

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 21 MARCH 2019

TABLE OF CONTENTS

ITEM NO.	SUBJECT	PAGE NO.
1.	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS.....	2
2.	ATTENDANCE	2
3.	PUBLIC QUESTION TIME.....	2
4.	DISCLOSURE OF INTERESTS	2
5.	CONFIRMATION OF MINUTES	2
5.1	Minutes of the Finance Committee Meeting held 21 February 2019	2
6.	REPORTS	3
6.1	FINANCIAL ACTIVITY STATEMENTS INCORPORATING BUDGET REVIEW - PERIOD ENDING 28 FEBRUARY 2019	3
6.2	LIST OF PAYMENTS MADE FEBRUARY 2019.....	14
6.3	BUDGET AMENDMENT REQUEST / REVIEW	16
7.	GENERAL DISCUSSION ITEMS	21
8.	NEXT MEETING DATE	22
9.	CLOSURE	22

MINUTES

MINUTES OF FINANCE COMMITTEE HELD IN THE COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 21 MARCH 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 Robert Reekie

Members:

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

Officers:

Mr Mike Archer, Chief Executive Officer
Mr Tony Nottle, Director, Finance and Corporate Services
Mr Oliver Darby, Director of Engineering and Works Services
Mr Jeffery Corker, Acting Manager, Finance Services
Miss Kate Dudley, Governance Officer

Apologies:

Nil

3. **PUBLIC QUESTION TIME**

Nil

4. **DISCLOSURE OF INTERESTS**

Nil

5. **CONFIRMATION OF MINUTES**

5.1 **Minutes of the Finance Committee Meeting held 21 February 2019**

COMMITTEE DECISION

F1903/013

Moved Councillor J McCallum, seconded Councillor C Tarbotton

That the Minutes of the Finance Committee Meeting held 21 February 2019 be confirmed as a true and correct record.

CARRIED 5/0

6. REPORTS

6.1 FINANCIAL ACTIVITY STATEMENTS INCORPORATING BUDGET REVIEW - PERIOD ENDING 28 FEBRUARY 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 28 February 2019 
	Attachment B Investment Report - Period Ended 28 February 2019 

PRÉCIS

Financial Activity Statements

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 28 February 2019.

Review of Budget

Between January and March in each financial year, a local government is to carry out a review of its annual budget for that year. The Council is required to consider the review submitted to it and determine (by absolute majority) whether or not to adopt the review, any parts of the review or any recommendations made in the review.

BACKGROUND

Financial Activity Statements

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.”*

Review of Budget

The requirement for a local government to carry out an annual budget review is prescribed via Regulation 33A of the Local Government (Financial Management) Regulations.

Essentially, the purpose of an annual budget review is to ensure that a local government conducts a review of its financial performance at an appropriate time in the financial year such that any significant budget variances can be identified and remedial action instigated as necessary; prior to financial year end.

This report, based on the City’s financial performance for the period ending 28 February 2019, has been compiled to fulfil the statutory reporting requirements of the Local Government Act and associated Regulations in respect of the annual budget review process.

STATUTORY ENVIRONMENT

Financial Activity Statements

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.

Review of Budget

33A. Review of budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *the review of an annual budget for a financial year must —*
 - (a) *Consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *Consider the local government’s financial position as at the date of the review; and*
 - (c) *Review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*

- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*

- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

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 28 February 2019

The Statement of Financial Activity for the period ending 28 February 2019 shows a better than expected Net Current Position "Surplus" of \$14.2M being \$11.2M higher than year to date budget (YTD amended budget) of \$3.1M.

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					
Operating Grants and Subsidies	2,785,182	2,523,921	5,032,780	10.35%	261,261
Other Revenue	969,747	240,151	362,981	303.81%	729,596
Expenses from Ordinary Activities					
Materials & Contracts	(10,444,394)	(12,413,564)	(19,850,500)	15.86%	1,969,170
Depreciation on non-current assets	(14,713,400)	(12,744,192)	(19,070,922)	-15.45%	-1,969,208
Insurance Expenses	(713,890)	(585,281)	(698,808)	-21.97%	-128,609
Other Expenditure	(1,944,900)	(3,104,403)	(4,791,109)	37.35%	1,159,503
Non-Operating Grants, Subsidies and Contributions					
	2,371,748	11,030,917	32,443,772	-78.50%	(8,659,169)
Adjustments for Non-cash Revenue & Expenditure					
Depreciation	14,713,400	12,744,192	19,070,922	-15.45%	1,969,208
Donated Assets	(42,000)	(5,000)	(8,365,000)	-740.00%	(37,000)
(Profit)/Loss on Sale of Assets	(70,294)	(27,075)	(47,560)	-159.63%	(43,219)

