

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

CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 16 MAY 2019

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MINUTES

MINUTES OF FINANCE COMMITTEE HELD IN THE COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 16 MAY 2019 AT 9.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.30am

2. ATTENDANCE

Presiding Member:

Cr Rob Reekie

Members:

Cr Grant Henley
Cr Coralie Tarbotton
Cr John McCallum
Cr Paul Carter

Officers:

Mr Oliver Darby, Director, Engineering and Works Services (Until 10am)
Mr Tony Nottle, Director, Finance and Corporate Services
Mr Daniell Abrahamse, Manager Engineering and Facilities Services (Until 10am)
Mr Jeffrey Corker, A/Manager Finance Services
Mrs Lisa Haste, EA to Council, Governance

Apologies:

Nil

3. PUBLIC QUESTION TIME

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 18 April 2019

Committee Decision

F1905/024

Moved Councillor J McCallum, seconded Councillor C Tarbotton

That the Minutes of the Finance Committee Meeting held 18 April 2019 be confirmed as a true and correct record.

CARRIED 5/0

6. REPORTS

6.1 MAIN ROADS WESTERN AUSTRALIA - REGIONAL ROAD GROUP GRANT FUNDING - QUARTERLY REPORT

SUBJECT INDEX:	Infrastructure
STRATEGIC OBJECTIVE:	Road networks that provide for a growing population and the safe movement of all users through the District.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Design and Survey
REPORTING OFFICER:	Manager, Engineering and Facilities Services - Daniell Abrahamse
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

The purpose of this report is to provide the Finance Committee with a quarterly update on Main Roads Western Australia (MRWA) Regional Road Group (RRG) Funding. The report details which road projects qualify for funding, progress on currently funded projects and any impacts on the financial management of the City.

BACKGROUND

Regional Road Group Road Project Grants Background

There are 10 Regional Road Groups (RRG) in WA, established under the State Road Funds to Local Government Agreement. The City of Busselton is a member of the South West group comprising 15 other local government areas, including the Cities of Bunbury and Mandurah and the Shires of Harvey, Collie, Dardanup, Capel, Augusta-Margaret River, Nannup, Manjimup, Bridgetown-Greenbushes, Boyup Brook, Waroona, Boddington, Murray and Donnybrook-Balingup.

The South West Regional Road Group (SWRRG) is guided by a document referred to as 'Roads 2030'; this document identifies roads within the various Local Government Authorities (LGA) that are of regional significance. These local government roads (as contained in the Roads 2030 document) are reviewed on a five yearly interval to assess the effects of changing circumstances and demand on the local road network. New roads can be added through this process although the justification can be difficult to achieve and is not guaranteed.

The City of Busselton currently has 21 roads of regional significance on the list. **These as detailed in alphabetical order in the table below.**

- Albert Street
- Bussell Highway
- Cape Naturaliste Road
- Causeway Road
- Commonage Road
- Fairway Drive
- Jindong – Treeton Road
- Layman Road
- Ludlow – Hithergreen Road
- North Jindong Road
- Payne Road
- Peel Terrace
- Queen Elizabeth Avenue
- Queen Street
- Roy Road
- Strelly Street
- Tuart Drive
- Vasse-Yallingup Siding Road

- Metricup Road
- Yallingup Beach Road
- Wildwood Road
-

Each year the City applies for funding based on works required, derived either from an asset management perspective, or more recently, as a result of the Busselton Traffic Study outcomes. All projects applied for by the SWRRG are then reviewed, prioritised and ranked based on the SWRRG prioritisation guidelines.

Funding for eligible projects is based on a 2/3rd RRG and 1/3rd LGA basis. The City is required to contribute the 1/3rd of the cost of any project from its own funds. There is also a maximum RRG funding distribution per project per year of \$500,000, thus no project can exceed \$750,000 combined funding in any given year unless the City contributes in excess of its 1/3rd. Projects can however be staged over multiple years at the maximum allowable amount.

The SWRRG has an expenditure performance target of 90% of Grants assigned to be expended annually.

The RRG funding is broken into two (2) separate allocation streams being Preservation or Improvement works:

- Preservation works largely involve the reconditioning of the existing infrastructure with only minor improvements.
- Improvement works are to expand the infrastructure, increase its capacity or other significant works. Improvement works usually required more detailed design and planning, and projects are generally located in high density areas. Sometimes environmental considerations & service relocations are needed for these projects.

