditure of those monies.

CONSULTATION

Not applicable, although it should be noted that the recommendation at this stage include the monies within various Reserves enables there to be future consultation regarding the ultimate expenditure of those monies if thought appropriate by the Council.

OFFICER COMMENT

The agreement which has been entered into between the City and the Administrators of Tallwood gives the City complete discretion as to the expenditure of the funds which the City has now received as a result of the draw down of various bank guarantees associated with the completed stages of the Port Geographe Development.

In discussions with the Council and the Finance Committee, it has been acknowledged on a number of occasions that considerable resources, primarily of a legal nature, have gone into the resolution of issues relating to the Port Geographe Development over the years. These resources include both considerable senior officer time as well as thousands of dollars of external legal expenses. These resources have been needed to ensure that the protection of the interests of the ratepayers of the City regarding the considerable expenses it could have been exposed to as a result of problems with the development. For these reasons it is seen as appropriate to use a portion of the monies which are now available to the City to replenish the Legal Expenses Reserve.

Based on previous experience, if the City was to be faced with a very large legal action which it had no choice but to become involved in and sought to rely on the Reserve for this purpose, it may well need to have around \$500,000 available to it. Thus it is proposed that \$210,644.50 of the monies which are now available to the City be paid into the Legal Expenses Reserve.

In discussion at the Finance Committee, it was acknowledged that there are still a number of outstanding matters in otherwise completed stages of the Port Geographe Development on which some expenditure will be required. This includes some drainage, streetscape and public open space works in Stages 3 and 4 of Phase 2 of the development as well as some more relatively minor works to the Port Geographe Pedestrian Bridge. In addition to this, there are a number of works suggested by the Port Geographe Landowners Association and other residents and groups within Port Geographe on which the money might be spent including various footpath and public open space works.

For these reasons, it is proposed that approximately two thirds of the remainder of the monies be put into the Port Geographe Development Reserve. This Reserve is the most appropriate place to hold monies that may be spent in the future for completion of outstanding works within the completed stages of the Port Geographe Development as well as other works associated with making

the development more functional and effective or otherwise improving the amenity of the area. Thus it is proposed \$1,066,000 be put into the Port Geographe Development Reserve.

It is proposed that the remainder of the monies, being \$534,000 be put into the Infrastructure Development Reserve. The Infrastructure Development Reserve has a broad purpose in setting aside funds for any future new infrastructure or other capital works project. Money contained in the Infrastructure Development Reserve could still be spent on new infrastructure in the Port Geographe area, however, it is not limited to being spent on costs associated with the Port Geographe Development. Thus this is seen as the most appropriate place in which to hold this portion of the bank guarantee funds.

Councillors are also requested to pass a Resolution in respect of the \$230,000 received from the Department of Transport, being the proceeds of the WAPC bank guarantee which the Department have requested be paid into the Port Geographe Waterways Management Reserve. The addition of \$230,000 of State Government monies to the Waterways Management Reserve is of course ultimately beneficial to the City, in that it means there is more money to provide for possible future costs associated with artificial waterway management.

CONCLUSION

The City is in receipt of \$1,810,644.50 in unbudgeted funds and it has complete discretion for the ultimate expenditure of those monies. It is proposed that those monies be put into various Reserves to enable future consideration of the most appropriate manner in which those monies should be spent. In addition to this, the Department of Transport has forwarded \$230,000 to the City which it wishes to be paid into the Port Geographe Waterways Management Reserve.

OPTIONS

In relation to the \$1,810,644.50 the City has complete discretion regarding the expenditure of money and thus an extensive range of options as to how that money could be spent. The Officer Recommendation, however, is considered most appropriate as it is simply proposing to hold the money in various Reserves for future expenditure consideration, noting that the Council would always have the discretion, by absolute majority decision, to alter the Reserves in which that money is held if it felt it necessary to do so in the future.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

All the necessary accounting transactions will be completed within 28 days of the Council resolution.

Council Decision / Committee Recommendation and Officer Recommendation

C1603/065

Moved Councillor C Tarbotton, seconded Councillor R Paine

That the Council endorses the following amendments to the 2015/16 budget:

Budget Account Number	Section	Description	2015/16 adopted budget	2015/16 proposed budget	Difference
-					
200-11104-1751-0000	Port Geographe	Sundry Income	\$0.00	-\$1,814,685.67	-\$1,814,685.67
200-11104-1751-0000	Port Geographe	Sundry Income	\$0.00	-\$230,000.00	-\$230,000.00
200-11104-	Port	Sundry	\$0.00	\$100,000.00	\$100,000.00

3676-0000	Geographe	Expenses			
Equity Transfer	Restricted Assets / Contributions	Bank Account Internal Transfer	\$0.00	-\$95,958.83	-\$95,958.83
Equity Transfer (Res. 111)	Legal Expenses Reserve	Transfer to Reserves	\$9,084.00	\$219,728.50	\$210,644.50
Equity Transfer (Res. 122)	Port Geographe Development Reserve	Transfer to Reserves	\$16,278.00	\$1,082,278.00	\$1,066,000.00
Equity Transfer (Res. 123)	Port Geographe Waterways Management Reserve	Transfer to Reserves	\$255,033.00	\$485,033.00	\$230,000.00
Equity Transfer (Res. 127)	Infrastructure Development Reserve	Transfer to Reserves	\$200,252.00	\$734,252.00	\$534,000.00
TOTAL			\$480,647.00	\$480,647.00	\$0.00

