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CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 6 APRIL 2017

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MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN MEETING ROOM A, CITY ADMINISTRATION SITE, HARRIS ROAD, BUSSELTON, ON 6 APRIL 2017 AT 9.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.31am.

2. ATTENDANCE

Presiding Member:

Cr John McCallum

Members:

Cr Grant Henley
Cr Terry Best (left at 11.25am)
Cr Paul Carter
Cr Coralie Tarbotton (Deputy Member)

Officers:

Mr Mike Archer, Chief Executive Officer
Mr Cliff Frewing, Director, Finance and Corporate Services
Mr Kim Dolzadelli, Manager, Financial Services
Mr Daniel Hall, Asset Coordinator (left at 10.04am)
Mr Jon Berry, Economic and Business Development Coordinator (left at 9.44am)
Mr Jeffery Corker, Financial Compliance Officer (left at 9.52am)
Mr David Goodwin, Recreation Facilities Coordinator (left at 9.52am)
Miss Kate Dudley, Administration Officer, Governance
Mr David Whitfield, Rates Coordinator (from 9.37am to 10.48am)
Ms Mersina Robinson, Major Projects Officer (from 10.24am to 10.29am)

Apologies

Cr Gordon Bleechmore

Approved Leave of Absence

Nil

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 2 March 2017

Committee Recommendation and Officer Recommendation

F1704/015 Moved Councillor G Henley, seconded Councillor T Best

That the Minutes of the Finance Committee Meeting held 2 March 2017 be confirmed as a true and correct record.

CARRIED 5/0

6. REPORTS

6.1 PERMIT FEES FOR CRUISE SHIP TENDER USE OF MARINE BERTHING PLATFORMS AT THE BUSSELTON JETTY

SUBJECT INDEX:	Tourism Development
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Commercial Services
ACTIVITY UNIT:	Economic and Business Development
REPORTING OFFICER:	Economic and Business Development Coordinator - Jon Berry
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

9.34am At this time the CEO left the meeting.

PRÉCIS

Two marine berthing platforms have been built near the base of the Busselton Jetty at a cost of \$1.2m to facilitate marine based tourism. The berths (one on the east side and one on the west side) were supported by a \$600k Federal tourism development grant to help facilitate cruise ship visits (tender drop off) and facilities for commercial whale watching and charter/tour vessel usage at the City's most popular tourist visitation point.

Council has previously resolved (C1604/101) to adopt fees and charges in the 2016/17 financial year under the category 'whale-watching/tour vessels', (currently in place) and to defer charging fees for cruise ship tender use until the 2017/18 financial year.

This report recommends Council commence charging cruise ship companies a fee for use of the platforms to assist in maintaining revenue into the Busselton Jetty Reserve fund which supports whole of life asset management and replacement of the Jetty. It also recommends a new three monthly permit option be introduced for whale watching vessels to support use of the platforms

9.37am At this time the CEO and the Rates Coordinator entered the meeting.

BACKGROUND

The City received a Federal Government Tourism Demand Driver Infrastructure (TDDI) grant of \$600k, (matched by a City contribution from the Busselton Jetty Reserve of \$600k) to construct marine berthing facilities at the Busselton Jetty completed in early 2016. The funds enabled the City to construct a 35m berthing platform to replace the existing structure on the east side of the Jetty (the principal berthing facility with universal pedestrian access) and a 15m platform on the west side of the Jetty (stair access only). The two platforms enable the transfer of cruise ship passengers in a range of weather conditions and provide a new pick up and drop off point for commercial whale-watching and charter/tour vessels at Busselton's premier tourist precinct. They are designed principally for tourism based commercial use, however are also used by recreational fishers.

There is also an existing platform toward the end of the Jetty known as 'Alley's Landing', which was purpose built for visits of tall ships such as the sail training ship "STS *Leeuwin II*", operated by the not-for-profit Leeuwin Ocean Adventure Foundation. There is no fee or charge set for use of this landing, with no new fee proposed at this time.

