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**CITY OF BUSSELTON**

**MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 8 JUNE 2017**

**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 9 May 2017 .....	2
6.	REPORTS .....	3
6.1	REVIEW OF POLICY 218 - INVESTMENT .....	3
6.2	FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 30 APRIL 2017.....	6
6.3	LIST OF PAYMENTS MADE - APRIL 2017 .....	12
6.4	FINANCE COMMITTEE INFORMATION BULLETIN - MAY 2017.....	14
7.	GENERAL DISCUSSION ITEMS .....	18
8.	NEXT MEETING DATE .....	18
9.	CLOSURE .....	18

## MINUTES

### MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN MEETING ROOM 1, COMMUNITY RESOURCE CENTRE, BUSSELTON, ON 8 JUNE 2017 AT 9.30AM.

#### 1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.33am

#### 2. ATTENDANCE

##### Presiding Member:

Cr John McCallum

##### Members:

Cr Grant Henley Mayor  
Cr Terry Best  
Cr Paul Carter  
Cr Gordon Bleechmore

##### Officers:

Mr Cliff Frewing, Director, Finance and Corporate Services  
Mr Kim Dolzadelli, Manager, Financial Services  
Miss Kate Dudley, Administration Officer, Governance

##### Apologies:

Mr Mike Archer, Chief Executive Officer

#### 3. PUBLIC QUESTION TIME

Nil

#### 4. DISCLOSURE OF INTERESTS

Nil

#### 5. CONFIRMATION OF MINUTES

##### 5.1 Minutes of the Finance Committee Meeting held 9 May 2017

##### Committee Recommendation and Officer Recommendation

**F1706/034**

Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Minutes of the Finance Committee Meeting held 9 May 2017 be confirmed as a true and correct record.

**CARRIED 5/0**

## 6. REPORTS

### 6.1 REVIEW OF POLICY 218 - INVESTMENT

<b>SUBJECT INDEX:</b>	Financial Operations
<b>STRATEGIC OBJECTIVE:</b>	Council engages broadly and proactively with the community.
<b>BUSINESS UNIT:</b>	Finance and Corporate Services
<b>ACTIVITY UNIT:</b>	Finance and Corporate Services Support
<b>REPORTING OFFICER:</b>	Financial Compliance Officer - Jeffrey Corker
<b>AUTHORISING OFFICER:</b>	Director, Finance and Corporate Services - Cliff Frewing
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A Revised Policy 218 - Investment - Tracked Changes <a href="#">⇒</a>

#### PRÉCIS

As a result of an amendment to section 19C(2)(b) of the Local Government (Financial Management) Regulations, a review of Policy 218 Investment has been undertaken. As a result of this review it is recommended that an alteration be made to the policy reflecting that the maximum term Councils may invest surplus funds in term deposits has been increased from 12 months to 3 years.

#### BACKGROUND

The Council's Investment Policy 218 was last before the Council in April 2017 at which time no amendments were recommended (C1704/081). Subsequent to this review, the Minister for Local Government; Heritage; Culture and the Arts; has advised (copy of circular attached) of an amendment to Section 19C(2)(b) of the Local Government (Financial Management) Regulations 1996 that extends the permitted maximum term of term deposit investments from 12 months to 3 years. This amendment has necessitated a further review of the policy.

#### STATUTORY ENVIRONMENT

In accordance with Section 2.7(2)(b) of the Local Government Act 1995 it is the role of the Council to determine the Local Government's policies.

In accordance with Section 6.14 of the Local Government Act 1995 Council has the power to invest surplus funds held in a municipal or trust fund that are not immediately required for any other purpose.

Subsequent to recent amendment, in accordance with *Regulation 19C of the Local Government (Financial Management) Regulations 1996* Council is limited to invest surplus funds in Term Deposits with Authorised Deposit-Taking Institutions as defined in the *Banking Act 1959 (Commonwealth) section 5* or the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986* for terms of no more than 3 years.

Council is also limited to only investing surplus funds in Government Guaranteed bonds and for terms of no more than 3 years.

#### RELEVANT PLANS AND POLICIES

This report proposes adoption of existing Council Policy 218 Investment in its current format with an amendment to clause 1.5.iii to increase the maximum term deposit term from 12 months to 3 years to reflect the change of legislative requirements.