CARRIED 9/0

BY ABSOLUTE MAJORITY

12. ENGINEERING AND WORKS SERVICES REPORT

Nil

13. COMMUNITY AND COMMERCIAL SERVICES REPORT**13.1 COMMUNITY SPORT & RECREATION FACILITIES FUND – SMALL GRANT ROUND APPLICATIONS SUMMER**

SUBJECT INDEX:	Leisure Services
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:	Community Development Coordinator - Jeremy O'Neill
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Attachment A CSRFF Application Busselton Golf Club

This report is accompanied by a disclosure from the CEO, Mike Archer, of an Impartiality Interest in relation to the applicant for funding. The CEO has a Sunday membership of the Busselton Golf Club.

DISCLOSURE OF INTEREST	
Name/Position	Mike Archer, Chief Executive Officer
Item No./Subject	13.1 – Community Sport & Recreation Facilities Fund – Small Grant Round Applications Summer
Type of Interest	Impartiality Interest
Nature of Interest	Sunday membership of the Busselton Golf Club

PRÉCIS

Each year Local Government Authorities are required to rate and prioritise the Community Sport and Recreation Facilities Fund (CSRFF) submissions received within their municipality.

In June 2009 several changes were made to the CSRFF program including the introduction of the Small Grant Round, which has a different timeline to standard grant round. Small Grant Applications must be submitted by local government authorities to Department of Sport and Recreation (DSR) by 31 March 2016. The purpose of this report is to meet the CSRFF criteria by outlining the submission received for a project within the City for this current funding round and request that Council rate the application prior to forwarding to DSR for final consideration.

BACKGROUND

DSR administers the CSRFF program, with the purpose of providing State Government financial assistance to Local Government Authorities and local community groups (up to one third of the total capital cost), to develop well-planned facilities for sport and recreation.

In June 2009 several changes were made to the CSRFF program to improve the level of support the Western Australian Government provides to the sporting community. Of particular note is the introduction of the Small Grant Round, which has a different timeline to standard grant rounds. Small Grant Applications must be submitted to DSR from Local Government Authorities by the end of March and August each year. This requires local governments to assess and prioritise applications

prior to submission. Successful Small Grants are required to be acquitted prior to 15 June each year. In 2015 the maximum total project cost for the Small Grants Round was extended to \$200,000 (ex GST).

In order to assist with the evaluation of submissions and to ensure projects are viable and appropriate, DSR has developed "Key Principles of Facility Provision". Accordingly, each submission is to be assessed against those criteria.

Under the provision, Local Government Authorities are required to rate and prioritise local submissions using the following guide;

RATE	DESCRIPTION
A	Well planned and needed by the municipality
B	Well planned and needed by the applicant
C	Needed by the municipality, more planning required
D	Needed by the applicant, more planning required
E	Idea has merit, more preliminary work needed
F	Not recommended

Submissions for the current funding round closed on Monday, 29 February 2016. Following this date, each Local Government Authority is required to assess and prioritise the applications before forwarding all documentation to the South West Office of the DSR no later than 31 March 2016.

During April and May 2016 local applications (along with others received throughout the State) will be evaluated and ranked by relevant State Sporting Associations and the CSRFF Assessment Panel, prior to the outcome being announced by the Minister for Sport and Recreation. Funds for successful applications will become available around August 2016.

One (1) application was received for the current small grants round as follows:

1. *Busselton Golf Club (Inc)– Club Amenities upgrade and expansion*

STATUTORY ENVIRONMENT

Nil

RELEVANT PLANS AND POLICIES

Nil

FINANCIAL IMPLICATIONS

The application is for the Busselton Golf Club Amenities upgrade and expansion and has a total project cost of \$198,450 (ex GST). The club will be submitting an application for \$10,000 (ex GST) through the City of Busselton's 2016/17 Community Bids round, however the project will still proceed, should CSRFF funding be secured, regardless of the Community Bids outcome.

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 goal:

Caring and Inclusive Community

- 1.3 A community that supports healthy, active ageing and services to enhance quality of life as we age.

Well Planned, Vibrant and Active Places

- 2.1 A City where the community has access to quality cultural, recreation and leisure facilities and services.
- 2.2 Infrastructure assets that are well maintained and responsibly 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

Consultation has taken place between Officers of the City and staff from the South West Office of DSR in regard to the funding submission received. Consultation has also taken place between City Officers assessing the application and the General Manager of the Busselton Golf Club (Inc) in regards to the submission received.

OFFICER COMMENT

Busselton Golf Club (Inc) Application –Club Amenities upgrade and expansion - Total Project Cost \$198,450

The project is a 104m² extension to the Busselton Golf Club's existing clubhouse to contain a much needed female toilet, shower and locker room as well as an exclusive disabled toilet/bathroom facility. The improvement to current facilities, which are thirty seven years old, will provide female users with a new, up-to date facility. Male facilities will also benefit from a relocation of the current male ablution block (located on the other side of the building) to the current, but slightly altered, female area. Both will then be located in the same part of the clubhouse area, which will free-up space in the existing men's ablution area for a junior golf equipment storage room.