The two marine berths support berthing of vessels operated by two user groups, being cruise ship tenders and whale-watching/tour vessels.

1. Whale watching/tour vessels

There are six vessels regularly operating whale watching tours in the Geographe Bay region, which is a popular activity for tourists visiting the Region. Some of these vessels are based at Dunsborough (Quindalup professional fisherman's boat ramp), with the majority being moored at pens at Port Geographe, with seasonal visits from Perth or North West home ports. The whale-watching season in Geographe Bay primarily runs from September to mid-December, with some of the vessels then operating during Augusta through to May to experience whale migration and for fishing charters.

Council has previously resolved to implement the following schedule of fees and charges for this category commencing 1 July 2016:

Registered Length of vessel	Maximum duration of use permitted		
	Monthly (ex GST)	Annual (ex GST)	Refundable Bond*
0 < 10 m	\$500	\$3,500	\$2,500
10 < 15	\$550	\$4,000	\$3,500
15 < 25	\$600	\$4,500	\$4,500
Over 25m	\$700	\$5,000	\$6,000
Permit Application Fee: \$70.00 (ex GST)			

**Bond charge per vessel payable in advance (in addition to insurance requirements) Permit fee payable in advance at issue of notice of approval*

Since the fees and charges for use of the platforms commenced, three permits were issued within this category (two for whale watching vessels and one for a jet boat operator).

This report recommends a new option (a three monthly permit fee) be introduced from 2017/18 for whale watching / tour vessels to support use of the platforms.

2. Cruise ship vessels

On 25 November 2015, Council resolved (C1511/330) to waive jetty entrance fees for cruise ship passengers and on 9 December 2015 Council also resolved (C1512/369) to waive berthing fees for cruise ship tender vessels until the 2017/18 financial year.

During the 2016/17 financial year ten cruise ships are scheduled to disembark passengers at Busselton with a further sixteen vessels booked until March 2019. The majority of vessels are operated by Carnival Australia (P&O; Cunard; Princess Cruises). New operators that have recently booked to tender passengers include Gulf Agency Company (Australia) Pty Ltd (Vessel: Europa); Crystal Cruises (Vessel: Crystal Serenity) and Cruise & Maritime Voyages (Vessel: MS Astor). City officers have also held discussions with Royal Caribbean Cruises who are yet to make bookings.

Tourism WA acknowledge the importance of the cruise sector for tourism industry development in WA, which contributed around \$275 million to the state's economy in 2015-16 and supported nearly 1200 jobs. Locally around \$1.2m per season of direct passenger expenditure is injected into the economy with a multiplier effect across the district.

This report recommends a proposed fee arrangement for cruise ship tenders using the platforms to commence from 1 December 2017.

STATUTORY ENVIRONMENT

Jetties Act 1926

This Act provides for the construction, maintenance, and preservation of jetties and other works, and to make better provision for securing and regulating the use and management of jetties. Pursuant to section 7 of the Jetties Act, the CEO of the Department of Transport may grant a license for the erection or construction of a jetty or for the maintenance and use of any Jetty. The Busselton Jetty is licensed in accordance with this legislation.

Busselton Jetty License (2009)

The City of Busselton (former Shire) was granted a Jetty License in 2009 by the Department of Transport, with the permitted use being for 'Recreation, Tourism and Heritage'. Section 6.3 requires the City to establish and maintain a Jetty Maintenance Reserve and contribute to the account from income received from existing ground leases on the Busselton foreshore plus a minimum of \$650k (indexed to CPI) sourced from Busselton Jetty Environment and Conservation Association (BJECA), which is licensed to operate tourism enterprises on the Jetty to raise this capital.

City of Busselton and Busselton Jetty Environment and Conservation Association License (2009)

The City of Busselton licenses BJECA to use and manage the Jetty as a commercial enterprise on specified terms and conditions. Licensed activities include operation of commercial enterprises by BJECA including the Interpretative Centre, Underwater Observatory and the Miniature Railway Train. BJECA is also licensed to collect the Jetty Entrance fee that is set by Council.