Capital Revenue & (Expenditure)					
Land & Buildings	(685,628)	(12,324,905)	(17,902,816)	94.44%	11,639,277
Plant & Equipment	(1,633,568)	(3,822,100)	(6,880,100)	57.26%	2,188,532
Furniture & Equipment	(241,383)	(538,385)	(883,640)	55.17%	297,002

Description	2018/2019 Actual	2018/2019 Amended Budget YTD	2018/2019 Amended Budget	2018/19 YTD Bud Variance	2018/19 YTD Bud Variance
Infrastructure	(13,491,981)	(24,765,455)	(37,380,261)	45.52%	11,273,474
Proceeds from Sale of Assets	616,773	835,950	1,045,950	-26.22%	(219,177)
Proceeds from New Loans	0	3,150,000	3,150,000	-100.00%	(3,150,000)
Advances to Community Groups	0	(150,000)	(150,000)	100.00%	150,000
Transfer to Restricted Assets	(845,747)	(365,328)	(551,000)	-131.50%	(480,419)
Transfer from Restricted Assets	7,091,955	8,295,070	14,423,922	-14.50%	(1,203,115)
Transfer from Reserves	755,678	5,095,578	26,769,361	-85.17%	(4,339,900)

Revenue from Ordinary Activities:

YTD actual income from ordinary activities is \$1M more than expected when compared to YTD budget with the two items meeting the material variance reporting threshold being;

1. Operating Grants, Subsidies and Contributions is \$261K over YTD budget due to timing differences associated with funds being received from DFES for fire prevention and bushfire risk management \$130K, various reimbursements \$33K and funds recovered from the City's insurance the old butter factory \$72K,
2. Other Revenue is \$730K better than YTD budget. This variance is due to better than expected returns on sale of scrap metal \$222K. IT lease buybacks additional income of \$543K which is offset by additional expenses in the IT leasing account 3381.

The Officer notes that the above positive performance will not affect the end of year position as the increased revenue is either associated with a timing difference, will be transferred to a reserve account in accordance with normal practice, or the revenue is offset by an increase in expenditure due to operational practice.

For budget review purposes, the remaining nature and type income categories (although fall below the Material Variance reporting thresholds) have been assessed to determine their estimated end of year position. Rate income for the year to date is currently below budgeted end of year results by \$200K due to a decrease in the uptake of new housing developments and also due delays in receiving valuations enabling the raising of interims. At this stage, whilst it is difficult to quantify the end of year position as the valuations may be forthcoming; it is anticipated that Rates revenue is likely to fall short of budget by \$150K. Whilst there are variances with the various Fees and Charges, for example Building Permit income may fall \$50K short while Holiday Home Permit income may be a similar amount over budget; overall they are predicted to achieve budget. Interest earnings are showing a strong positive result for Restricted funds, however interest on Municipal funds are tracking towards budget, therefore this will not affect the end of year position.

In summary, net operating revenue is projected to be slightly lower than the annual budget estimates with a projected unfavourable variance of approximately \$150K.