The proposed funding break down for this project is as follows:

Source of funding	\$ Amount ex GST
Local Government (City of Busselton Community Bids Programme)	\$10,000*
Applicant cash	\$123,334
CSRFF requested	\$65,116
Total project funding	\$198,450

* The project will still proceed, should CSRFF funding be secured, regardless of the Community Bids outcome.

This project will provide a much needed facility upgrade to cater for the Busselton Golf Club's growing membership base, as well as providing facilities to encourage participation by people with disabilities. The facility upgrade is likely to increase participation in golf in Busselton and therefore it is recommended that this project be assessed as a 'high' priority and that it is a (B) Well planned and needed by the applicant.

CONCLUSION

The application received for the 2016/17 CSRFF Small Grants funding round shows sound reasoning and justification, as such it is recommended that Council adopts the Officer Recommendation to allow the project to proceed should funding from DSR be forthcoming.

OPTIONS

The Council decides not to support the Busselton Golf Club (Inc) Application – Golf Club Amenities upgrade and expansion.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

DSR, South West Office staff will be advised in writing of the Council's decision prior to the end of March 2016 when the full contents of the application are forwarded to their regional office in Bunbury.

Council Decision and Officer Recommendation

C1603/066

Moved Councillor J McCallum, seconded Councillor P Carter

That the Council as part of the 2016/17 Community Sport and Recreation Facilities Fund (CSRFF) Small Grants Program, supports in principle the Club Amenities upgrade and expansion project by the Busselton Golf Club (Inc) as proposed in their application, rating it as 'B' and number one priority for consideration.

CARRIED 9/0

13.2 AIRSIDE INFRASTRUCTURE AT BUSSELTON-MARGARET RIVER REGIONAL AIRPORT -
EXPRESSIONS OF INTEREST EOI 01/16

SUBJECT INDEX:	Busselton-Margaret River Regional Airport
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Airport Project Team
ACTIVITY UNIT:	Commercial Services
REPORTING OFFICER:	Project Officer - Contracts and Tendering - Ben Whitehill
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

PRÉCIS

Council previously resolved to proceed with the development project at Busselton-Margaret River Regional Airport (**Airport**). A significant component of the development project involves the design and construction of the airside infrastructure at the Airport (**Airside Infrastructure Works**). It is considered that only contractors with a high level of expertise, experience, capacity and resources would be capable of satisfactorily delivering the Airside Infrastructure Works.

Therefore prior to inviting tenders for the Airside Infrastructure Works, it is recommended that Council consider making a preliminary selection from amongst prospective tenderers.

This report recommends that Council:

1. decide to use a preliminary selection process prior to inviting tenders for the Airside Infrastructure Works;
2. endorse the proposed selection criteria for the preliminary selection process; and
3. delegate to the Chief Executive Officer the power to decide which, if any, of those expressions of interest that are received, are from a person who he thinks to be capable of satisfactorily supplying the goods and services required Airside Infrastructure Works.

BACKGROUND

The Airport Development Project, is a capital project of approximately \$55.9 million which could increase to approximately \$65.9 million subject to a further funding application being successful. The capital works associated with the various stages of the project include extension and widening of the existing runway and construction of a new terminal building.

Recently a Project Definition Plan was provided to the Project Governance Committee with final endorsement expected by the end of March. As part of the Project Definition Plan a procurement strategy was devised. It was decided that due to the specialised nature of the airside works the project should be separated into two distinct works packages comprising:

- Package 1 - Airside Infrastructure; and
- Package 2 – Terminal Building and Landside Infrastructure.

After further analysis it was determined that:

- the Airside Infrastructure package was best suited to a Design and Construct Contract due to the opportunity for staging and buildability to be explored through the contractor to meet specific operational and financial objectives; and
- the Terminal Building and Landside Infrastructure Package was best suited to a Construct Only Contract with separable portions.

The Airside Infrastructure Works comprise, amongst other things, the design and construction of the following:

- the strengthening, widening and extension of the runway;
- a two bay parking apron and connecting taxiway;
- installation of new aeronautical ground lighting;
- new line markings;
- the integration of supporting airside services/utilities; and
- associated earthworks.

The next step in the process for delivering the Airport Development Project is engaging a contractor, or contractor consortia, with the required level of expertise, experience, capacity and resources for designing and constructing the Airside Infrastructure Works. This process is expected to attract significant interest from prospective tenderers.

Under the *Local Government (Functions and General) Regulations 1996 (LG Regulations)* a local government has the ability to follow, prior to inviting tenders, a preliminary selection process. The purpose of this process is to make a preliminary selection from amongst prospective tenderers if it is considered to be advantageous to the local government to limit the number of prospective tenders. In addition the Project Governance Committee provided approval to seek Expressions of Interest on 29 February 2016.

It is expected that only the Airside Infrastructure Works will require the use of the preliminary expression of interest process and that the Terminal Building and Landside Infrastructure will use a more traditional construct only process.