City of Busselton Jetties Local Law 2014

The Busselton Jetty Local Law (2014) allows the City to control access to berthing at the Jetty. Relevant clauses include:

- **Section 2.2 Mooring of Vessels:**
 - (1) *A person shall not moor to or berth a vessel at the jetties or moor or berth a vessel on the Land—*
 - (a) *unless the mooring or berthing of the vessel is authorized or permitted by the local government either by way of a sign affixed by the local government to the jetties or by written consent of the local government; (b) other than in accordance with any conditions imposed by the local government under clause 3.2(1)(a).*
 - (2) *Subclause (1) does not apply to—*
 - (a) *a person who needs to moor to or berth a vessel at the jetties or on the Land in an emergency;*
 - (b) *a vessel in distress such as that repairs are required and then only to effect the minimum repairs necessary to enable the vessel to be moved elsewhere;*
 - (c) *a person who uses the jetties under and in accordance with a written agreement with the local government; and*
 - (d) *a person who has been exempted from subclause (1) by the local government.*
 - (3) *A person shall not—*
 - (a) *moor a vessel to the jetties or any part of the jetties except to such moorings or mooring piles as are provided; or*
 - (b) *permit a vessel to remain alongside the jetties unless the vessel is so moored or fastened.*

- **Section 5.6 Fees and charges:**

- (1) *Fees and charges may be imposed by the local government for the purposes of this local law in accordance with the requirements of Part 6, Division 5, Subdivision 2 of the Act.*
- (2) *A person shall not charge admission or seek payment for entering or using the jetties without having first obtained the written consent of the local government.*
- (3) *A person shall not enter upon or use the jetties without first having paid—*
 - (a) *the fees and charges which may apply to such entry or use, as determined by the local government from time to time; or*
 - (b) *admission charged by a person who obtained written consent pursuant to subclause (2).*

RELEVANT PLANS AND POLICIES

Busselton Jetty 50-Year Maintenance Plan

The Busselton Jetty 50-Year Maintenance Plan identifies the maintenance, capital replacement and upgrade tasks required to maintain the Busselton Jetty, including the exterior and structural maintenance of the Interpretive Centre and the Underwater Observatory, for the 50-year period from 2013 to 2062. Reconstruction of the existing lower landing fishing platform (formerly known as 2A) was originally scheduled for the year 2020 (with no access ramp) at a forecast cost of ~\$500k so this has effectively been brought forward with respect to long range planning. Revenue gained from marine berthing platform fees and charges is to be directed into the Jetty Maintenance Reserve from which maintenance funds are sourced.

FINANCIAL IMPLICATIONS

Asset replacement and maintenance of the two new berths is provided for in the Jetty Maintenance Reserve (2016/17 opening balance ~\$2.6m). Engineering and Works (EWS) estimate maintenance costs of the platforms at approximately \$25k pa, which will be reflected in a review of the Busselton Jetty 50-Year Maintenance Plan.

Additionally, cruise ship visits currently cost the City on average of \$1.8k per visit (~\$13k pa), with these funds used for an onshore visitor welcome program and budgeted in the Property and Business Development Activity section of the municipal budget. This is a partnering contribution along with separate resources provided by the Margaret River Busselton Tourism Association (MRBTA), Chambers of Commerce and Busselton Jetty Inc. who provide staff resources and volunteer effort. Tourism WA and the South West Development Commission have also provided some additional seed funding for marquees and maps.

Long-term Financial Plan Implications

Income generated from fees and charges for the marine berthing platforms is directed to the Jetty Maintenance Reserve. The LTFP opening balance of the Reserve for 2016/17 was \$2,608,146 with projected income from interest (\$91,265) and transfers to the Reserve of \$1,177,344. Although the majority of transfers are sourced from the Busselton Jetty Inc. tourism activities (~\$730k) there is still a need to identify other income streams (other than the municipal fund and commercial foreshore land leases) in the LTFP to meet projected maintenance expenditure. The officer recommendation effectively reduces reliance on municipal fund transfers projected in the LTFP.