Expenses from Ordinary Activities

Expenditure from ordinary activities, excluding depreciation, is \$3.996M 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	(555,002)
10000	Members of Council	(22,885)
10300	Records	24,665
10500	Legal and Compliance Services	72,395
<u>Community and Commercial Services</u>		
B1361	YCAB (Youth Precinct Foreshore)	28,128
10590	Naturaliste Community Centre	54,008
10591	Geographe Leisure Centre	57,633
10380	Busselton Library	69,887
10600	Busselton Jetty Tourist Park	79,410
<u>Planning and Development Services</u>		
10810	Statutory Planning	19,679
10931	Protective Burning & Firebreaks-Reserves	37,017
10820	Strategic Planning	45,189
11170	Meelup Regional Park	91,511
10830	Environmental Management Administration	94,418
<u>Engineering and Works Services</u>		
12620	Rural-Tree Pruning	(83,150)
B1401	Old Butter Factory	(82,092)
M9996	Roads Sundry Overhead/Consumables	(65,702)
G0031	Dunsborough Waste Facility	(45,747)
M9995	Roller & Grader Hire	(45,064)
G0030	Busselton Transfer Station	(43,760)
G0010	Domestic Recycling Collections	30,088
G0042	BTS External Restoration Works	30,935
R0820	Almond Green Park (Provence)	36,496
G0034	External Waste Disposal	37,768
12600	Street & Drain Cleaning	39,767
R2001	Tree Planting - Urban Verges / Policy	40,020
A6004	Pedestrian Bridge (Port Geographe)	42,664
B1000	Administration Building- 2-16 Southern Drive	45,691
B1514	Asbestos Removal & Replacement	54,995
G0032	Rubbish Sites Development	66,664
11301	Regional Waste Management Administration	80,000
A9999	Miscellaneous Bridge Maintenance	88,660
R0004	Busselton Foreshore Precinct (not including Skate Park)	97,486
11101	Engineering Services Administration	126,871

M9999	Road Maintenance Bal Of Budget	252,607
11160	Busselton Jetty	518,249

Depreciation:

There is an overall variance in depreciation of \$1.969M, 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 the fact that Fair Valuation of infrastructure assets was completed post budget adoption and the increase in valuation was unable to be included in the 2018/2019 budget.

Insurance:

There is an YTD variance in insurance costs of \$129K however this is of a timing issue only.

Other Expenditure:

There is an YTD variance in other costs of \$1.16M, considered a timing issue only or expenditure is linked to revenue source (i.e. Airport Development Operations \$1M), hence no effect on the City's net position. The main items affected are listed below:

Cost Code	Cost Code Description / GL Activity	Variance YTD
<u>Finance and Corporate Services</u>		
10618	Winderlup Court Aged Housing	40,094
10151	Rates Administration	52,210
10700	Public Relations	52,708
10000	Members of Council	68,237
<u>Community and Commercial Services</u>		
10547	Iron Man	(63,336)
12631	Peel Terrace Building & Surrounds	(35,287)
10567	Cinefest Oz	(31,664)
10530	Community Services Administration	103,569
11156	Airport Development Operations	1,000,000
<u>Planning and Development Services</u>		
10942	Bushfire Risk Management Planning - DFES	(39,283)
10805	Planning Administration	33,400
<u>Engineering and Works Services</u>		
G0042	BTS External Restoration Works	(172,637)
11160	Busselton Jetty	25,000
B1223	Micro Brewery - Public Ablution	80,000

The Officer notes that the above performance will not affect the end of year position due to variances being caused by timing issues, non-cash or linked to corresponding reserve transfers.

For budget review purposes, the remaining nature and type income categories (although fall below the Material Variance reporting thresholds) have been assessed to determine their estimated end of year position. There is an overall variance in utility charges of \$143K with the major variances being electricity \$68K and water \$72K. This variance is spread over 358 individual line items with an average variance of \$400 per item. It is anticipated that utilities will come under budget by \$50K.

With regard to fleet, costs savings of \$50K are anticipated by year end due to lower fuel and FBT expenses. There is also an anticipated saving associated with employee costs.

Salaries and wages are expected to be below budget by \$300K which in part is due to vacant positions. However, as part of the 2017/18 final audit it was identified that a liability must be entered into the accounts to reflect the accrued Time in Lieu worked by staff. This will have a negative impact of up to \$100K. Workers compensation is anticipated to \$150K favourable.

In summary, net operating expenditure is projected to be slightly lower than the annual budget estimates with a projected favourable variance of approximately \$450K.

