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CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 20 JULY 2017

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MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN , ON 20 JULY 2017 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 John McCallum

Members:

Cr Grant Henley Mayor

Cr Terry Best

Cr Gordon Bleechmore

Cr Rob Bennett Deputy Member

Officers:

Mr Mike Archer, Chief Executive Officer (Entered the meeting at 9.48am)

Mr Cliff Frewing, Director, Finance and Corporate Services

Mr Kim Dolzadelli, Manager, Finance Services

Miss Kate Dudley, Administration Officer, Governance

Apologies

Cr Paul Carter

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 8 June 2017

Council Decision and Officer Recommendation

F1707/039

Moved Councillor G Bleechmore, seconded Councillor G Henley

That the Minutes of the Finance Committee Meeting held 8 June 2017 be confirmed as a true and correct record.

CARRIED 5/0

6. REPORTS

6.1 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 31 MAY 2017

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:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Statement of Financial Activity as at 31 May 2017⇒ Attachment B Investments Report as at 31 May 2017⇒

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 31 May 2017.

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 21 July 2016, the Council adopted (C1607/160) the following material variance reporting threshold for the 2016/17 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 2016/17 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

Not applicable.

FINANCIAL IMPLICATIONS

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

Long-term Financial Plan 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 6.1 - ‘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

Not applicable

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 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 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 31 May 2017

Operating Activity

▪ Operating Revenue

As at 31 May 2017, there is a variance of -0.06% (-\$43K) in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	2016/2017 Amended Budget	2016/2017 Amended Budget YTD	2016/2017 Actual	2016/17 YTD Bud (A) Variance \$	2016/17 YTD Bud (A) Variance %
Operating Grants, Subsidies and Contributions	5,171,217	4,130,973	4,936,893	805,920	19.51%
Interest Earnings	2,542,850	2,368,230	3,100,012	731,782	30.90%
Non-Operating Grants, Subsidies and Contributions	45,891,102	9,647,216	7,946,713	(1,700,503)	-17.63%
Profit on Asset Disposals	30,167	30,167	19,793	(10,374)	-34.39%

Operating Grants Subsidies and Contributions (+\$805)

- Busselton Jetty +\$417k. This is attributable to a budget timing difference associated with contributions received from BJECA for Busselton Jetty License fee.
- Human resources and payroll section +\$114k. This variance is mainly attributable to insurance recovered \$94k (which is partly offset by additional expenditure of \$64k).
- Meelup Regional Park +\$41k, attributable to a budget timing difference.
- Fire Prevention DFES +44k, attributable to a budget timing difference.
- Financial Services +\$31k, this is represented by +\$21k in LGIS dividend payment and +\$10k in insurance claims revenue.
- Operations Services Works +\$34k, this attributable to reimbursement of Workers Compensation payments.
- Miscellaneous Bridge Maintenance +\$22k, attributable to a budget timing difference.
- Airport Operations -\$41k, attributable to a budget timing difference.
- Occupation Health and Safety -\$14k, this is offset with nil expenditure.

Interest Earnings (+\$732K)

- Interest on municipal funds -\$70k.
- Interest on reserve funds +\$226k.
- Interest on restricted funds +\$491k.
- Late payment and instalment plan interest on rates +\$62k.

Non-Operating Grants, Subsidies and Contributions (-\$1,700K)

- Contributions received +\$456k. Contributions have no effect on the net current position as they are transferred to restricted cash and are utilised in the future for the purpose when received;
- Grants for Bushfire Brigades +\$661k, Dunsborough +\$111k and Sussex +\$551k this is offset with the addition of Donated Assets;
- Foreshore East-Youth Precinct Community Youth Building/SLSC -\$2,566k, please note that \$1,522k has been recognised in the month of June 2017;
- Main Roads - Direct Grants 2/3 Funded -\$674k, please note that +\$319k has been recognised in the month of June 2017;
- Roads to Recovery Funding +\$130k this in line with current expenditure levels on these projects namely Kaloorup Road;
- Bridges -\$183k Layman Road Bridge
- Footpath Busselton Bypass - Fairway to Kangaroo Gully -\$111k this in line with current expenditure levels on the project;
- Busselton Foreshore Stage 3: Toddler's Playground -\$140k this in line with current expenditure levels on the project;
- Airport development grant received +\$725k. Timing difference associated with the receipt of Federal funding for the development of the airport.