## **FINANCIAL IMPLICATIONS**

There are no direct financial implications associated with this report.

### **Long-term Financial Plan Implications**

Nil.

## **STRATEGIC COMMUNITY OBJECTIVES**

This policy aligns with and supports the Council's Key Goal Area 6 – 'Leadership visionary, collaborative, accountable' and more specifically Community Objective 6.2 – 'Council engages broadly and proactively with the community'.

## **RISK ASSESSMENT**

The primary risk is the loss of Council funds. Legislative requirements have been established which outline very clear restrictions regarding which investment options are available to Councils. The Council's Investment Policy complies with these legislative requirements. This policy also requires funds to be spread across a number of institutions and limits exposure to individual institutions based upon performance benchmarks and associated reporting requirements thereby further mitigating risk.

In addition, a statement of invested funds is presented to Council each month via the Finance Committee where compliance with this policy is monitored by the Committee.

## **CONSULTATION**

As a policy with an internal focus, this policy is not considered to require any public consultation.

## **OFFICER COMMENT**

This report presents the review of the Council's Investment Policy 218 as necessitated by an amendment to the section 19C(2)(b) of the Local Government (Financial Management) Regulations. As a result of this review it was established that a minor amendment to the policy is required to maintain full compliance with *Regulation 19 of the Local Government (Financial Management) Regulations 1996*.

It is further considered by officers that the policy has been operating efficiently and effectively for the City's current needs and therefore it is proposed that no other alterations are made to Policy 218 Investment at this time. The existing Clause 1.5.iii already permitted a maximum of 20% of the portfolio to be invested in products with terms between 1 year and 3 years and it is not recommended to alter this limit.

## **CONCLUSION**

Subsequent to an amendment to the relevant legislation, a review of Council Policy 218 – Investments has been conducted. Following this review officers are recommending that a single alteration be made to the policy to reflect the revised legislative requirements which will allow for term deposits to a maximum period of 3 years.

**OPTIONS**

The Council may not agree to the proposed amendment of the existing policy and may seek to make other or no alterations to the policy.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

The policy would be effective immediately upon adoption of Council.

**Committee Recommendation and Officer Recommendation**

**F1706/035** Moved Councillor G Henley, seconded Councillor G Bleechmore

That Council adopts the revised Council Policy 218 Investment as shown at Attachment A.

**CARRIED 5/0**

## 6.2 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 30 APRIL 2017

<b>SUBJECT INDEX:</b>	Budget Planning and Reporting
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Finance and Corporate Services
<b>ACTIVITY UNIT:</b>	Finance and Corporate Services
<b>REPORTING OFFICER:</b>	Manager Financial Services - Kim Dolzadelli
<b>AUTHORISING OFFICER:</b>	Director, Finance and Corporate Services - Cliff Frewing
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A Financial Activity Statements - April 2017⇒ Attachment B Investment Report - April 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 30 April 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 30 APRIL 2017

### Operating Activity

▪ Operating Revenue

As at 30 April 2017, there is a variance of -0.6% (-\$422K) in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Operating Grants Subsidies and Contributions	+23%	+\$791
Interest Earnings	+30%	+\$667
Non-Operating Grants Subsidies and Contributions	-22%	-\$1,937
Profit on Asset Disposals	+22%	+\$4

#### **Operating Grants Subsidies and Contributions (+\$791)**

- 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 +\$111k. This variance is mainly attributable to insurance recovered \$94k (which is partly offset by additional expenditure of \$64k).

#### **Interest Earnings (+\$667K)**

- Interest on municipal funds -\$27k.
- Interest on reserve funds +\$183k.
- Interest on restricted funds +\$433k.
- Late payment and instalment plan interest on rates +\$78k.

#### **Non-Operating Grants, Subsidies and Contributions (-\$1,937K)**

- Contributions received +\$508k. 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;
- Bridge Construction Works -\$414k;
- Foreshore East-Youth Precinct Community Youth Building/SLSC -\$2,333k;
- Main Roads - Direct Grants 2/3 Funded -\$584k;
- Main Roads - Direct Grants Fully Funded +\$55k;
- Roads to Recovery - Fully Funded +\$273k;
- Airport development grant received +\$489k. Timing difference associated with the receipt of Federal funding for the development of the airport.