It is important to note that the funding associated with RRG is treated as a funding pool and is distributed or treated in two different ways, dependent on the type of endorsed project. Projects for both funding streams can be either a one off project or a long term ongoing project.

A one off project may be a reconstruction or reseal of a particular road or section of road. The work is completed in that financial year and no further works are required on that road. Any surplus funds on completion of the one off project are returned to the funding pool where the funding gets redistributed amongst the other RRG local governments. Or by request (requires RRG approval) the funds can be transferred to other RRG budgeted projects.

Long term projects or ongoing projects are projects that have been budgeted and programmed to complete over a number of years, generally commencing with detailed design work, service relocation and finally construction. Similar to a one off project, in any one year unspent funds can be returned to the funding pool. This is however with the knowledge that funding has been allocated for the following year. Or, as per the City of Busselton's prior approach, funds can be carried over in order to retain the funds and bank it with future year's allocations. This allows a larger scale project to be completed in a one off manner. The long term projects are nominated over a set period, generally up to 5 years. Where the project exceeds this delivery timeframe it will need to be reapplied for and be assessed against other nominated RRG projects.

OFFICER COMMENT**Current Year Projects and Progress Commentary**

For the 2018/19 financial year the City has eight projects administered under the Regional Road Group Program. However, one of these projects; the Chain Avenue Drainage Project, is in fact a State Funded Black Spot project that is simply administered through the program using the same process. The Georgina Molly Bus Bay Project is another project administered through this program that is not strictly a Regional Road Group Project. For the purpose of this report these two projects have been excluded.

Thus, there are Five Regional Road Group grants being administered by the City for 2018/19. One of these grants associated with Peel Terrace has been split into two distinct and separate projects, as such, although there are five RRG grants there are six individual projects.

NOTE: *Main Roads assigns new project numbers annually for each funding amount allocated. The City will however consolidate multi-year project into only the once Cost Code or Project number making the administration of the funding significantly more complex.*

PROJECT UPDATE

Project 1: **S0035 - Strelly Street/Barlee Street Roundabout**
Project Budget: **\$502,846**
Project Type: **Improvement, complex**

Financial information

Figures as at 30 April 2019

Budget	YTD Actual	Commitments	Budget Remaining	Grants outstanding
\$502,846*	\$148,699	\$131,865	\$222,282	\$260,00

- ***Left over funds on Project S0066 Queen Street totalling \$52,846 were transferred to this project in a budget amendment report sent to Council in May 2019.***

Project Scope

This project is part of Busselton Dunsborough Traffic Study (BTS) and involves the following:

- Short term; Construction of a roundabout at the intersection of Strelly/Barlee Street intersection. The first stage involved the relocation of services and land resumptions. The roundabout is currently under construction.
- Long Term; Construction of an upgraded link from the Busselton Bypass to West Street, onto the old Bussell Highway/Albert Street. This is known as the Strelly/Barlee/West Street connection which offers alternative access to the Busselton City Centre, the foreshore and the western portion of the Busselton CBD. Construction of a dual carriageway along the above route is envisaged by 2036.

Progress ReportWorks in Progress

The works are currently underway with an estimated construction period of 4 – 6 weeks, weather permitting. The majority of works will be completed at night to reduce the impact on local businesses.

City Officers have consulted with property owners and tenants to discuss how the works will be implemented to minimise disruption to business activities. City officers have arranged signage in and around the construction area advising and directing people to and from the businesses being impacted.

Project Risks

Project risks include the possibility of unforeseen project costs. The stormwater system may potentially require additional upgrade works at the point where the new drainage connects due to the age of the existing infrastructure. This is currently under investigation, whilst construction is underway.

The impact on business owners is another risk, however City Officers are continuously communicating with business owners and tenants throughout the construction period.