Operating Expenditure

As at 31 May 2017, there is a variance of +3.52% (+\$2,069K) in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	2016/2017 Amended Budget	2016/2017 Amended Budget YTD	2016/2017 Actual	2016/17 YTD Bud (A) Variance \$	2016/17 YTD Bud (A) Variance %
Materials & Contracts	(15,780,869)	(13,884,690)	(11,953,891)	1,930,799	13.91%
Other Expenditure	(3,099,864)	(2,641,034)	(2,214,609)	426,425	16.15%

Materials and Contracts (+\$1,931)

- By directorate, materials and contracts is showing the following variances at 31 May 2017;
 - Engineering and Works Services +\$984k
 - Community and Commercial Services +\$533k
 - Finance and Corporate Services +\$279K
 - Planning and Development Services +\$144k
 - Executive Services -\$10k

The variances are predominantly attributable to the following activities:

Engineering and Works Services

Description	Budget	Budget YTD	Actual YTD	Variance \$
Street Lighting Installations	(150,000)	(75,000)	(185,999)	(110,999)
Bsn Foreshore Precinct (not including Skate Park)	(158,250)	(145,068)	(254,500)	(109,432)
Busselton Transfer Station	(98,960)	(89,815)	(135,503)	(45,688)
Dunsborough Waste Facility	(165,520)	(147,147)	(188,403)	(41,256)
Transport - Fleet Management	(1,822,700)	(1,674,647)	(1,464,568)	210,079
Engineering Services Administration	(544,770)	(315,541)	(93,867)	221,674
Miscellaneous Bridge Maintenance	(312,000)	(286,000)	(19,576)	266,424
Road Maintenance Bal Of Budget	(360,900)	(330,825)	(62,695)	268,130
Port Geographe	(305,000)	(305,000)	0	305,000

Community and Commercial Services

Description	Budget	Budget YTD	Actual YTD	Variance \$
Iron Man	(18,000)	(16,500)	0	16,500
Art Geo Administration	(65,790)	(60,313)	(43,234)	17,079
Busselton Library	(95,396)	(86,742)	(68,395)	18,347
Community Services Administration	(69,810)	(67,843)	(31,829)	36,014
Geographe Leisure Centre	(394,275)	(366,873)	(321,795)	45,078
Kookaburra Caravan Park	(452,150)	(415,730)	(365,346)	50,384
Airport Operations	(325,520)	(306,048)	(170,015)	136,033
Property and Business Development	(281,670)	(216,529)	(23,845)	192,684

Finance and Corporate Services

Description	Budget	Budget YTD	Actual YTD	Variance \$
Human Resources & Payroll	(49,940)	(30,077)	(45,108)	(15,031)
Winderlup Court Aged Housing	(23,120)	(16,754)	(10,016)	6,738
Winderlup Villas Aged Housing	(52,250)	(44,956)	(37,358)	7,598
Property Services Administration	(19,140)	(11,958)	(1,793)	10,165
Financial Services	(83,540)	(76,582)	(65,834)	10,748
Occupational Health & Safety	(15,860)	(14,531)	(550)	13,981
Customer Services	(37,610)	(34,648)	(19,424)	15,224
Information & Communication Technology Services	(1,001,839)	(919,905)	(882,790)	37,115
Legal and Compliance Services	(196,985)	(172,293)	(123,605)	48,688
Business Systems	(538,516)	(494,391)	(377,178)	117,213

Planning and Development Services

Description	Budget	Budget YTD	Actual YTD	Variance \$
Analytical Services	(14,370)	(1,716)	(13,463)	(11,747)
Yallingup Rural Bushfire Brigade	(4,254)	(1,394)	(11,876)	(10,482)
Preventative Services - Mosquitoes	(85,382)	(55,454)	(64,847)	(9,393)
Environmental Management Administration	(135,300)	(69,152)	(31,218)	37,934
Implement Management Plans Other	(144,300)	(112,187)	(68,949)	43,238
Meelup Regional Park	(319,900)	(259,684)	(158,866)	100,818