Operating Expenditure

As at 30 April 2017, there is a variance of +4.44% (+\$2,392K) in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	+17%	+\$2,130
Other Expenditure	+18%	+\$448
Loss on Asset Disposals	-74%	-\$54

**Materials and Contracts (+\$2,130K)**

- By directorate, materials and contracts is showing the following variances at 30 April 2017;
  - Engineering and Works Services +\$1,041k
  - Community and Commercial Services +\$626k
  - Finance and Corporate Services +\$302K
  - Planning and Development Services +\$86k
  - Executive Services +\$76K
- The variances are predominantly attributable to contractors +\$251k, Port Geographe waterways maintenance (Department of Transport) +\$305k, consultants +\$704k, contract building cleaning costs +\$146k, fuels, oils and grease +\$103k, and leasing of equipment +\$99k.

**Other Expenditure (+\$448K)**

- Community services - marketing and promotions +\$130k, donations, contributions and subsidies +\$65k, events sponsorships (diff rates) -\$26k,
- Elected Members s - attire reimbursements +\$4k, catering related consumables +\$5k, allowances for mayor and deputy +\$7k, meeting expenses +\$16k, refreshment and functions +\$22k, sitting fees +\$20k, communication allowances +\$3k, and sister city involvements (Sugito) -\$5k;
- Public Relations - advertising council pages +\$6k, community consultations and surveys +\$5k, donations, contributions and subsidies +\$3k, public relations +\$7k, catering +\$14k, marketing and promotions +\$13k,
- Rate administration valuation expenses +\$59k,
- Office of CEO CAPEROC regional development +\$20k, CEO discretionary funding \$29k,
- Winderlup Court aged housing payout on resident funded unit +\$28k,

**Loss on Asset Disposals (-\$54K)**

The Loss on Asset Disposal represents adverse book losses on the sale of sundry plant items and vehicles. It should be noted that this is a book entry only, and has no direct impact on the surplus/deficit position.

**Capital Activity**

- Capital Revenue

As at 30 April 2017, there is a variance of -26% (-\$14,545k) in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Transfer from Reserves	-2%	-\$388
Transfer from Restricted Assets	-44%	-\$13,326
Proceeds from Sale of Assets	-56%	-\$323
Proceeds from Loans	-14%	-\$500
Self-Supporting Loans	-13%	-\$9

**Transfer from Reserves (-\$338K not material based on percentage)**

- Timing difference relating to the construction of the Administration building and the utilisation of funds from the Civic and Administration Centre Construction Reserve (-\$2,878K);
- Timing difference associated with the utilisation of funds allocated Port Geographe waterways maintenance (Department of Transport) -\$305k;
- Timing difference associated with the utilisation of funds from the waste management facility and plant reserve for operational cash flow +\$2,745k;

**Transfer from Restricted Assets (-\$13,326K)**

- Timing difference relating to use of Airport and Foreshore grants -\$19,380k and -\$3,500k 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 (+\$790k) not budgeted. Timing in nature only as held on behalf of other entities and individuals.

**Proceeds from Sale of Assets (-\$323K)**

- 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 (-\$500k)**

- 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 30 April 2017, there is a variance of +35% (+\$36,791K) in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	+18%	+\$4,109
Plant and Equipment	+50%	+\$1,260
Furniture and Equipment	+76%	+\$1,395
Infrastructure	+65%	+\$35,124
Transfers to Restricted Assets	-399%	-\$4,129

The attachments to this report include detailed listings of the capital expenditure (project) items, to assist in reviewing specific these variances. All capital expenditure variances are considered to be a timing adjustment at this time, with no impact expected against the net current position.

**Transfers to Restricted Assets (-\$4,129K)**

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 30 April 2017, the value of the City's invested funds totalled \$101.5M, decreasing from \$112.5M as at 1st April. The decrease is due to funds being utilised for operational purposes including the Admin Building and Airport projects.