Non-Operating Grants, Subsidies and Contributions:

Non-Operating Grants, Subsidies and Contributions are less than YTD budget by \$8.6M 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>		
10239	Contributions - Public Art (Percent for Art)	(990,148)
10240	Contributions - Contribution to Works	(109,479)
<u>Community and Commercial Services</u>		
10900	Cultural Planning - Donated Assets	37,000
C6099	Airport Development - Project Expenses	(5,838,126)
<u>Planning and Development Services</u>		
B1026	Yallingup Rural Bushfire Brigade (Donated Asset)	(597,600)
B9109	Hithergreen Building Renovations	(68,886)
B9112	Ambergate Bushfire Brigade Shed	(280,208)
<u>Engineering and Works Services</u>		
D0017	Chain Avenue - Drainage Works	(24,000)
C3150	Busselton Foreshore Stage 3: Toddler's Playground	(40,672)
S0069	Peel Terrace (Brown Street Intersection Upgrades)	(44,445)
S0035	Strelly Street / Barlee Street Roundabout	(80,000)
S0064	Peel Terrace (Stanley Pl/Cammilleri St Intersection Upgrade)	(88,891)
C0049	Port Geographe Marina Car Parking	(114,504)
F1018	Dunsborough Cycleway CBD to Our Lady of the Cape School	(128,336)
S0051	Causeway Road / Rosemary Drive Roundabout	(133,336)
C3168	Busselton Foreshore Jetty Precinct	(308,221)
S0068	Georgiana Molloy Bus Bay Facilities	114,500

In summary, non-operating Grants, Subsidies and Contributions is not projected to have any material impact on the City's projected surplus/deficit position at year end.

Capital Expenditure

As at 28 February 2019, there is a variance of -61.27% or -\$25.4M in total capital expenditure with YTD actual at -\$16.052M against an YTD budget of -\$41.451M.

The airport development makes up for \$10.67M, Busselton Tennis Club – Infrastructure \$1.44M, Plant and Equipment \$2.19M, Council Roads Initiative projects \$1.44M, Eastern Link - Busselton Traffic Study \$1.79M, Dunsborough Land Purchase Parking \$1.3M, Main Roads projects \$1.42M, Parks, Gardens and Reserves \$976K, Sanitation Infrastructure \$780K, Beach Restoration \$896K, Busselton Senior Citizens \$493K, Dunsborough Cycleway CBD to Our Lady of the Cape School \$428K, Furniture and Equipment \$297K, Fire Prevention – Land Purchase Biddle Road \$200K, Busselton Jetty Tourist Park Upgrade \$214K, Beach Front Infrastructure \$72K, GLC - Pool Relining \$50K, Energy Efficiency Initiatives (Various Buildings) \$66K and Major Projects Busselton Foreshore \$1.32M.

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

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

In summary, net Capital Expenditure is not projected to have any material impact on the City's project surplus/deficit position when Carryover of projects occurs at year end if/where required.

Investment Report

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

As at 28th February 2019 the value of the City's invested funds totalled \$75.44M, down from \$76.43M as at 31st January. The decrease is due to the withdrawal of funds from term deposits to meet standard operating costs.

During the month of February four term deposits held with three different institutions totalling \$11.0M matured. Two were renewed for a further 120 days at 2.69% (on average). Two, totalling \$5.5M; were closed as the funds will be required to meet operational needs.

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) increased by \$4.5M with funds being deposited from closed term deposits that will be required to be utilised to meet future standard operating costs.

The balance of the Airport Development ANZ cash account remained steady. The term deposit held at the WATC for the Airport Development project matured, and was renewed for a further 61 days at 1.85%.

The RBA left official rates on hold during February and March. Future movements remain uncertain at this point, however markets have begun to price in possible further reductions.

Chief Executive Officer – Corporate Credit Card

Details of monthly (January to February) 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
06-Feb-19	\$54.30	Post Busselton Retail	WA Police NPC Application
08-Feb-19	\$594.57	Travel Insurance Direct	* CEO Travel Insurance - CEO reimbursed 50%
08-Feb-19	\$20.79	Travel Insurance Direct	* CEO Travel Insurance - CEO reimbursed 50%
08-Feb-19	\$3.40	Wilson Parking Australia	RCAWA Tourism Meeting Parking
11-Feb-19	\$23.22	CPP Convention Centre	RCAWA Tourism Meeting Parking
13-Feb-19	\$242.00	Australian Tourism Ind.	Ticket, 2018 Qantas Tourism Awards (Mayor)
22-Feb-19	\$1,610.20	Qantas Airways Ltd	Flights Guest Speaker North West Reg. Council
25-Feb-19	\$48.00	Bistro Breton Busselton	Business Breakfast

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

+ Allocated against CEO Hospitality Expenses Allowance

CONCLUSION

As detailed within this report, it is considered that the City's overall financial performance to 28 February 2019 is satisfactory. Current projections indicate a potential surplus closing position as at 30 June 2019, in the order of approximately +\$300K (exclusive of carry forwards). The Annual Budget Review has not identified any specific adverse financial trends, for which remedial action is required to be instigated prior to financial year end. The projected surplus closing position is primarily due to operating expenditure savings.