Other Expenditure (+\$426K)

The variances are predominantly attributable to the following activities:

Description	Budget	Budget YTD	Actual YTD	Variance \$	Variance %
<u>Community and Commercial Services</u>					
Community Services Administration, namely Marketing & Promotion \$143k	(738,148)	(695,373)	(521,672)	173,701	-25%
<u>Executive Services</u>					
Office of the CEO, namely CAPEROC - Regional Development \$10k and CEO Discretionary Funding \$28k	(131,107)	(71,218)	(29,494)	41,724	-59%
Public Relations, namely Marketing & Promotions \$14k and Catering \$12k	(162,200)	(148,535)	(102,344)	46,191	-31%
Members of Council, namely Elected Members Refreshment & Functions \$25k, Elected Members Sitting Fees \$22k, Allowances - Mayor & Deputy \$8k, meeting expenses 17k and Elected members attire \$4k	(561,860)	(514,167)	(423,566)	90,601	-18%
<u>Finance and Corporate Services</u>					
Rates Administration, namely Rating Valuations	(105,000)	(96,250)	(83,605)	12,645	-13%
Winderlup Court Aged Housing, namely Payout of resident Funded Unit	(58,890)	(27,840)	(376)	27,464	-99%
Financial Services, Valuation Expenses	(82,600)	(40,000)	(167)	39,833	-100%
<u>Planning and Development Services</u>					
Environmental Management Administration, namely Biodiversity Incentive Rate Rebate	(14,950)	(250)	(17,466)	(17,216)	6886%
Planning Administration, namely Façade Refurbishment Policy	(51,000)	(25,913)	(6,230)	19,683	-76%
Total	(1,905,755)	(1,619,546)	(1,184,920)	434,626	-27%

Capital Activity▪ Capital Revenue

As at 31 May 2017, there is a variance of -10.21% (-\$6,065k) in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	2016/2017 Amended Budget	2016/2017 Amended Budget YTD	2016/2017 Actual	2016/17 YTD Bud (A) Variance \$	2016/17 YTD Bud (A) Variance %
Transfer from Reserves	35,873,755	21,561,917	23,839,429	10.56%	2,277,512
Transfer from Restricted Assets	55,722,104	33,500,000	25,991,331	-22.41%	(7,508,669)
Proceeds from Sale of Assets	792,000	792,000	252,590	-68.11%	(539,410)
Proceeds from New Loans	3,650,000	3,500,000	3,214,000	-8.17%	(286,000)
Self-Supporting Loans - Repayment of Principal	91,040	67,772	58,923	-13.06%	(8,849)
	96,128,899	59,421,689	53,356,273	-10.21%	(6,065,416)

Note: Proceeds from New Loans (-\$286K not material based on percentage)

Transfer from Reserves (+\$2,277k)

Variations are shown below for specific Reserves; these variations are of a timing nature and are offset with Capital expenditure items.

- Civic and Administration Centre Construction Reserve (-\$1,978K);
- Port Geographe Waterways Management Reserve (SAR) -\$305k;
- New Infrastructure Development Reserve +\$198k;
- Community Development Contribution Reserve +\$717k;
- Infrastructure Asset Renewal Reserve +\$900k
- Waste Management Facility and Plant Reserve +\$2,745k;

Transfer from Restricted Assets (-\$7,508K)

- Timing difference relating to use of Airport and Foreshore grants -\$17,485k and -\$2,619k relating to the foreshore works. No impact to net current position.
- Movement of Community and Rec Facilities +\$7,323k, Vasse Diversion Drain +\$383k, Contribution to Works +\$211k, Aged Housing +\$846k from restricted assets into reserves. These movements were budgeted to occur in June 2017 but have mainly occurred in October and are timing in nature only. No impact to net current position.
- Bonds and Deposits +\$804k not budgeted. Timing in nature only as held on behalf of other entities and individuals.
- Government Grants +\$1,410k, no impact to net current position.
- Unspent Loans +\$1,617k, no impact to net current position.