During the month of December \$26.5M in term deposit funds matured. Deposits totalling \$20.0M were renewed for an average of 90 days at an average rate of 2.48%. Deposits totalling \$6.5M were closed. A deposit held with the WATC (as required in accordance with the Airport Redevelopment funding contract) matured and was rolled for a further 90days at 1.65%.

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) reduced by \$1.5M with funds utilised for operational purposes. The balance of the Airport development ANZ cash account reduced by \$3.12M with funds utilised on the project.

The RBA left official rates on hold during April and May with future rate movements are unclear at this stage. Please refer to Attachment B for further information.

**CONCLUSION**

As at 30 April 2017, the City's financial performance is considered satisfactory. Whilst current variances exist in some operational areas, these are primarily due to timing differences, are not material in nature or are transactions that have no direct impact on the Net Current Position.

Whilst acknowledging capital is presently tracking below year to date budget estimates, this is also seen to be attributable to timing differences at this time.

**Committee Recommendation and Officer Recommendation**

**F1706/036** Moved Councillor P Carter, seconded Councillor T Best

That the Council receives the statutory financial activity statement reports for the period ending 30 April 2017, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

**CARRIED 5/0**

### 6.3 LIST OF PAYMENTS MADE - APRIL 2017

<b>SUBJECT INDEX:</b>	Financial Operations
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Finance and Corporate Services
<b>ACTIVITY UNIT:</b>	Finance and Corporate Services
<b>REPORTING OFFICER:</b>	Manager Financial Services - Kim Dolzadelli
<b>AUTHORISING OFFICER:</b>	Director, Finance and Corporate Services - Cliff Frewing
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A List of Payments Made - April 2017 <a href="#">⇒</a>

#### **PRÉCIS**

This report provides details of payments made from the City's bank accounts for the month of April 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 April 2017 is presented for information.

**CONCLUSION**

NA.

**OPTIONS**

NA.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

NA.

10:02 am At this time Councillor G Henley left the meeting.

**Council Decision and Officer Recommendation**

**F1706/037** Moved Councillor G Bleechmore, seconded Councillor T Best

That the Council notes payment of voucher numbers M114173 – M114273, EF051686 – EF052149, T007332 – T007336, and DD003082 – DD003109; together totalling \$10,774,396.79.

**CARRIED 4/0**

6.4 FINANCE COMMITTEE INFORMATION BULLETIN - MAY 2017

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

10:05 am At this time Councillor G Henley returned to 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 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.

<b>Date</b>	<b>Amount</b>	<b>Payee</b>	<b>Description</b>
28-Mar-17	\$68.00	The Goose	+ Rio Tinto Executive Visit - Following Busselton Jetty Inc Function
30-Mar-17	\$356.69	Createsend / Jack In The Box	March Bay To Bay Newsletter
12-Apr-17	\$75.00	WALGA	Breakfast With Minister Local Govt Mayor, CEO & Naomi Searle
12-Apr-17	\$75.00	WALGA	Breakfast With Minister Local Govt Mayor, CEO & Naomi Searle
19-Apr-17	\$527.50	The Esplanade Hotel	Councilors' Dinner
20-Apr-17	\$366.04	Qantas	* Flights SA - LGCOG Conference (CEO)
20-Apr-17	\$149.00	The Manna Hahndorf	* Accom: LG CEO Conference (July)

*\*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:

- 89 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$344.84
- There were 4 applications for sponsorship received or assessed during April 2017.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$30,690.82
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$37,450.

App. No.	Recipient	Purpose	Amount
86/1617	Busselton Hospice with Palliative Care WA	Holding 2 workshops on Advance Care Planning. Free to the community. Funds to cover room hire	\$208.00
87/1617	Chelsea Lindsay for Breast Cancer Care WA	Seeking a contribution towards the costs of holding a fundraiser for Breast Cancer WA, ticketed event (\$150pp) limited to 200 people.	\$0.00
88/1617	South West Affiliated Agricultural Associations	Annual request for funding towards South West District display at Perth Royal Show	\$250.00
89/1617	Geographe Cycle Club	funding towards production of a book of the Club's history	\$500.00