Project 2: **S0067 - Layman Road**
Project Budget: **\$152,487 (carry-over from 2018)**
Project Type: **Preservation, simple**

Financial information

Budget	YTD Actual	Commitments	Budget Remaining	Grants outstanding
\$152,487	\$148,699	\$25,726	-\$5,375	\$80,000

Project Scope

The original project budget of \$600,000 comprised preservation works on two separate sections of Layman Road, one being adjacent the Wonnerup town site. These works were completed towards the end of the 2017/18 financial year. The remaining budget totalling \$152,487, reported above was subsequently carried over. The City sought and obtained approval to increase the project scope to complete additional road repairs on an alternative section of Layman Road SLK 0.00 to 1.28 being between the roundabout intersecting with Tuart Drive to Bussell Highway. These repairs comprised the following elements:-

- I. Asphalt overlay between SLK 0.04 to SLK 0.550.
- II. The repair of a road failure at SLK 0.60 (creek crossing point) also caused by significant heavy vehicle movements and flooding.
- III. Drainage repairs to table drains and culverts along this same section.
- IV. Re-shouldering and edge break repairs.

Progress ReportWorks in Progress

At the time of the report, 95% of the works on this section of Layman Road were completed. The City is waiting on a small number of invoices from service providers, so the project can be closed off and the final \$80,000 claim made.

Project Risks

The project has come in in slightly over budget but is not considered material, as the over expenditure can be offset against other project under-expenditure.

Project 3: S0051 - Causeway Road/Rosemary Drive Roundabout
Project Budget: \$750,000
Project Type: Improvement, complex

Financial information

Budget	YTD Actual	Commitments	Budget Remaining	Grants outstanding
\$750,000	\$39,470	\$11,261	\$699,269	\$300,000

Project Scope

This project is part of the Busselton Traffic Study and involves the construction of a roundabout on Causeway Road providing access to the new City Centre Eastern Link Bridge and Rosemary Drive.

Progress ReportWorks in Progress

The design for the Causeway Road/Rosemary Drive roundabout that forms part of the City Centre Eastern Link project was advertised for Expressions of Interest (EOI) for the construction of the City Centre Eastern link – Stage 1 in late 2018. The EOI closed on 22 January 2019. Three (3) company were shortlisted and invited to tender on the project in early April 2019. The tender submission closing date was subsequently extended from 14th May 2019 to 28th May 2018 upon request from Contractors due to the loss of a working days due to the Easter public holiday break. The award of a tender is subject to the City obtaining all necessary environmental approvals at both the State and Federal level. City Officers has been advised that approvals should be settled by late May/early June 2019. If approvals are favourable, a Contractor maybe onsite as early as early- mid July 2019.

Project Risks

The biggest risk to this project is that the City does not receive all the required environmental approvals for the construction of the City Centre Eastern Link, thus the project will be unable to commence as planned.

There will be a financial risk by commencing the project during the winter months; this has the potential to add to the total construction cost.

Project 4 & 5: S0064 - Peel Terrace - Stanley Place / Cammilleri Intersection upgrades
S0069 - Brown Street Intersection Upgrade
Project Budget: \$863,033 (includes \$113,033 carry over)
Project Type: Improvement, complex

Financial information

Project #	Budget	YTD Actual	Commitments	Budget Remaining	Grants outstanding
S0064	\$613,033	\$184,575	\$10,906	\$417,551	\$200,000
S0069	\$250,000	\$3,090	\$3,739	\$243,171	\$100,000

Part of this project represents a carry-over from the 2017/18 financial year. The \$500,000 grant received this financial year for Peel Terrace works has been assigned against two separate projects linked to Peel Terrace.

Project Scope

This project is part of the Busselton Traffic Study and involves:

1. The upgrade of the existing intersection at Stanley Place and Peel Terrace, as well as;
2. A new roundabout at Cammilleri Street and Peel Terrace that will link Peel Terrace to the City Centre Eastern Link.
3. Brown Street Intersection Upgrade works not scheduled until 2019/2020.

Progress Report

Works in Progress

The services along Peel Terrace were relocated as part of the 2017/18 financial year works. The section of road between Causeway Road and Stanley Place has also been upgraded. Some of these works including the new footpath were finalised this financial year, hence the expenditure that has been incurred year to date.

As with the Causeway Road project above, the design for the works on Peel Terrace forms part of the City Centre Eastern Link project.

As per comments pursuant to Project S0051 - Causeway Road/Rosemary Drive Roundabout above, tenders have been called for and subject to award on the provision that the City obtaining all necessary environmental approvals at both the State and Federal levels.

City Officers has been advised that approvals should be settled by late May/early June 2019. If this is the case, the City could have a contractor on site as early as mid -July 2019.

Project Risks

The biggest risk to this project is that the City does not receive all the required environmental approvals for construction of the City Centre Eastern Link, thus the project will not be able to commence as planned.