Proceeds from Sale of Assets (-\$539K)

- The Proceeds from Sale of Assets category recognises the estimated sale or trade-in value of 'heavy and light' plant items budgeted to be replaced during the financial year. The current adverse variance is largely reflective of the timing difference in the lower Plant and Equipment capital expenditure on a year to date basis.

Proceeds from Loans (-\$286k)

- Difference relates to the delayed draw down of new loan for Dunsborough car parking as per budget timeline. This transaction does not affect the City's net current position as expenditure has not yet been incurred.

Self-Supporting Loans (-\$9k)

- Difference relates to the delayed draw down of new self-supporting loan as per budget timeline. This transaction does not affect the City's net current position.

- Capital Expenditure

As at 31 May 2017, there is a variance of +30% (+\$34,834K) in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Capital Expenditure	2016/2017 Actual	2016/2017 Amended Budget YTD	2016/17 YTD Bud (A) Variance	2016/17 YTD Bud (A) Variance
	\$	\$	\$	%
Land & Buildings	(20,497,859)	(23,299,102)	2,801,243	12%
Plant & Equipment	(1,582,865)	(3,154,662)	1,571,797	50%
Furniture & Equipment	(503,238)	(1,876,599)	1,373,361	73%
Infrastructure	(25,437,923)	(59,868,421)	34,430,498	58%
Subtotal	(48,021,885)	(88,198,784)	40,176,899	46%

Total Loan Repayments - Principal	(1,617,306)	(1,523,968)	(93,338)	-6%
Advances to Community Groups	(214,000)	(150,000)	(64,000)	-43%
Transfer to Restricted Assets	(5,309,614)	(1,137,763)	(4,171,851)	-367%
Transfer to Reserves	(24,498,591)	(23,485,807)	(1,012,784)	-4%
Subtotal	(31,639,511)	(26,297,538)	(5,341,973)	-20%
Grand Total	(79,661,396)	(114,496,322)	34,834,926	30%

The following table is a summary of Capital Expenditure items that have a variance of greater than \$200k; furthermore the attachments to this report include detailed listings of all capital expenditure (project) items, to assist further in reviewing specific variances. All capital expenditure variances are considered to have no impact expected against the net current position.

Description	2016/ 17 Actual	2016/17 Amended Budget YTD	Variance \$
Foreshore East-Youth Precinct Community Youth Building/SLSC	1,189,122	2,566,663	1,377,541
Milne Street Pavilion	1,340,618	1,741,154	400,536
Civic and Administration Centre Construction	13,637,071	14,498,704	861,633
Plant & Equipment	861,334	2,242,000	1,380,666
Administration Building- 2-16 Southern Drive	120,650	1,100,000	979,350
Major Projects - Busselton Foreshore	2,469,849	5,345,848	2,875,999
Dunsborough Town Centre Carparking	60	900,000	899,940
Bridges Construction	139	814,000	813,861
Administration Building Landscaping Works	70,256	412,500	342,244
Sanitation Infrastructure	2,537,199	3,252,535	715,336
Airport Development	9,804,105	34,534,203	24,730,098
Main Roads - Layman Road	106,133	719,500	613,367
Main Roads - Peel Terrace	47,006	397,573	350,567
Roads to Recovery Tom Cullity Drive	753,059	956,087	203,028
Council Roads Initiative Carter Road	149,600	395,087	245,487
Total	33,086,200	69,875,854	36,789,654

Transfers to Restricted Assets (-\$4,171)

The transfers to restricted assets budget comprises an estimation of funds that could potentially be received during the financial year, primarily from developer contributions. Due to the nature of the category, the annual budget allocation is spread evenly throughout the year. The performance in this activity does not have any direct impact on the surplus/deficit position, as revenue is recognised upon receipt and these funds are subsequently quarantined to restricted assets, essentially offsetting the initial transaction. Furthermore, the transfers to restricted assets category also include the payment of bonds and deposits, where no specific budget allocation is made for these funds.