As this report also identifies, it is projected that overall capital expenditure will fall well short of annual budget estimates, with this primarily attributable to the Airport Development project. However, as individual projects are essentially fully funded in one form or another, a corresponding short fall in capital revenue will also be evident as at 30 June 2019.

Whilst components of the unspent capital and operating expenditure budgets may need to be considered for re-listing in the Council's 2019/20 draft budget, the current projected surplus closing position of \$300K represents net underspends directly associated with the current financial year's financial performance.

It is noted that the potential surplus closing position at financial year end, including consideration of utilisation, or quarantining of these funds, will be fully considered as part of the Council's 2019/20 draft budget deliberations.

9.40am *At this time the Chief Executive Officer entered the meeting.*

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.

9.50am At this time the Chief Executive Officer left the meeting.

9.53am At this time the Chief Executive Officer returned to the meeting.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1903/014 Moved Councillor J McCallum, seconded Councillor C Tarbotton

That the Council receives the statutory financial activity statement reports for the period ending 28 February 2019, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION


F1903/015 Moved Councillor P Carter, seconded Councillor G Henley

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That, pursuant to Regulation 33A of the Local Government (Financial Management) Regulations, the Council adopts the 2018/19 Annual Budget Review as presented within this report.

CARRIED 5/0

6.2 LIST OF PAYMENTS MADE FEBRUARY 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 - FEBRUARY 2019 

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of February 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 February 2019 is presented for information.

CONCLUSION

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

OPTIONS

Not Applicable.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not Applicable.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1903/016 Moved Councillor C Tarbotton , seconded Councillor J McCallum

That the Council notes payment of voucher numbers M116633 – M116722, EF063328 – EF063327, T007431 – T007436, and DD003689 – DD0036717 together totalling \$7,286.308.93.

CARRIED 5/0

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:	Nil

PRÉCIS

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

BACKGROUND

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 funding changes that have positively impacted the original budget and Council is now being asked to consider budget amendments for the following key areas/projects:

1. Armistice Centenary Program
2. Sculpture by the Bay
3. Mosquito Control

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 amendments to the Finance Committee for consideration and recommendation to Council.

1. “Armistice Centenary Program”

The City has procured a grant from the Department of Veterans Affairs (DVA) under the Armistice Centenary Grants Program (ACGP) in the amount of \$13,637. This grant is to install seating as part of the construction of the memorial Walk Trail in Busselton.

The ACGP is a one-off electorate-based grants program with funding of up to \$50,000 available for each Federal Member of Parliament to support community commemorative projects in their electorate commemorating the end of the First World War.

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>Proposed Amended Budget</i>
Expenditure				
545-C3191-3280-0000	Contractors	0	13,637	13,637
Income				
545-C3191-1221-0000	Capital Grants Other (Federal)	0	-13,637	-13,637
	Net Total	0	0	0

2. “Sculpture by the Bay”

The Sculpture by the Bay is an annual outdoor sculpture exhibition held as part of the Dunsborough Arts Festival early March. The festival is run by the Dunsborough & Districts Progress Association (DPA). Since 2012, the City has offered and Acquisitive Prize of \$5,000 with an additional \$2,000 for installation costs. In past years this has been reflected in the Capital works expenditure.

The line for this particular expenditure has not been included in the 2018-19 Annual budget.

On reviewing the existing budget all Capital Expenditure budget items are fully committed. The expenditure could be accommodated by redirecting existing budget from the Consultancy - Reconciliation Plan and Contractors - Sculpture Walk Installation Support Expenditure Account line items to be allocated to the Dunsborough Sculpture Project of \$7,000.