STRATEGIC COMMUNITY OBJECTIVES

Key Goal Area 2

Well planned, vibrant and active places: An attractive City offering great places and facilities promoting an enjoyable and enriched lifestyle

- 2.3 Infrastructure assets are well maintained and responsibly managed to provide for future generations.

Key Goal Area 3:

Robust local economy: A strong local economy that sustains and attracts existing and new business, industry and employment opportunities.

- 3.1 A strong, innovative and diversified economy that attracts people to live, work, invest and visit;
- 3.2 A City recognised for its high quality events and year round tourist offerings; and,
- 3.3 A community where local business is supported.

RISK ASSESSMENT

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
REPUTATIONAL The City's fees and charges for the marine berthing platforms are set too high and deter use of the platforms by cruise ship companies and local tour operators	Continue to consult with commercial tour and cruise ship operators balancing Jetty maintenance requirements with fees acceptable to enable reasonable use by operators	Moderate	Possible	Medium

CONSULTATION

Officers sought comment on the introduction of a fair and timely introduction of cruise ship fees and charges based on a proposed fix fee per visit (payable at the time of booking) of ~\$8,000-\$10,000 per ship visit with no bond payable. Comments were received as follows:

Tourism Western Australia (TWA)

- TWA suggests it is important to liaise with cruise ship companies when implementing a berthing fee, as itineraries including Busselton are already on sale and the pricing to passengers has not considered any additional fees;
- It is TWA's understanding that a fixed berthing/anchorage fee is chargeable by actual ports and when vessels are at an anchorage and tender ashore at a port of call, there is a fee per passenger payable;
- Fee is best aligned to what is payable in other ports

Margaret River Busselton Tourism Association

- Suggested if the cruise ship industry prefer a 'per head' rate, the City should consider this and perhaps introduce a system where a fee is based on the total passenger numbers on the ship then discount for every person who comes ashore to encourage disembarkation from the ship and spend for the City of Busselton.

- Since the first ship arrived in November 2014, 24,987 passengers have disembarked from cruise ships in Busselton and the goal is to increase this number. What is not known is the visitors who return to Busselton based on their “taste” of the experience. MRBTA surveys every ship and asks passengers, “would you return to the region as a result of your visit today?” the average response rate is 94% saying yes.
- MRBTA feedback from the industry is that fees need to be well justified as being spent on infrastructure for the cruise ships rather than general revenue. Containing revenue to an amount to support annual maintenance of the tender landing and infrastructure only (i.e. not contributing the maintenance on the whole jetty) is preferred.
- MRBTA understand cruise companies are experienced paying fees, however the issue is the mechanism for the charge – (i.e. fixed fee or based on passenger numbers). Suggests introducing fees gradually so cruise companies can absorb it over time. Ultimately, any cost increase will be a disincentive – not necessarily to the companies already coming, but to new ones.

Carnival Australia

- Carnival strongly disagree with paying fees in advance of a port call as this is not done in any other location (i.e. an invoice should only be raised once a port call has occurred);
- They argue a charge should be based on a per passenger basis and not a set fixed fee, which penalizes smaller vessels (the most frequent type of vessel calling into Busselton);
- Any introduction of fees mid-year will result in a cost that has not been budgeted for in 2017. Carnival state they cannot budget for costs before they are set. Their preference would be for introduction to be delayed until the 1st Dec 2017, which allows them to factor in costs accordingly;
- Their deployment out of WA has proved difficult to deliver and any additional costs represent a further obstacle in making deployment in Western Australia successful.

Cruise & Maritime Voyages (CMV)

- CMV operate the MS Astor and the 2017/18 summer will be its 5th consecutive year home-porting in Fremantle with 17 turnarounds each summer between December and March. CMV’s Astor is the only cruise ship that homeports in Western Australia that significantly promoted the state. Astor calls at Esperance six times a season and Albany seven times a season, including overnight calls. It regularly anchors in Geographe Bay but does not tender passengers to shore. It has booked to start tendering passengers to the Busselton Jetty from late December 2017.
- Astor has played a significant role in promoting Western Australia but in particular the region south of Perth. Whilst CMV acknowledges the improvement in services at Busselton for landing cruise passengers, they have expressed concern that charging a landing fee could have a detrimental effect on cruise tourism growth in the Busselton/Margaret River region.
- Most service or landing fees are ultimately paid by the passenger as they will be either added to the ticket price or collected by the cruise line, or added to the shore tour costs from guests wishing to explore and spend in local Busselton businesses. Whilst the cruise fares include accommodation and all meals, shore tours are an additional separate cost.