The second risk is commencing the project during the winter months that could potentially add to the construction cost.

Project 6: S0066 Queen Street
Project Budget: \$0
Project Type: Improvement, complex

Financial information

Budget	YTD Actual	Commitments	Budget Remaining	Grants outstanding
\$0	\$0	\$0	\$0	\$0

There were left over carried forward funds totalling \$52,846 on this project that have been successfully transferred against Project 1 – S0035 Strelly Street Roundabout.

Project Scope

No project scope for 2018/19.

Progress Report

Not applicable

Project Risks

Not applicable

CONCLUSION

The report has been provided to the Finance Committee as an update on the status and progress of currently funded RRG projects. The update provides expenditure to date, project progress and the potential of project carry overs.

Committee Decision and Officer Recommendation

F1905/025 Moved Councillor J McCallum, seconded Councillor P Carter

That the Finance Committee note the Regional Road Group Report for the third (3) quarter of the 2018/19 financial year.

CARRIED 5/0

Note: The Committee moved Item 6.3 to be considered at this point in the meeting.

6.3 BUDGET AMENDMENT REQUEST / REVIEW

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

PRÉCIS

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

BACKGROUND

Council adopted its 2018/2019 municipal budget on Wednesday, 25 July 2018 with a balanced budget position.

Since this time Council has been advised of certain expense changes that have impacted the original budget and Council is now being asked to consider budget amendments for the following key areas/projects:

1. Port Geographe Capital Works

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

Budget amendments being sought will result in no change to Council's budget surplus position of \$0.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

There are no Long Term Financial Plan implications in relation to this item.

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

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

CONSULTATION

No external consultation was considered necessary in relation to the budget amendments.

OFFICER COMMENT

The Officer recommends the following requested budget amendment to the Finance Committee for consideration and recommendation to Council.

1. Port Geographe Capital Works

Council allocated funds within the 2018/19 budget to undertake a number of significant capital upgrade projects with Port Geographe totalling \$886,241 as follows:

Cost Code	Project	Budget
C3157	Layman Road Native Tree Planting	\$33,158
C3158	Casuarina Replacement	\$21,100
C3159	Burgee Cove POS Upgrade	\$92,543
C3160	Lanyard Boulevard / Layman Road POS Upgrade	\$286,513
C3163	Minor Repairs	\$30,000
C3164/3187	Reticulation Upgrade Scheme to Bore Water	\$397,927
C3188	General Tree Planting and Replacement	\$25,000

It has been identified that there will be an overspend of approximately \$21,822.92 across the 7 projects, with the following contributing to this amount:

- \$34,298.54 in contract variations within the Burgee and Lanyard POS's upgrades, additional works included the installation of concrete edging to formal garden beds, mulching of revegetation areas, installation of additional bollards and minor modifications to the irrigation system which were not identified in the original scope of works. These works were considered essential as they will reduce the ongoing maintenance requirements and add to the overall success of the projects.
- \$26,000 in additional trenching, under road boring and reinstatement costs associated with the installation of new mainline through Port Geographe as part of the scheme to bore conversion.
- These have been offset by the fact that only half of the maintenance period will be delivered this financial year and the remaining allowance will fund a portion of the overspend.

It is the relevant Officer's recommendation that to manage the anticipated overspend at Port Geographe that an amount of \$21,822.92 be transferred from the Port Geographe Reserve and that the expense budgets for C3160 and C3187 be amended to allow for the increased cost.

Planned Expenditure Item

Officers propose that the 2018/2019 adopted budget be amended to reflect the following funding changes, shown in Table 1.

Table 1:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Resulting Proposed Amended Budget</i>
Expenditure				
545-C3160-3280-0000	Lanyard Boulevard / Layman Rd POS Upgrade	65,000	1,823	66,823
545-C3187-3280-0000	Reticulation Upgrade Scheme to Bore Water	286,513	20,000	306,513
Income				
Equity Transfer (Reserve 122)	Port Geographe Development Reserve	-1,125,591	-21,823	-1,147,414
	Net Total	-774,078	0	-774,078

CONCLUSION

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

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

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

Committee Recommendation and Officer Recommendation**F1905/026** Moved Councillor J McCallum, seconded Councillor C Tarbotton

That Council endorse the request budget amendment outlined in Table 1 below resulting in no change to an amended budget surplus position of \$0.