This report proposes that it will be advantageous to Council to implement such a preliminary selection process for the Airside Infrastructure Works and consequently seeks Council approval for adoption thereof. The statutory framework in relation to this preliminary selection process is discussed in more detail under the STATUTORY ENVIRONMENT section of this report.

STATUTORY ENVIRONMENT

Regulation 11(1) of the LG Regulations requires tenders to be publicly invited before a local government enters into a contract for the supply of goods or services for which the consideration is expected to be more than \$150,000. The costs associated with the Airside Infrastructure Works will be significantly above this threshold. However in terms of Regulation 21 of the LG Regulations a local government may, prior to inviting tenders, follow a formal expression of interest process for the purpose of making a preliminary selection from amongst prospective tenderers in order to limit who can tender. Regulation 21 specifies as follows:

21. Limiting who can tender, procedure for

- (1) If a local government decides to make a preliminary selection from amongst prospective tenderers, it may seek expressions of interest with respect to the supply of the goods or services.

[(2) *deleted*]

- (3) If a local government decides to seek expressions of interest before inviting tenders, Statewide public notice that expressions of interest are sought is to be given.
- (4) The notice is required to include —
- (a) a brief description of the goods or services required; and
 - (b) particulars identifying a person from whom more detailed information may be obtained; and
 - (c) information as to where and how expressions of interest may be submitted; and
 - (d) the date and time after which expressions of interest cannot be submitted.

It is considered that, in relation to the Airside Infrastructure Works, there are good reasons to make a preliminary selection amongst prospective tenderers before tenders are invited for the design and construction of the Airside Infrastructure Works. These reasons are discussed in more detail under the Officer Comment section of this report. In terms of the LG Regulations the preliminary selection process comprises of:

- The City giving Statewide public notice that expressions of interest are sought, allowing a minimum time of 14 days for submitting expressions of interest;
- Rejection of expressions of interest submitted outside the published deadline and submissions which fail to comply with any other requirement specified in the public notice;
- The City, having considered conforming expressions of interest, to decide which, if any, of those expressions of interest are from persons who it thinks would be capable of satisfactorily supplying the goods and services (in this instance capable of satisfactorily undertaking and completing the Airside Infrastructure Works);
- The Chief Executive Officer to list each of those persons as an acceptable tenderer; and
- Should the City decide to progress with inviting tenders for the Airside Infrastructure Works, the Chief Executive Officer, instead of publicly inviting tenders, to give notice of the invitation only to those listed as acceptable tenderers.

In terms of its power to delegate certain functions under section 5.42 of the *Local Government Act 1995* Council may delegate to the CEO the power to decide which, if any, of the persons who submit expressions of interest would be capable of successfully delivering the Airside Infrastructure Works.

Prior to any contract being awarded for the Airside Infrastructure Works, tenders submitted following abovementioned preliminary selection process will be assessed and determined by Council.

RELEVANT PLANS AND POLICIES

The Busselton Regional Airport Expansion – Stage 2 is identified in the City’s Corporate Business Plan: “Subject to the outcome of the Busselton Regional Airport business case and the provision of external funding, progress with Stage 2 expansion of the airport to provide for interstate flights”.

The Busselton Regional Airport Master Plan (2016-2036) identifies future stages for development and the EOI process will enable the City to progress and identify those future stages.

FINANCIAL IMPLICATIONS

The purpose of the preliminary selection process is to establish a list of acceptable tenderers for the Airside Infrastructure Works and not to award a contract. Therefore, except for the advertisement costs associated with the public notice (estimated to be less than \$500.00), a decision to formally seek expressions of interest will not have any financial implications.

Long-term Financial Plan Implications

As part of the development of the State Government Business Case proposal for the project an operational financial model was developed which incorporated a 10-year financial plan. The model considered revenues and costs associated with the upgraded facility, including up-front and recurrent capital and ongoing operational expenditure. The model demonstrates that the upgraded facility will be self-sustainable, generating a modest profit into the future, to be transferred into the City's Airport Infrastructure Renewal and Replacement Reserve at the end of each financial year.

The Long Term Financial Plan (LTFP) is currently based on the 'here and now' scenario (stage 1), and will require updating to reflect the project, including ongoing operational and capital revenue and expenditure based on the stage 2 redevelopment. This work has commenced and will be incorporated into future LTFP reviews.

STRATEGIC COMMUNITY OBJECTIVES

The Airport Development Project aligns with the following community objectives of the City of Busselton Strategic Community Plan 2013:

Key Goal Area 2 - Infrastructure assets that are well maintained and responsibly managed to provide for future generations; and

Key Goal Area 6 - An organisation that is managed effectively and achieves positive outcomes for the community.

RISK ASSESSMENT

An assessment of the risks associated with the preliminary selection process has been undertaken using the City's risk assessment framework. The risks listed in the table below have been identified and, as is indicated below, are respectively considered to be moderate and low, with sufficient controls and therefore deemed acceptable.