Planned Expenditure Items

Officers propose that the 2018/2019 adopted budget be amended to reflect the following funding changes, shown in Table 2.

Table 2:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
Expenditure				
330-10900-7743-0000	Ex Offset Acc – Furn & Equip – Dunsborough Sculpture by the Bay	0	7,000	7,000
330-10900-3260-9650	Consultancy – Reconciliation Plan	6,550	-2,000	4,550
330-10900-3280-0000	Contractors – Sculpture Walk Installation Support	15,000	-5,000	10,000
	Net Total	21,550	0	21,550

3. “Mosquito Control”

In 2018/2019 Environmental Health Services requests to reallocate the budget amounts for salaries, consultancy and contractors within the Preventative Services mosquito’s budget. This opportunity was identified shortly after the finalisation of the 2018/19 budget and following successful previous employment of a casual EHO resource.

The purpose of the change is increase the salary allocation to employ a casual EHO to conduct in house mosquito monitoring and communication activities. A casual EHO employee can perform twice as many hours of work compared to engaging a consultant for the same work. The City will be using the allocated resources more effectively.

The budget amendment is requested to reallocate a greater amount to salaries using amounts taken from existing consultancy and contractor budget allocations. The net total amount remains the same, there are no additional funds requested.

Planned Expenditure Items

Officers propose that the 2018/2019 adopted budget be amended to reflect the following funding changes, shown in Table 3.

Table 3:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
Expenditure				
440-10922-3001-0000	Salaries Normal	2,000	9,000	11,000
440-10922-3260-0000	Consultancy	13,000	-8,000	5,000
440-10922-3280-0000	Contractors	6,100	-1,000	5,100
	Net Total	21,100	0	21,100

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**F1903/017**

Moved Councillor P Carter, seconded Councillor J McCallum

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That Council endorse the requested budget amendments outlined in tables 1 to 3 below, resulting in no change to an amended budgeted surplus position of \$0.

Table 1:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
Expenditure				
545-C3191-3280-0000	Contractors	0	13,637	13,637
Income				
545-C3191-1221-0000	Capital Grants Other (Federal)	0	-13,637	-13,637
	Net Total	0	0	0

Table 2:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
Expenditure				
330-10900-7743-0000	Ex Offset Acc – Furn & Equip – Dunsborough Sculpture by the Bay	0	7,000	7,000
330-10900-3260-9650	Consultancy – Reconciliation Plan	6,550	-2,000	4,550
330-10900-3280-0000	Contractors – Sculpture Walk Installation Support	15,000	-5,000	10,000
	Net Total	21,550	0	21,550

Table 3:

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
Expenditure				
440-10922-3001-0000	Salaries Normal	2,000	9,000	11,000
440-10922-3260-0000	Consultancy	13,000	-8,000	5,000
440-10922-3280-0000	Contractors	6,100	-1,000	5,100
	Net Total	21,100	0	21,100

CARRIED 5/0

7. GENERAL DISCUSSION ITEMS

7.1 Councillor Henley enquired about the timeframe invoices are paid by the City. The Acting Manager of Finance Services responded that vendors are generally on 30 day terms after receipt of invoice.

7.2 Councillor Henley requested an updated on commercial waste disposal. The Chief Executive Officer responded that the Director of Engineering and Works Services is currently drafting a business case to look at options.

10.28am At this time the Director of Finance and Corporate Services left the meeting.

7.3 The Chief Executive Officer provided the Committee with an update on the progress of the Long Term Financial Plan.

10.30am At this time the Director of Finance and Corporate Services returned to the meeting.

11.10am At this time the Chief Executive Officer left the meeting

11.10am At this time the Director of Engineering and Works Services entered the meeting.

11.12am At this time the Acting Manager of Finance Services and Councillor Henley left the meeting.

11.13am At this time Councillor Henley returned to the meeting.

7.4 The Director of Engineering and Works Services provided the Committee with a briefing on sealing of roads.

11.22am At this time the Director of Finance and Corporate Services left the meeting.

8. NEXT MEETING DATE

Thursday, 18 April 2019

9. CLOSURE

The meeting closed at 11.33am.

THESE MINUTES CONSISTING OF PAGES 1 TO 22 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 18 APRIL 2019.

DATE: _____ PRESIDING MEMBER: _____