Table 1:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Resulting Proposed Amended Budget</i>
Expenditure				
545-C3160-3280-0000	Lanyard Boulevard / Layman Rd POS Upgrade	65,000	1,823	66,823
545-C3187-3280-0000	Reticulation Upgrade Scheme to Bore Water	286,513	20,000	306,513
Income				
Equity Transfer (Reserve 122)	Port Geographe Development Reserve	-1,125,591	-21,823	-1,147,414
	Net Total	-774,078	0	-774,078

CARRIED 5/0

10.00 am At this time the Director, Engineering and Works Services and Manager, Engineering and Facilities Services left the meeting and did not return.

6.2 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 30 APRIL 2019

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Acting Manager Financial Services - Jeffrey Corker
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A Statement of Financial Activity - Period Ended 30 April 2019 Attachment B Investment Report for Month Ending 30 April 2019

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 30 April 2019.

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 25 July 2018, the Council adopted (C1807/138) the following material variance reporting threshold for the 2018/19 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 2018/19 financial year as follows:

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

STATUTORY ENVIRONMENT

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

RELEVANT PLANS AND POLICIES

There are no plans or policies directly relevant to this matter.

FINANCIAL IMPLICATIONS

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

LONG-TERM FINANCIAL PLAN IMPLICATIONS

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

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Leadership’ and more specifically Community Objective 6.1 - ‘Governance systems, process and practices are responsible, ethical and transparent’. The achievement of the above is underpinned by the Council strategy to ‘ensure the long term financial sustainability of Council through effective financial management’.

RISK ASSESSMENT

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

CONSULTATION

Consultation is not applicable in relation to this matter.

OFFICER COMMENT

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

- Statement of Financial Activity

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

- Net Current Position

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

▪ Capital Acquisition Report

This report provides full year budget performance (by line item) in respect of the following capital expenditure activities:

- Land and Buildings
- Plant and Equipment
- Furniture and Equipment
- Infrastructure

▪ Reserve Movements Report

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

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

COMMENTS ON FINANCIAL ACTIVITY TO 30 APRIL 2019

The Statement of Financial Activity for the period ending 30 April 2019 shows a better than expected Net Current Position "Surplus" of \$5.2M being \$9.5M higher than year to date amended budget of - \$4.3M.

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

Description	2018/2019 Actual	2018/2019 Amended Budget YTD	2018/2019 Amended Budget	2018/19 YTD Bud Variance	2018/19 YTD Bud Variance
	\$	\$	\$	%	\$
Revenue from Ordinary Activities					
Other Revenue	1,046,214	302,916	362,981	245.38%	743,298
Profit on Asset Disposal	100,283	82,137	82,137	22.09%	18,146
Expenses from Ordinary Activities					
Materials & Contracts	(12,833,940)	(16,299,732)	(19,834,500)	21.26%	3,465,792
Depreciation	(18,405,135)	(15,916,080)	(19,070,922)	-15.64%	(2,489,055)
Insurance Expenses	(713,980)	(589,743)	(698,808)	-21.07%	(124,237)
Other Expenditure	(2,402,996)	(3,984,970)	(4,862,439)	39.70%	1,581,974
Allocations	1,616,284	1,426,553	1,723,162	-13.30%	189,731
Non-Operating Grants, Subsidies and Contributions					
	3,556,391	15,867,748	32,471,094	-77.59%	(12,311,357)
Capital Revenue & (Expenditure)					
Land & Buildings	(1,019,174)	(15,065,019)	(17,986,501)	93.23%	14,045,845
Plant & Equipment	(2,199,023)	(5,191,100)	(6,900,100)	57.64%	2,992,077
Furniture & Equipment	(287,164)	(734,967)	(890,640)	60.93%	447,803
Infrastructure	(17,753,366)	(30,754,407)	(37,644,708)	42.27%	13,001,041
Proceeds from Sale of Assets	696,180	915,150	1,045,950	-23.93%	(218,970)
Proceeds from New Loans	0	3,150,000	3,150,000	-100.00%	(3,150,000)
Advances to Com. Groups	0	(150,000)	(150,000)	100.00%	150,000
Transfer to Restricted Assets	(1,010,424)	(459,660)	(551,000)	-119.82%	(550,764)
Transfer from Restricted Assets	7,697,118	10,759,680	14,530,252	-28.46%	(3,062,562)
Transfer from Reserves	3,106,401	11,825,440	27,075,171	-73.73%	(8,719,039)

Revenue from Ordinary Activities:

YTD actual income from ordinary activities is \$1.07M more than expected when compared to YTD budget with the two items meeting the material variance reporting threshold being;

1. Other Revenue is \$743k better than YTD budget. In part this variance is due to better than expected returns on the sale of scrap metal by \$240k. IT lease buybacks reflect additional income of \$544k which is offset by additional expenses in the IT leasing account 3381.
2. Profit on asset disposal is \$18k better than YTD budget. This line item is an accounting book entry to recognise profit on asset disposal and as a consequence will not affect the City's "cash" position.