The financial year to date variance of -\$4,129k is primarily attributable to the receipt of Community and Recreation Facilities -\$159k, Bonds and Deposit -\$593k receipt of interest in excess of budget attributable to the airport grant -\$370k and Unspent Loan funds -\$3,047k.

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 31 May 2017, the value of the City's invested funds totalled \$94.7M, decreasing from \$101.5M as at 1st May. The decrease is due to funds being utilised for operational purposes including the Admin Building and Airport projects.

During the month of December \$24.5M in term deposit funds matured. Deposits totalling \$13.0M were renewed for an average of 109 days at an average rate of 2.50%. Deposits totalling \$11.5M were closed.

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 \$3.5M due to funds from closed term deposits not being immediately required. The balance of the Airport development ANZ cash account increased by \$1.21M at month's end, with the balance fluctuating as term deposits are closed and then the funds utilised on the project.

The credit ratings of a large number of secondary banks within Australia were downgraded by a major rating agency during the month of April. Whilst the City does have deposits with two of the affected banks (Bendigo Bank and Bank of Queensland) current holdings remain below the maximum exposure permitted by the Investment Policy even subsequent to the downgrade. Accordingly no immediate adjustments to the portfolio mix are required; however this will continue to be monitored.

The RBA left official rates on hold during May and June with future rate movements are unclear at this stage.

CONCLUSION

As at 31 May 2017, the City's financial performance is considered satisfactory. Whilst current variances exist in some operational areas, these are primarily due to timing differences or are offset with matching income/expenditure, are not material in nature or are transactions that have no direct impact on the Net Current Position.

Acknowledging capital is presently tracking below year to date budget estimates the officer notes that whilst many items will be addressed in the month of June there is a likelihood that some of these items will need to be carried over into the coming 2017/2018 Municipal Budget.

Council Decision and Officer Recommendation

F1707/040 Moved Councillor G Blechmore, seconded Councillor T Best

That the Council receives the statutory financial activity statement reports for the period ending 31 May 2017, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

6.2 LIST OF PAYMENTS MADE - MAY 2017

SUBJECT INDEX:	Financial Operations
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:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments made May 2017 ↗

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of May 2017, 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.

Long-term Financial Plan Implications

NA.

STRATEGIC COMMUNITY OBJECTIVES

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

RISK ASSESSMENT

NA.

CONSULTATION

NA.

OFFICER COMMENT

In accordance with regular custom, the list of payments made for the month of May 2017 is presented for information.

CONCLUSION

NA.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA.

Council Decision and Officer Recommendation

F1707/041 Moved Councillor T Best, seconded Councillor G Henley

That the Council notes payment of voucher numbers M114274 – M114430, EF052150 – EF052668, T007337 – T007341, and DD003111 – DD003139; together totalling \$13,197,211.91.

CARRIED 5/0

6.3 FINANCE COMMITTEE INFORMATION BULLETIN - JUNE 2017

SUBJECT INDEX:	Councillors' Information
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Executive Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli Councillor Support Officer - Lisa Haste Asset Coordinator - Daniel Hall
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

* 9.48am at this time the CEO entered the meeting.

PRÉCIS

This report provides an overview of information that is considered of relevance to members of the Finance Committee, and also the Council.

INFORMATION BULLETIN**1. Chief Executive Officer – Corporate Credit Card**

Details of monthly (May) 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
27-Apr-17	\$547.80	Adelaide Hills Council	* LGCO Conference
28-Apr-17	\$361.97	Createsend / Jack In The Box	Bay To Bay Newsletter
09-May-17	\$70.00	Busselton Chamber	GG Budget Breakfast Busselton Chamber
09-May-17	\$510.00	Qantas Club	* 1 Year Membership
09-May-17	\$399.50	Lifesize Standups	2 X Lifesize Instagram Frames
20-May-17	\$223.30	Intercontinental, Adelaide	* Deposit, Accom LGCO Conf
22-May-17	\$17.50	Australia Post	Busselton Jetty Stamps
22-May-17	\$154.00	Grosvenor Hotel, East Perth	Meal & Drinks BMRA Meetings
23-May-17	\$16.13	Wilson Parking, Perth	Parking: BMRA Meeting
23-May-17	\$17.50	The George, Perth	Coffee - BMRA Meeting
23-May-17	\$815.55	Frasers Suites, East Perth	Accomm: BMRA Meetings