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
Potential claim for damages by prospective tenderers excluded from a tender process as a consequence of the proposed preliminary selection process	<ul style="list-style-type: none"> • Strict compliance with statutory requirements applicable to the preliminary selection process. • Effective documentation 	Potential financial loss	Unlikely	Moderate
Reputational risk to Council if some prospective tenderers are excluded from a tender process as a consequence of the proposed preliminary	<ul style="list-style-type: none"> • Strict compliance with statutory requirements applicable to the preliminary selection process. • Ensure open and transparent 	Reputational	Unlikely	Low

selection process	implementation of preliminary selection process			
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CONSULTATION

Project Governance Committee (South West Development Commission, City of Busselton, Tourism WA, Department of Treasury, Department of Transport and Department of Regional Development as observer only) provided approval to seek Expressions of Interest on 29 February 2016.

OFFICER COMMENT

The Airside Infrastructure Works form a significant and challenging part of the overall Airport development project. Contractors will require specialised knowledge and experience relating to aircraft pavements, aeronautical ground lighting and other airside related infrastructure. In addition the construction phase of the project will need to be staged to allow for continued operations at the Airport. Therefore it is considered that only contractors with a certain level of expertise, experience, capacity and resources would be capable of satisfactorily delivering the project.

Unless Council implements a preliminary selection process it is anticipated that, due to the nature of this project, tens of prospective tenderers are likely to request tender documents. Not all of these prospective tenderers will have the capability to satisfactorily deliver the whole Airside Infrastructure Works and some may even be interested in submitting tenders for only certain parts of the project. This could result in the City incurring significant costs and wasting resources in order to:

- prepare and provide plans, specifications and other information to a large number of prospective tenderers; and
- assess tender submissions from a large number of prospective tenderers that may not have the capacity to satisfactorily deliver the whole project.

For the abovementioned reasons it is considered to be advantageous to the City to implement a preliminary selection process for purposes of inviting for the Airside Infrastructure Works only from persons considered to be capable of satisfactorily delivering the whole project. This will result in:

- the extent to which unnecessary costs are incurred will be reduced; and
- the City will be better able to direct its resources towards tenderers considered capable of successfully delivering the project, ensuring a more focused and robust tender process where as part of the tender process respondents will be required to respond to various options of runway lengths and strengths.

It is therefore recommended that Council resolve to seek expressions of interest for the Airside Infrastructure Works in accordance with the regulation 21 of the LG Regulations.

Endorsement of Selection Criteria

It is also recommended that Council determine, for purposes of the preliminary selection process, the criteria for deciding which, if any, of the respondents are to be considered acceptable tenderers. Given the nature and extent of the Airside Infrastructure Works, considerations like prospective tenderers' relevant experience, key personnel, resources and demonstrated understanding of design and construction of specialized works like aircraft pavements, aeronautical ground lighting and other airside related infrastructure, should be the determining factors in this preliminary selection process. In determining the acceptable tenderers each compliant submission will be scored against these criteria, which are weighted to indicate the relative importance that the City places on each criterion.

Respondents should be required to demonstrate their experience with successfully undertaking and completing projects which comprised of construction of airside infrastructure with a project value similar to the Airside Infrastructure Works, with at least one such project successfully undertaken in regional Western Australia. Respondents should also be required to demonstrate relevant experience in undertaking projects which involved staged construction. Due to the importance of this criterion it is proposed that it carry a weighting of 40%.

Respondents should be required to provide information regarding their employment/engagement of personnel with relevant experience and skills to undertake and successfully complete the Airside Infrastructure Works. Specific information in relation to the role of key personnel in the performance of the project should be required, including their qualifications and experience with projects similar to the Airside Infrastructure Works. It is proposed that this criterion carry a weighting of 15%.

Respondents should demonstrate their ability to supply, manage and sustain plant and equipment required for undertaking and completing the Airside Infrastructure Works within the proposed timeframe, financial resources to successfully manage the cashflow requirements of the project and their ability to implement contingency measures which may be required in event of an emergency/special circumstances. It is proposed that this criterion carry a weighting of 20%.

Respondents should be required demonstrate their understanding of the project by outlining approaches to pavement and lighting options for the project, providing a high level indicative program and timeline, identifying key risks and hold points and outlining methodologies for dealing with latent conditions. It is proposed that this criterion carry a weighting of 25%.

It is recommended that Council endorse these selection criteria which are set out in full in the OFFICER RECOMMENDATION section of this report.

Delegation to CEO

The proposed preliminary selection process involves to a large extent a relatively straight forward administrative process of assessing submissions in accordance with clear selection criteria that provide limited scope for the exercise of discretion. Therefore it is also recommended that Council delegate to the CEO the power to decide, in accordance with abovementioned selection criteria, which, if any, of those expressions of interest that are received, are from person considered to be capable of satisfactorily delivering the Airside Infrastructure Works. The CEO has indicated that he will, before exercising his delegation, consult with the City's Airport Advisory Committee and in particular with the Councillors who are members of that group. The Council will make the ultimate decision in relation to the award of a tender for the Airside Infrastructure Works and this is just a preliminary step in that process.

It is recommended that Council delegate to the CEO the power under regulation 23(3) of the LG Regulations to decide, in accordance with abovementioned selection criteria, which, if any, of those expressions of interest that are received, are from person considered to be capable of satisfactorily delivering the Airside Infrastructure Works under regulation 23(3).

CONCLUSION

Due to the nature and extent of the services required for the Airside Infrastructure Works and the opportunity to avoid incurring unnecessary costs, it would be advantageous to the City if tenders were invited only from persons who Council considered to be acceptable tenderers.