### 4. 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.

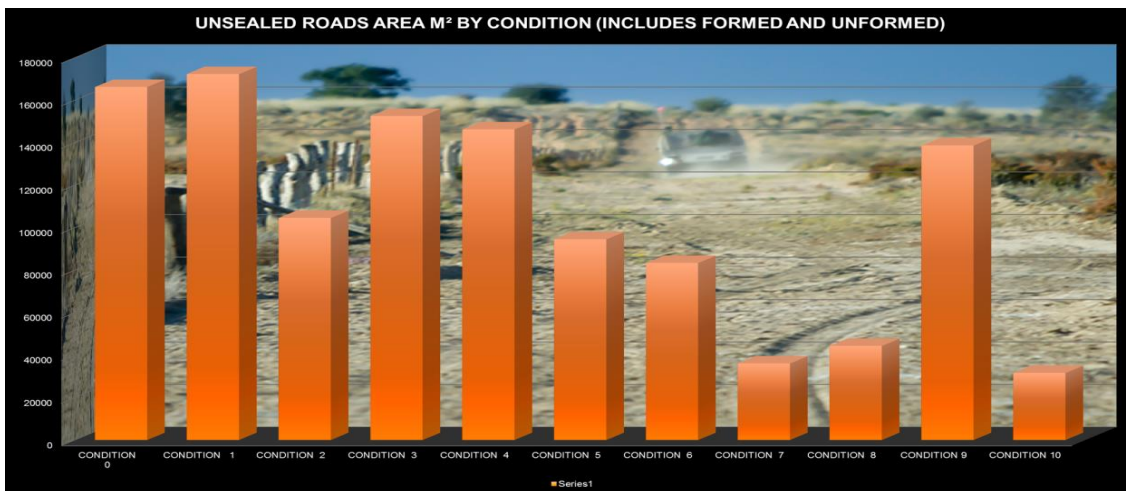
Formed and unformed roads, require little or no scheduled maintenance and may only be subject to ADHOC tree pruning or a light grade (formed roads only) as the need arises.

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.

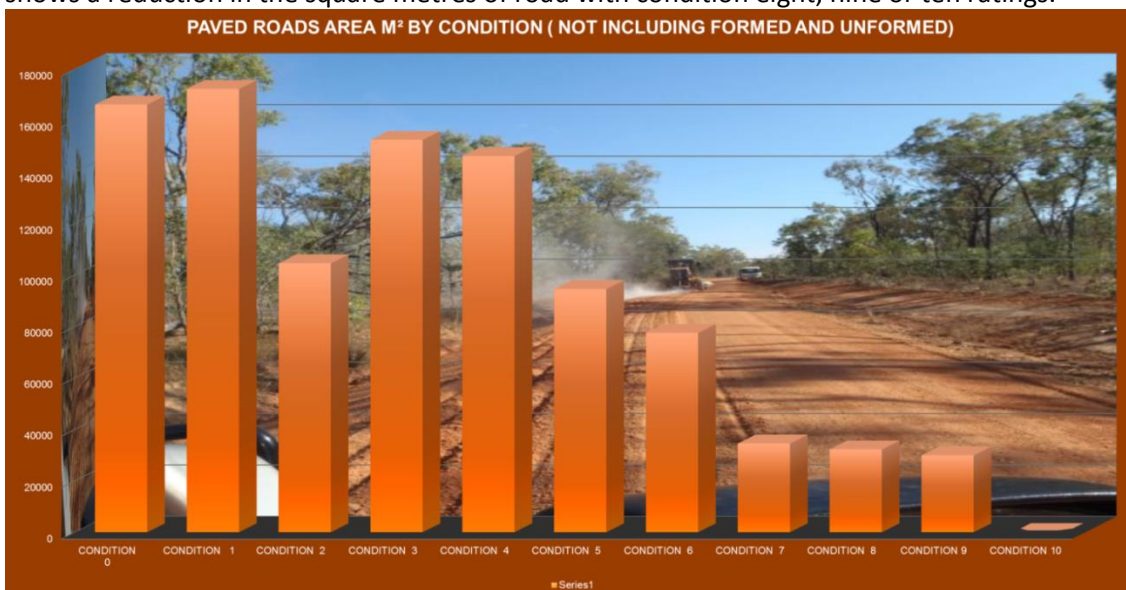
The monitoring of these paved roads consists of measuring the gravel depths with the use of a drill to ensure that minimum standards are being maintained. Unsealed roads with a gravel pavement should maintain a reasonable depth of gravel from the subgrade to the surface. This depth is renewed through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



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.