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

+ Allocated against CEO Hospitality Expenses Allowance

2. Voluntary Contributions/Donations (Income)

No voluntary contributions have been approved this financial year to date.

3. Donations/Contributions and Subsidies Fund (Sponsorship Fund – Payment of Funds)

Current expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) reveals:

- 98 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$349.25
- There were 9 applications for sponsorship received or assessed during May 2017.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$34,227.32

Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$37,450.

App. No.	Recipient	Purpose	Amount
90/1617	Dunsborough Basketball Club	Funding requested to purchase first aid kits for all their teams.	\$0.00
91/1617	Mayoral Prayer Breakfast	Major sponsor of the Mayoral Prayer breakfast in August 2017.	\$2,500
92/1617	Chelsea Lindsay for Breast Cancer Care WA	Event fee waiver for Breast Cancer Charity fundraising dinner being held at 3Oceans.	\$36.50
93/1617	Bailey Coshott	Representing WA at the U 15's school sport AFL championships in Perth	\$200
94/1617	Geographe Bay Table Tennis Club	Seeking Funds to assist with the overall running costs of their June SW Open championships.	\$500
95/1617	Jaylen Colegate	Representing WA at the Australian Under 16 Junior basketball Championships in Perth.	\$200
96/1617	Vasse Probus Club Inc	Seeking funds to purchase a steel cupboard to hold their resources. Unsuccessful, however they have been put in contact with City officers to see what we have from the old building that the Probus Club could use.	\$0
97/1617	Busselton Choral Society	Seeking funds to assist with the costs of their Winter concert. Unsuccessful as funds have already been received this financial year.	\$0
98/1617	Busselton Horse and Pony Club	Fee waiver for camping permit fee at the Winter Jumping Festival.	\$100

Asset Management Report

Unsealed Roads and Fair Value

The following report provides some clarification on the calculation of fair value for unsealed roads and also the drivers for the unsealed road renewal (re-sheeting) program.

There are three main types of unsealed roads included within the City's unsealed road network. These are paved, formed and unformed roads. These are defined as follows;

- A paved road is a road that has been shaped by a grader and has been constructed with the use of imported gravel;
- A formed road is an unsealed road that has been shaped by a grader but has not been constructed with imported gravel; and
- An unformed road is a legally-recognised road that is undeveloped, but provides public access (often 4wd access only) to a particular area or feature.

Although each of these types of unsealed roads require varying levels of annual renewal requirements, they are none-the-less all still under the management control of the City; and therefore are all required to be included in the fair value assessment.

Formed and unformed roads, require little or no scheduled maintenance and may only be subject to ADHOC tree pruning or a light grade (formed roads only) as the need arises.

Scheduled maintenance is required for paved roads as these contain imported materials (gravel) which needs to be monitored and maintained at a certain depth (The ideal gravel depth for a paved road in an excellent condition is greater than 150mm); for the safety of road users, structural integrity of the underlying pavement and to provide sufficient gravel depth to enable maintenance grading.