In order to ensure a fair, transparent and effective evaluation process it is proposed that Council adopt the proposed selection criteria and delegate to the CEO the power to decide which, if any, of

those expressions of interest that are received, are from persons considered to be capable of satisfactorily delivering the Project.

OPTIONS

Council has the following options as alternatives to the Officer recommendation:

- Publicly invite tenders for the Airside Infrastructure Works without using the preliminary selection process. However for the reasons discussed under OFFICER COMMENT section of this report a preliminary selection process in accordance with the LG Regulations is recommended prior to tenders being invited.
- Alter the requirements or weighting of any of the proposed selection criteria. For the reasons discussed under OFFICER COMMENT section of this report the recommended weighting is considered to serve the City's best interest.
- Not delegate authority to the CEO to determine the list of acceptable tenderers. Given this is a relatively straight forward step in the tender process which Council will ultimately determine, officers believe it would cause an unnecessary delay to require another Council decision at this stage of the process.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

If Council resolves to adopt the officer recommendation, Statewide public notice that expressions of interest are sought will be given, with the closing date during the third week of April 2016 (allowing for a minimum of 14 days submission period). Assessment of submissions received and shortlisting of acceptable tenderers will occur as soon as is practicable after the closing date.

Council Decision and Officer Recommendation

C1603/067

Moved Councillor G Bleechmore, seconded Councillor T Best

That the Council:

1. Resolves to seek expressions of interest for the supply of goods and services for the Airside Infrastructure Works at the Airport in accordance with Regulation 21 of the *Local Government (Functions and General) Regulations 1996*;
2. Resolves to endorse the following selection criteria for purposes of deciding which, if any, of those expressions of interest that are received, are from persons considered to be capable of satisfactorily supplying the goods and services required for the Airside Infrastructure Works:

Relevant Experience (weighting 40%)

For the purpose of this section a “**Relevant Project**” means a project undertaken in the last 5 years that is similar to the Project and involved the detailed design and construction of airside infrastructure including but not limited to aircraft pavements, aeronautical ground lighting and services-design and associated alignments.

To demonstrate relevant experience Respondents should describe their experience, competency and track record for:

- (i) undertaking and successfully completing at least 2 Relevant Projects where construction costs exceeded \$10 million;
- (ii) operating under a design and construct contract for a Relevant Project;
- (iii) acting as main contractor and managing subcontractors for a Relevant Project;
- (iv) undertaking and successfully completing at least 1 Relevant Project in regional Australia;
- (v) working in an operational airside environment for a Relevant Project (please detail any staging considerations and measures taken to minimise disruption to existing airport operations);
- (vi) identifying, managing and resolving issues in Relevant Projects;
- (vii) working with Local Government; and
- (viii) complying with regulatory requirements.

Key Personnel Skills and Experience (weighting 15%)

Respondents should provide an organisational chart for the proposed Project team detailing:

- (i) the key personnel of the Respondent; and
- (ii) the key personnel of the proposed subcontractors and consultants.

The Respondent should also provide for each of the key personnel:

- (i) the relevant experience and skills that the person has which will allow them to undertake and successfully complete the Project;
- (ii) details of their likely role in the performance of the Project;
- (iii) a curriculum vitae;
- (iv) details of memberships to any professional or business associations;
- (v) details of qualifications, with particular emphasis on experience of personnel in projects similar to the Project; and
- (vi) any additional information which may be relevant to the Project.

Please supply details and provide this information in an attachment and label it “**Key Personnel Skills and Experience**”

Respondents' Capacity and Resources (weighting 20%)

Respondents should demonstrate their ability to supply, manage and sustain:

- (i) plant and equipment and materials (including raw materials) required for undertaking and completing the Project within the Respondents proposed timeframe;
- (ii) any subcontractors that would be used for specific/specialised aspects of the work;
- (iii) contingency measures or back up of resources (including personnel) which may be required in the event of an emergency/special circumstances;
- (iv) financial resources to successfully manage the cash flow requirements of a design and construct contract with a value in excess of \$10 million; and
- (v) additional resources in the event that the scope of the Project is increased.

As a minimum, Respondents should provide a current commitment schedule and plant/equipment schedule in an attachment and label it "**Respondent's Resources**".

Demonstrated Understanding (weighting 25%)

Respondents should demonstrate their broad understanding of the design and construction of the Project by:

- (i) outlining approaches to pavement and lighting options for the Project;
- (ii) outlining options for construction staging methodologies for achieving the airside deliverables, one of which must include maintaining full operations at all times;
- (iii) providing a preliminary cost benefit statement (including whole of life) of the proposed methodologies as it relates to items (i) and (ii) above;
- (iv) providing a high level indicative program and timeline for the Project, including critical path;
- (v) identifying the key hold points for the Project and how those hold points would be managed;
- (vi) identifying the critical risks for the Project and how those risks can be mitigated;
- (vii) outlining methodologies for dealing with potential latent conditions (e.g. high water table); and
- (viii) by providing any other information that the Respondent considers may be relevant to the Project, including further information to reduce cost uncertainties during the Tender phase.

