



City of Busselton
Geographe Bay

SUPPLEMENTARY

Finance Committee Agenda

17 October 2019

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

city@busselton.wa.gov.au

CITY OF BUSSELTON

SUPPLEMENTARY AGENDA FOR THE FINANCE COMMITTEE MEETING TO BE HELD ON 17 OCTOBER 2019

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6. REPORTS**6.8 BUDGET AMENDMENT REQUEST / REVIEW - AIRPORT DEVELOPMENT**

STRATEGIC GOAL	6. LEADERSHIP Visionary, collaborative, accountable
STRATEGIC OBJECTIVE	6.1 Governance systems, process and practices are responsible, ethical and transparent.
SUBJECT INDEX	Budget Planning and Reporting
BUSINESS UNIT	Financial Services
REPORTING OFFICER	Manager Financial Services - Paul Sheridan
AUTHORISING OFFICER	Director Finance and Corporate Services - Tony Nottle
NATURE OF DECISION	Executive: substantial direction setting, including adopting strategies, plans and policies (excluding local planning policies), tenders, setting and amending budgets, funding, donations and sponsorships, reviewing committee recommendations
VOTING REQUIREMENT	Absolute Majority
ATTACHMENTS	Nil

OFFICER RECOMMENDATION

That the Council endorse the requested budget amendment outlined in Tables 1 below resulting in no change to the budgeted cash position:

Table 1:

Cost Code	Description	Current Budget	Change	Resulting Proposed Amended Budget
Expenditure				
345.B9716.3280.0000	Contractors – Airport Terminal Stage 2	\$12,500,000	Decrease by -\$12,308,532	\$191,468
345.B9717.3280.0000	Contractors – Airport Construction, Existing Terminal Upgrade	\$500,000	Increase by \$4,048,532	\$4,548,532
Revenue				
345.C6099.1215.0000	Airport Development Capital Grants (State)	-\$9,500,000	Decrease by \$9,500,000	\$0
345.C6099.1215.0000	Airport Development Capital Grants (State – Additional RFR)	\$0	Increase by -\$1,740,000	-\$1,740,000
345.C6099.1221.0000	Airport Development Capital Grants (Federal)	-\$977,978	Decrease by \$500,000	-\$477,978
	Net Total	\$2,522,022	\$0	\$2,522,022

EXECUTIVE SUMMARY

This report seeks recommendation of the Finance Committee to Council for the approval of budget amendments as detailed in this report. Adoption of the officer recommendation will result in no change to the City's current amended budgeted cash position of \$0.

BACKGROUND

Council adopted its 2019/2020 municipal budget on Wednesday 31 July 2019 with a balanced budget position. Since this time, Council has been advised of changes to the timing and contractual arrangements regarding the Airport Development project that have impacted the original budget. The Finance Committee is now being asked to consider recommending to Council a budget amendment for this.

OFFICER COMMENT

Through ongoing discussions with the State Government, the City was formally notified that funding would not be released to construct the new terminal. As such, cost estimates were sought for the required upgrade works to the existing terminal, incorporating a separate arrivals hall, in order to facilitate Regular Public Transport (RPT) Services. As part of these discussions, the State Government advised that an additional \$1,740,000 would be made available to facilitate this, in addition to the release of \$1,525,000 in existing Royalties for Regions funding currently held in the Western Australian Treasury Corporation account. The total project budget for the upgrade works is \$3,265,000 which includes furniture and equipment that will be repurposed when the new terminal is constructed and operational.

Planned Expenditure Item

Officers propose that the 2019/2020 adopted budget be amended to reflect the following funding changes, shown in Table 1.

Table 1:

Cost Code	Description	Current Budget	Change	Resulting Proposed Amended Budget
Expenditure				
345.B9716.3280.0000	Contractors – Airport Terminal Stage 2	\$12,500,000	Decrease by -\$12,308,532	\$191,468
345.B9717.3280.0000	Contractors – Airport Construction, Existing Terminal Upgrade	\$500,000	Increase by \$4,048,532	\$4,548,532
Revenue		0		0
345.C6099.1215.0000	Airport Development Capital Grants (State)	-\$9,500,000	Decrease by \$9,500,000	\$0
345.C6099.1215.0000	Airport Development Capital Grants (State – Additional RFR)	\$0	Increase by -\$1,740,000	-\$1,740,000
345.C6099.1221.0000	Airport Development Capital Grants (Federal)	-\$977,978	Decrease by \$500,000	-\$477,978
	Net Total	\$2,522,022	\$0	\$2,522,022

Statutory Environment

Section 6.8 of the *Local Government Act 1995* refers to expenditure from the municipal fund that is not included in the annual budget. In the context of this report, where no budget allocation exists, expenditure is not to be incurred until such time as it is authorised in advance, by an absolute majority decision of the Council.

Relevant Plans and Policies

There are multiple plans and policies that support the proposed budget amendments.

Financial Implications

The financial implications of this recommendation are contained within the report.

Stakeholder Consultation

No external stakeholder consultation was required or undertaken in relation to this matter.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place.

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

Options

The Council could decide not to go ahead with the proposed budget amendment request.

CONCLUSION

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

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.