Expenses from Ordinary Activities

Expenditure from ordinary activities, excluding depreciation, is \$3.7M less than expected when compared to YTD budget with the following items meeting the material variance reporting threshold.

Materials and Contracts:

The main items affected are listed below:

Cost Code	Cost Code Description / GL Activity	Variance YTD \$
<u>Finance and Corporate Services</u>		
10250	Information & Communication Technology Services	(551,483)
10300	Records	29,911
10251	Business Systems	58,504
10500	Legal and Compliance Services	83,995
<u>Community and Commercial Services</u>		
10540	Recreation Administration	29,750
B1361	YCAB (Youth Precinct Foreshore)	34,070
10630	Property and Business Development	36,012
10591	Geographe Leisure Centre	38,971
11151	Airport Operations	39,956
10590	Naturaliste Community Centre	60,925
10380	Busselton Library	81,477
10600	Busselton Jetty Tourist Park	85,319
<u>Planning and Development Services</u>		
10925	Preventative Services - CLAG	27,521
10931	Protective Burning & Firebreaks-Reserves	45,363
10820	Strategic Planning	77,397
10830	Environmental Management Administration	105,104
11170	Meelup Regional Park	113,209

Cost Code	Cost Code Description / GL Activity	Variance YTD \$
Engineering and Works Services		
12620	Rural-Tree Pruning	(80,140)
G0030	Busselton Transfer Station	(39,459)
C8500	Cycle Ways Maintenance Busselton	(32,802)
G0031	Dunsborough Waste Facility	(32,237)
10115	Major Projects Administration	26,478
11162	Busselton Jetty - Underwater Observatory	30,649
G0010	Domestic Recycling Collections	31,391
F9999	Footpaths Maintenance	34,531
G0034	External Waste Disposal	37,768
11108	Rural Intersection (Lighting) Compliance	41,634
G0042	BTS External Restoration Works	43,438
B1000	Administration Building- 2-16 Southern Drive	45,294
G0033	Green Waste	46,131
11106	Street Lighting Installations	47,270
12600	Street & Drain Cleaning	49,765
A6004	Pedestrian Bridge (Port Geographe)	53,330
B1514	Asbestos Removal & Replacement	62,500
G0032	Rubbish Sites Development	83,330
11301	Regional Waste Management Administration	100,000
A9999	Miscellaneous Bridge Maintenance	103,926
11101	Engineering Services Administration	114,394
11160	Busselton Jetty	647,434
B1401	Old Butter Factory	804,081
R0301	Cultural Precinct Queen Street	26,670
R0750	Barnard Park Ovals	27,263
R0822	Lavender Park (Provence)	28,627
R0821	Avignon Park (Provence)	30,421
R0820	Almond Green Park (Provence)	38,131
R2001	Tree Planting - Urban Verges	51,520
R0004	Busselton Foreshore Precinct (not including Skate Park)	83,515
5280	Transport - Fleet Management	211,143

Depreciation:

There is an overall variance in depreciation of \$2.5M, however it should be noted that this is a non-cash item and does not impact on the City's surplus position. The variance can be attributed to Fair Valuation of infrastructure assets being completed post budget adoption and the increase in valuation was unable to be included in the 2018/2019 budget.

Insurance:

There is a year to date variance in insurance costs of \$124K. This is a timing issue only which relates to the fleet management business unit insurance budget being projected to occur in period 12 (i.e. June) whereas the actual expenditure was incurred in period 1 (i.e. July).