Please supply details and provide an outline of your proposed methodology in an attachment labelled "**Demonstrated Understanding**".

3. Delegates to the Chief Executive Officer the power to decide which, if any, of those expressions of interest that are received, are from person who he thinks to be capable of satisfactorily supplying the goods and services required for the Airside Infrastructure Works at the Airport.

**CARRIED 9/0
BY ABSOLUTE MAJORITY**

14. FINANCE AND CORPORATE SERVICES REPORT

14.1 BUSSELTON HARNESS RACING LEASE OF ADDITIONAL AREAS

SUBJECT INDEX:	Agreements and Contracts
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Corporate Services
ACTIVITY UNIT:	Property Services
REPORTING OFFICER:	Property Management Officer - Julie Oates
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Busselton Harness Racing Club Leased Areas

DISCLOSURE OF INTEREST	
Name/Position	Mike Archer, Chief Executive Officer
Item No./Subject	14.1 – Busselton Harness Racing Lease of Additional Areas
Type of Interest	Impartiality Interest
Nature of Interest	Member of the Busselton Trotting Club

PRÉCIS

The Busselton Harness Racing Club Inc (“BHRC”) currently lease a clubroom, tote building and the finish line tower at Churchill Park, Lot 410 Adelaide Street. They are seeking approval to increase their lease area to include the existing tractor shed, proposed to be converted to a dedicated Medical Area, and a portion of land in the south eastern corner of the park for the construction of a shed to store the tractor and other machinery.

The purpose of this report is to make a recommendation to Council on the proposed tenure of the portions of land required for the proposed medical area and storage shed.

BACKGROUND

Lot 410 Adelaide Street Busselton, also known as Churchill Park, is the subject of a Crown Grant in Trust with the City of Busselton for the purposes of Recreation.

Churchill Park has been used by community and sporting groups since 1942 and is currently used year round as a multiple purpose site. The park features a trotting track with playing fields in the centre surrounded by stables and exhibition halls. There is also a croquet club and greens, a bowling club and greens, and various other club rooms, and administration buildings. The park is generally available for community use with only selected areas subject to exclusive use agreements (leases) where such use has been properly justified.

The BHRC hosts approximately six (6) race meetings per annum during the months of December and January. They utilise the track on a hire arrangement for the race meetings but have exclusive possession of clubrooms, the finish line tower and the tote building as shown hatched red on Attachment A. As per the 2010 Council resolution (C1009/322) the lease term provided was for 8 years, expiring 21 August 2019, with a further 10 year option. This was to align the term with other Churchill Park leases, namely with the Southern Districts Agricultural Society (SDAS), the Busselton Bowling Club, the Busselton Croquet Club and the Busselton Soccer Club (BSC). The length of these lease terms is reflective of a negotiated outcome to alleviate the concern of the groups at the time about the continued existence of Churchill Park in its current form, because of plans to potentially develop some of the land considered by a previous Council.

In July 2015 the BHRC made a request to the City seeking approval to convert the existing tractor shed (as shown hatched blue on Attachment A) to a dedicated medical area (MA) required for veterinary and testing services during race nights. Additionally they requested approval to construct a shed for the purpose of storing the tractor and some other machinery on a portion of land as shown hatched yellow on Attachment A.

The BHRC have been using the existing stable shed to store their tractor for a number of years. Recently, concerns have been raised about the diesel odour and how this affects not only the horses but the owners that are confined to that space during race nights. In addition, the need for a dedicated and powered MA area for the on course Vet and for swab testing purposes has prompted the request for construction of a new shed to store the tractor and other machinery so that the stable shed can be used exclusively as a MA.

A development application proposing a new shed of approximately 88m² has been approved subject to certain conditions, one being that there is a lease in place covering the shed. Given the BHRC will have exclusive use of both the shed and the MA, these areas should be included in their lease.

To effect these changes it is necessary to surrender the current lease and simultaneously enter into a new lease of a revised area. The purpose of this report is to seek approval for the surrender and granting of a new lease for the remainder of current lease term. The only material difference between the current and a new lease will be the changes to the lease area and a slight increase to the rent so that it is consistent with the terms currently applied to community and sporting group leases.

STATUTORY ENVIRONMENT

When disposing of property whether by sale, lease or other means, a Local Government is bound by the requirement of section 3.58 of the Local Government Act. However 3.58 (5) (d) provides exemptions to this process under Regulation 30 (2) (b) (i) (ii) of the Local Government (Functions & General) Regulations.

This section states “disposal of land to incorporated bodies with objects of benevolent, cultural, educational or similar nature and the member of which are not enlisted to receive any pecuniary profit from the body’s transactions, are exempt from the advertising and tender requirements of section 3.58 of the Local Government Act”. The constitution of the BHRC is such that this exemption applies.

The land occupied by BHRC is Lot 410 Adelaide Street, Busselton on Deposited Plan 216960, Volume 1850 and Folio 572. In 1989 the land, formerly Reserve 629 was transferred from the Crown to the City in fee simple as a Crown Grant in Trust subject to conditions regarding the use of the land. The transfer was subject to the Section 75 of the Land Administration Act 1997 and restricts the use of the land to ‘Recreation’. Under Section 75(5) of the Land Administration Act 1997, approval of the Minister for Lands is required for a lease on this land.