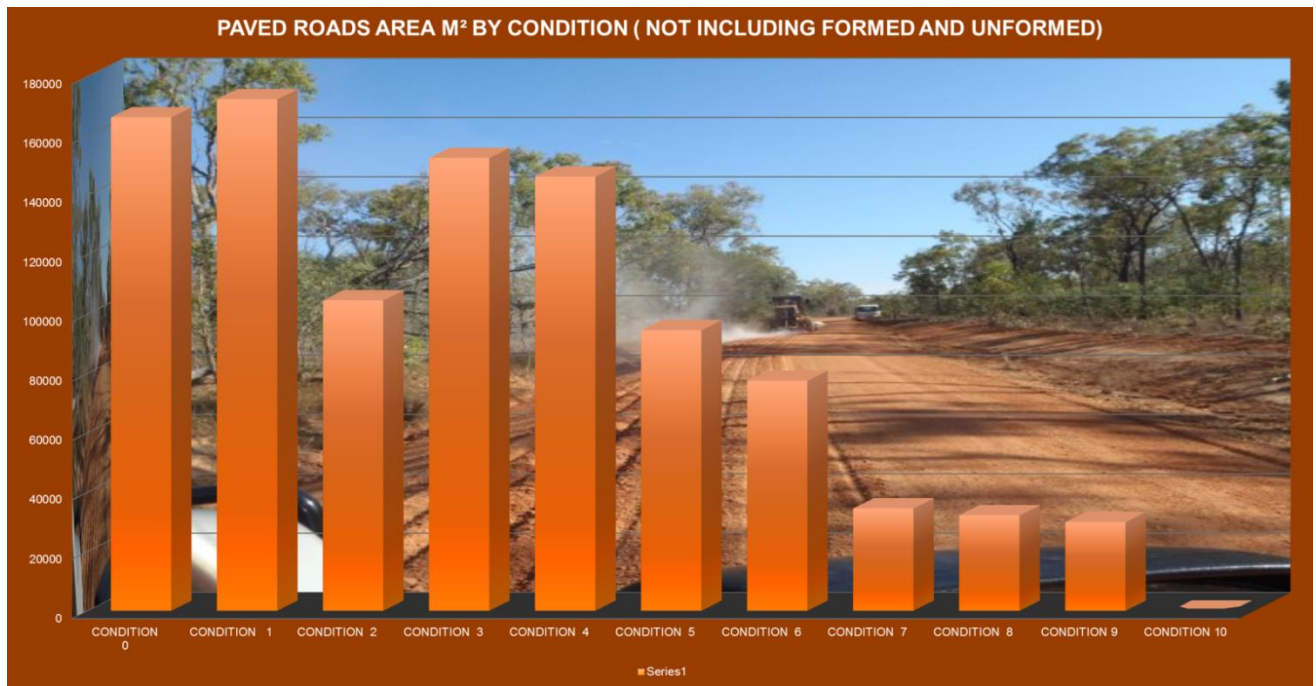
The monitoring of these paved roads consists of measuring the gravel depths with the use of a drill to ensure that minimum standards are being maintained. Unsealed roads with a gravel pavement should maintain a reasonable depth of gravel from the subgrade to the surface. This depth is renewed through the use of the gravel re-sheeting program which is funded through the annual budget.

Re-sheeting is required when the gravel depth falls to an ungradable level and subgrade exposure becomes evident. At this point there is no longer enough remaining gravel for the grader driver to “work with” when maintaining the road and more gravel is required. Re-sheeting is triggered by the road sections overall condition which considers depth, shape, drainage, looseness and safety. Priority is allocated considering condition, utilisation, risk and deprival.



The above chart shows the condition breakdown by square metres of all (paved, formed and unformed roads) following the updated inspections in April 2017. This chart drives the fair value for unsealed roads, which currently sits at \$14.8M.