Other Expenditure:

There is an YTD variance in other costs of \$1.6M less than year to date budget. The main items affected are listed below:

Cost Code	Cost Code Description / GL Activity	Variance YTD
<u>Executive Services</u>		
10001	Executive Services	29,883
<u>Finance and Corporate Services</u>		
10618	Winderlup Court Aged Housing	47,302
10700	Public Relations	55,726
10151	Rates Administration	63,894
10000	Members of Council	74,220
<u>Community and Commercial Services</u>		
12631	Peel Terrace Building & Surrounds	(33,216)
10547	Iron Man	(31,670)
10540	Recreation Administration	28,675
10548	Half Iron	38,500
10530	Community Services Administration	100,572
11156	Airport Development Operations	1,250,000
<u>Planning and Development Services</u>		
10942	Bushfire Risk Management Planning - DFES	(39,283)
10805	Planning Administration	41,410
<u>Engineering and Works Services</u>		
G0042	BTS External Restoration Works	(191,045)
11160	Busselton Jetty	25,000
B1223	Micro Brewery - Public Ablution	100,000

With regard to the \$1.25M variance associated with the Airport marketing incentive, it is not anticipated that this expense will be incurred this year. However this will not constitute a saving as this cost is reserve backed, hence if expenditure is not incurred then then it follows that the transfer from reserve will also not be processed. All other items above have been classified as timing differences.

Non-Operating Grants, Subsidies and Contributions:

Non-Operating Grants, Subsidies and Contributions are less than YTD budget by \$12.3M with the main items impacting on the above result being the timing of the receipt of funding which is also offset with less than anticipated expenditure at this time:

Cost Code	Cost Code Description	Variance YTD
<u>Finance and Corporate Services</u>		
10250	IT Capital Grant - CCTV at NCC	140,044
10240	Contributions to Works	(138,330)
10239	Contributions Community Facilities	(1,039,234)
<u>Community and Commercial Services</u>		
10900	Cultural Planning - Donated Assets	37,000
C6099 & 6086	Airport Development - Project Expenses (Net)	(8,271,053)

Cost Code	Cost Code Description	Variance YTD
<u>Planning and Development Services</u>		
B9109	Hithergreen Building Renovations	(68,886)
B1013	Dunsborough Bushfire Brigade	(178,300)
B9112	Ambergate Bushfire Brigade Shed	(300,760)
B1015	Hithergreen District Bushfire Brigade	(465,200)
B1026	Yallingup Rural Bushfire Brigade	(597,600)
<u>Engineering and Works Services</u>		
D0017	Chain Avenue - Drainage Works	(39,000)
C2512	Sand Re-Nourishment	(55,000)
S0069	Peel Terrace (Brown Street Intersection Upgrades)	(72,223)
C2523	Broadwater Beach Coastal Protection Stage 1 of 4	(75,000)
C3150	Busselton Foreshore Stage 3: Toddler's Playground	(91,631)
F1018	Dunsborough Cycleway CBD to Our Lady of the Cape School	(119,170)
C2528	Craig Street Groyne and Sea Wall	(125,000)
S0035	Strelly Street / Barlee Street Roundabout	(130,000)
C0049	Port Geographe Marina Car Parking	(143,130)
S0064	Peel Terrace (Stanley Pl/Cammilleri St Intersection Upgrade)	(144,447)
S0051	Causeway Road / Rosemary Drive Roundabout	(216,670)
C3168	Busselton Foreshore Jetty Precinct	(308,221)

Capital Expenditure

As at 30 April 2019, there is a variance of -59% or -\$30.4M in total capital expenditure with YTD actual at -\$21.3M against YTD budget of -\$51.7M.

The airport development makes up for \$12.9M (main variance relates to the Airport Terminal \$10.8M), Busselton Tennis Club – Infrastructure \$1.4M, Plant and Equipment \$3M, Council Roads Initiative projects \$1.26M, Eastern Link - Busselton Traffic Study \$2.3M, Dunsborough Land Purchase Parking \$1.3M, Main Roads projects \$1.5M, Parks, Gardens and Reserves \$780K, Sanitation Infrastructure \$1.1M, Beach Restoration \$1.1M, Busselton Senior Citizens \$615K, Dunsborough Cycleway CBD to Our Lady of the Cape School \$221K, Furniture and Equipment \$448K, Busselton Jetty Tourist Park Upgrade \$214K, Beach Front Infrastructure \$72K, GLC - Pool Relining \$50K, Energy Efficiency Initiatives (Various Buildings) \$79K, Boat Ramp Construction \$259K, and Major Projects Lou Weston Oval \$567K and Busselton Foreshore \$1.6M.