RELEVANT PLANS AND POLICIES

The City of Busselton’s Long Term Financial Plan includes funding as per the City’s Asset Management Plan for upgrades to Churchill Park. The inclusion of such funding supports Churchill Park as an important multi-purpose recreation asset for the community.

FINANCIAL IMPLICATIONS

In 2009, when the current lease was agreed, the annual rent charged to community and sporting groups leasing City owned and managed land was \$150.00 per annum. In surrendering the current

lease and entering into a new lease, it is proposed that the rent charged increase to \$205.00 per annum to reflect the current standard lease terms and conditions.

If council adopt the officer recommendation, the BHRC would be responsible to manage and maintain the new shed and the MA. The City would not be liable for any such costs.

Long-term Financial Plan Implications

Nil

STRATEGIC COMMUNITY OBJECTIVES

The request to lease additional portions of land at Churchill Park is consistent with the following City of Busselton Community Objectives:

Key Goal Area 2: Well planned, vibrant and active places:

- 2.1 A City where the community has access to quality cultural, recreation, leisure facilities and services.
- 2.2 A City of shared, vibrant and well planned places that provide for diverse activity and strengthen our social connections.
- 2.3 Infrastructure assets are well maintained and responsibly managed to provide for future generations.

RISK ASSESSMENT

There are no identified risks assessed as being of a medium or greater level associated with the Officer recommendation, with the recommendation serving to mitigate the risks associated with there not being a lease in place.

CONSULTATION

City staff consulted with other users of Churchill Park regarding the location of the proposed new shed. There were no objections to the construction of the shed however the requirement for a 2m setback from the boundary fence raised some concerns as to whether this will leave enough room between the shed and the track fence for vehicle access. City officers visited the site and are confident that there will be adequate room for vehicle access.

As users of the stable, the SDAS were specifically consulted on the proposal to enter into a lease with the BHRC for the existing tractor shed. The SDAS have confirmed in writing that they have no objection to this.

OFFICER COMMENT

The construction of a new shed to house the BHRC's tractor and other machinery will not only address concerns raised in relation to diesel odours, but will also enable the current stable shed to be used as a dedicated MA.

The south eastern corner of Churchill Park is the BHRC's preferred location for construction of the new tractor shed, with this area being large enough to construct a shed that can house their tractor as well as other machinery currently stored on the grounds of Churchill Park. Housing such machinery in a purpose built shed will remove the risk of the public climbing on the machinery and hurting themselves and provide a protected area for the machinery. Additionally it will provide for

improved aesthetics for Churchill Park. City officers are confident that the location for the new tractor shed will not interfere with other users or their use of the park.

The proposed dedicated MA will provide a safer and improved medical area for horses, owners and vet staff to carry out race night tasks. Horses can become easily unsettled by their surroundings; providing a dedicated MA and removing the diesel smell through relocation of the tractor will provide for improved surroundings and reflects BHRC's continued effort to improve the functionality of the facilities they offer.

As both the shed and the proposed MA will be used exclusively by the BHRC it is recommended that the City include the new areas in a lease which provides the BHRC with the same tenure for all exclusively used areas and ensures ongoing maintenance obligations for the shed and proposed MA are the responsibility of the BHRC.

CONCLUSION

The BHRC support local community groups through their race meetings and bring a number of visitors to Busselton during the season. They have been an integral part of Churchill Park and the local community for many years and are keen to improve their operations and facilities at this site.

OPTIONS

1. Council can resolve not to enter into a lease with the BHRC.
2. Council can resolve to enter into a different lease term with the BHRC.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

It is anticipated that the current lease would be surrendered a new lease executed by all parties on or before the 1 June 2016.

Council Decision and Officer Recommendation

C1603/068 Moved Councillor P Carter, seconded Councillor R Reekie

That the Council:

1. Accept the surrender of the current lease dated 27 December 2012 between the City of Busselton and the Busselton Harness Racing Club Inc, subject to a new lease being entered into.
2. Enter into a lease, subject to the consent of the Minister for Lands approval, with the Busselton Harness Racing Club Inc for a portion of Lot 410, Deposited Plan 216960, Volume 1850, Folio 572, 78 Adelaide Street Busselton, as shown hatched red, hatched blue and hatched yellow on Attachment A. The terms and conditions of the new lease will be the same as the current lease dated 27 December 2012, subject to the following;
 - a) The term of the lease will commence on the surrender of the existing lease and expire on 21 August 2019; with a further 10 year option expiring on 21 August 2029;
 - b) The rent to commence at \$205.00 inclusive of GST per annum; and
 - c) All costs associated with the surrender of the existing lease and with the preparation of the new lease to be met by the Lessee.

CARRIED 9/0

16. **MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

17. **CONFIDENTIAL REPORTS**

Nil

18. **PUBLIC QUESTION TIME**

Nil

19. **NEXT MEETING DATE**

Wednesday, 13 April 2016

20. **CLOSURE**

The meeting closed at 5.38pm.

THESE MINUTES CONSISTING OF PAGES 1 TO 70 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON WEDNESDAY, 13 APRIL 2016.

DATE: 13/04/16

PRESIDING MEMBER: 