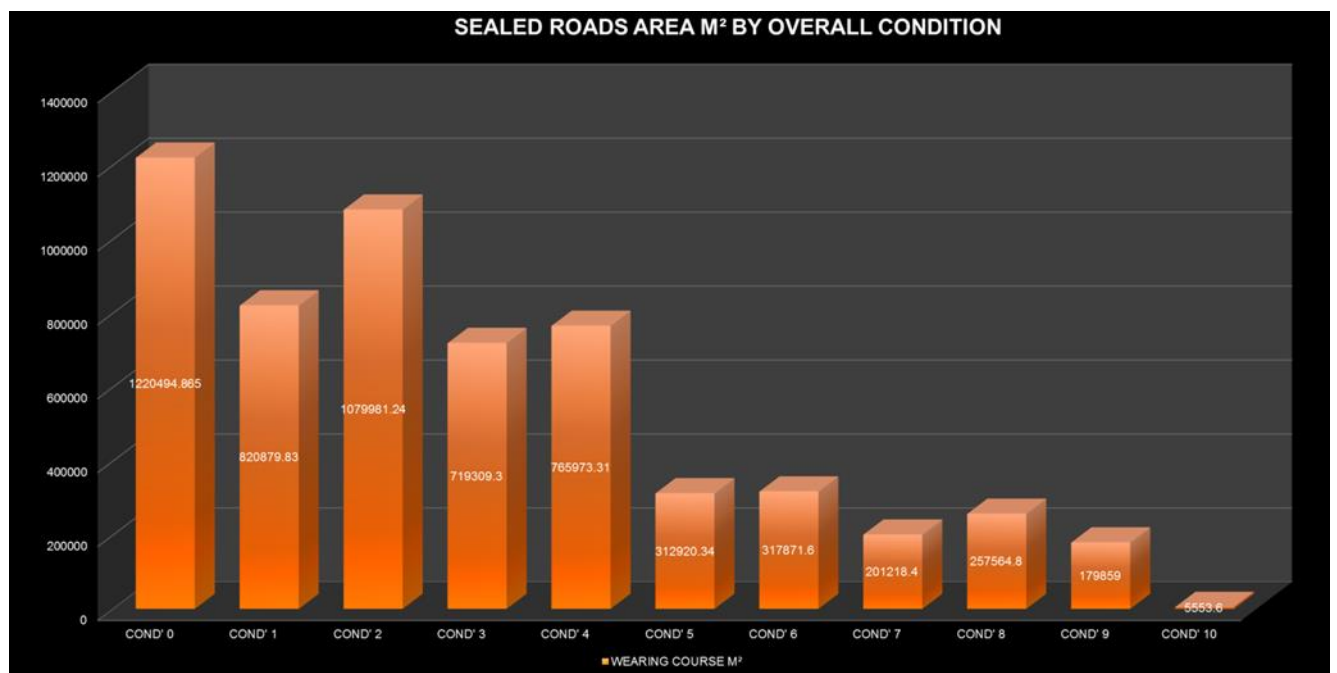




The above chart shows the condition breakdown for paved roads only (not including formed and unformed) which drives the annual re-sheeting program. Roads sitting in the condition eight and nine and ten ratings are those which are scheduled for re-sheeting. These will be rectified through the current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

**Committee Recommendation and Officer Recommendation**

**F1706/038** Moved Councillor G Henley, seconded Councillor P Carter

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

**CARRIED 5/0**

**7. GENERAL DISCUSSION ITEMS**

The Manger of Finance Services distributed a copy of the Interim Audit Management Report for the year ended 30 June 2017.

**8. NEXT MEETING DATE**

Thursday, 20 July 2017

**9. CLOSURE**

The meeting closed at 10.13am.

THESE MINUTES CONSISTING OF PAGES 1 TO 18 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 20 JULY 2017.	
DATE: _____	PRESIDING MEMBER: _____