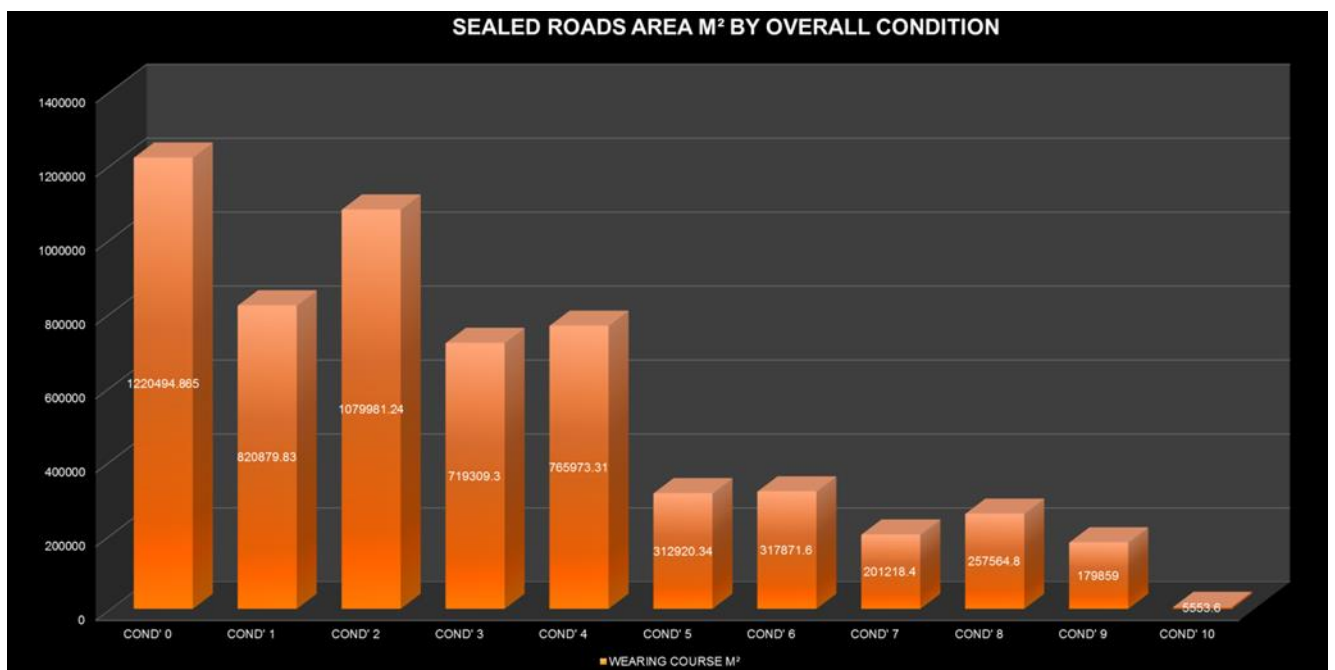
It should be noted here also, that formed and unformed roads will naturally sit at condition eight, nine and ten; due to zero pavement gravel depth. This is further highlighted in the chart below which shows a reduction in the square metres of road with condition eight, nine or ten ratings.



The above chart shows the condition breakdown for paved roads only (not including formed and unformed) which drives the annual re-sheeting program. Roads sitting in the condition eight and nine and ten ratings are those which are scheduled for re-sheeting. These will be rectified through the current re-sheeting program and do not indicate any current back log of works for unsealed roads.

Sealed Roads for Comparison

The Chart below shows the current breakdown (by total square metres) of all sealed roads that the City maintains. This has been included as a means of highlighting the similar condition profiles of the sealed and unsealed paved roads above. These condition profiles are indicative of assets under a scheduled renewal program as the majority of the assets are sitting in an ‘as new’ or ‘good’ condition.



Both of these charts highlight the effectiveness of the current renewals programs and also the need for these programs to be maintained into the future. These programs are the annual re-sheeting and road construction programs which are funded through the annual budget.

Council Decision and Officer Recommendation

F1707/042 Moved Councillor G Bleechmore, seconded Councillor T Best

That the Finance Committee Information Bulletin for the month of June 2017 be noted.

CARRIED 5/0

7. GENERAL DISCUSSION ITEMS

In relation to item 14.1 Proposal to vest Wilyabrup Hall to the Wilyabrup Progress Association on the Council Agenda 26 July 2017, Cr McCullam raised the question with the group regarding the budgets capacity to allow the \$2000 proposed for Wilyabrup Progress Association to be increased to \$5000.

Mr Dolzadelli indicated that the budget could accommodate the \$3000 increase.

8. NEXT MEETING DATE

Thursday, 3 August 2017

9. CLOSURE

The meeting closed at 10.08am.

THESE MINUTES CONSISTING OF PAGES 1 TO 21 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 3 AUGUST 2017.

DATE: _____

PRESIDING MEMBER _____