These items of under expenditure also assists in explaining the above current YTD shortfall in Non-Operating Grants.

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

Proceeds from Loans/ Advances to Community Groups

As at 30 April 2019, there is a variance of \$3.15M which relates to the budgeted drawdown of loans that as at this time is yet to occur. The two main loans to be raised are as follow;

- Busselton Tennis Club \$1.5M; and
- Air Freight Hub Stage 1 \$1.5M;

As at this time an application has been submitted to draw down both loans within May 2019 as the related expenditure has/ will be incurred. Hence, this variance is only a timing difference.

With regard to the self-supporting loan for community groups, it is not expected that this will occur, hence the contra entry "advances to community groups" as a consequence will also not be required. The transactions associated with self-supporting loans is ordinarily cost neutral to the City, therefore this transaction will have no effect on the City's net current position.

Investment Report

As at 30th April 2019 the value of the City's invested funds totalled \$73.95M, down from \$74.40M as at 31st March. The decrease is due to the withdrawal of funds from the Airport Development ANZ cash account as required to meet expenditure.

During the month of April five term deposits held with four different institutions totalling \$16.0M matured. All were renewed for a further 121 days at 2.37% (on average).

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) remained steady.

The balance of the Airport Development ANZ cash account reduced by \$465K with funds withdrawn to meet expenditure. The Airport Development fixed term deposit held at the WA Treasury Corp. (as required by the funding agreement) was renewed for a further 61 days at 1.57%

The RBA left official rates on hold during April and May. Future movements remain uncertain at this point, however as an indication of current sentiment financial markets have priced in a rate decrease at some stage in the coming months. This has resulted in the rates on offer for the renewal of maturing term deposits to be lower than previously available.

Chief Executive Officer – Corporate Credit Card

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

Date	Amount	Payee	Description
28-Mar-19	425.50	Trybooking LG	LGCOG EAA Meeting Registration
05-Apr-19	30.00	Sticky Tickets	Budget Breakfast (Mayor)
08-Apr-19	115.12	Perth Airport Pty Ltd	Parking
08-Apr-19	820.00	Lexus of Perth	Tyres CEO Vehicle
08-Apr-19	12.00	Tokyo Station	Parking
08-Apr-19	9.09	CPP His Majesty's	Parking
10-Apr-19	185.00	Compasses Esplanade Hotel	Accommodation Port Hedland CME Meeting
10-Apr-19	196.00	Compasses Esplanade Hotel	Accommodation Port Hedland CME Meeting

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

+ Allocated against CEO Hospitality Expenses Allowance

CONCLUSION

As at 30 April 2019, the financial performance for the City of Busselton is considered satisfactory based on the information received from directorates and the recent budget review.

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not Applicable

Committee Recommendation and Officer Recommendation

F1905/027 Moved Councillor P Carter, seconded Councillor J McCallum

That the Council receives the statutory financial activity statement reports for the period ending 30 April 2019, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

6.4 LIST OF PAYMENTS MADE APRIL 2019

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Acting Manager Financial Services - Jeffrey Corker
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments Made - April 2019

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of March 2019, for noting by the Council and recording in the Council Minutes.

BACKGROUND

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

STATUTORY ENVIRONMENT

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

RELEVANT PLANS AND POLICIES

Not Applicable.

FINANCIAL IMPLICATIONS

Not Applicable.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

Not Applicable.

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

Not Applicable.

CONSULTATION

Not Applicable.

OFFICER COMMENT

In accordance with regular custom, the list of payments made for the month of March 2019 is presented for information.

CONCLUSION

The list of payments made for the month of March 2019 is presented for information.

OPTIONS

Not Applicable.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not Applicable.

Committee Recommendation and Officer Recommendation

F1905/028 Moved Councillor P Carter, seconded Councillor J McCallum

That the Council notes payment of voucher numbers M116780 – M116843, EF064339 – EF064794, T007441 – T007443, and DD003748 – DD003776 together totalling \$7,009,730.78.

CARRIED 5/0

7. **GENERAL DISCUSSION ITEMS**

8. **NEXT MEETING DATE**

Thursday, 20 June 2019

9. **CLOSURE**

The meeting closed at 10.37am.

THESE MINUTES CONSISTING OF PAGES 1 TO 25 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 20 JUNE 2019.

DATE: _____ PRESIDING MEMBER: _____