- By adding a landing fee, the cost of a Margaret River coach tour sold onboard Astor would therefore increase in price putting at risk the guest's decision to either purchase a coach tour or spend the day relaxing onboard Astor.
- Should a landing fee be charged at a fixed rate CMV stated it is unfair to charge a smaller passenger capacity cruise liner like Astor (maximum passenger capacity is 585 guests). They estimate that a maximum of 50% of guests will use the landing berthing platform. This would equate to 293 pax @ \$3 = \$877.50 per call, all of which could be taken up with administering the landing fee charge.
- A fixed rate of \$8,000-\$10,000 seems to target 2000+ passenger capacity cruise ships, therefore it discriminates against smaller passenger capacity (Astor 585 passenger) cruise ships.
- Unlike land based hotels, cruise ships can relocate from one destination to another destination very quickly and easily. During the past five years a number of Australian ports have lost calls by cruise ships due to increased costs or reduction in services. Additionally, competition between Australian coastal ports for cruise ship calls is fierce with incentives being offered to cruise ship owners by many ports to boost local tourism.
- CMV has in the past four years invested heavily in promoting WA and the WA Southern region both domestically and internationally. CMV is a member of the WA Tourism Cruise Committee.
- During the January and February months, a number of World Cruises catering to international guests call in WA ports. But annually, local WA residents make up the largest market for cruise ships operating to regional WA ports. Therefore a landing fee could be seen as a tax on local residents.

OFFICER COMMENT

Cruise ships

Fees and charges vary at destinations and are generally determined by the size of the vessel, number of passengers and duration of use. In making decisions on the choice of destination to berth, shipping companies consider profit maximization (which is based to some extent on port fees and charges along with other factors such as safety and passenger experiences at the destination).

Hitherto, the City of Busselton and regional tourism industry has been able to provide an exceptional visitor experience and has established Busselton as a growing cruise ship stop-over destination. This is demonstrated by independent research conducted by Tourism Western Australia, which concluded that three out of five (61 per cent) transit passengers rated their overall experience at the destination as "excellent" while a further 34 per cent rated their experience as "very good." The remainder rated their experience as good, meaning 100 per cent of transit passengers had a positive experience in the Region. Two in five (42 per cent) said they would definitely recommend the Region as a holiday destination to family and friends, while a further 54 per cent were "very likely" or "quite likely" to recommend it.

In March 2017, Busselton was awarded "*Best Local Initiative*" in the International Insights Cruise Magazine awards recognizing the welcome program established by the City and MRBTA on a global stage.

Other cruise ship ports/anchorage points in WA include:

- Albany (port facilities)
- Augusta (anchorage – no visits at this time)

- Broome (port facilities)
- Bunbury (port facilities)
- Busselton (anchorage)
- Esperance (anchorage / port facilities)
- Exmouth (anchorage)
- Fremantle (port facilities)
- Geraldton (anchorage)
- Port Hedland (port facilities)

Port berthing fees vary and generally include navigation fees, berth hire and services fees (water and waste). For example Albany Port charges \$0.2957 per tonne of vessel for navigation fees (min \$9,926) and \$1,266 per 8 hour berth period). If the ship does not come alongside berth it is charged \$1,266 per day for a navigation fee. Similarly, costs at the Port of Bunbury for a large vessel such as the Diamond Princess would include berth hire (\$2,800); pilotage (\$6,800), navigational services (~\$6,500 per hour) and stevedoring charges (~\$2,600 per visit).

The two anchorage ports most similar to Busselton are Exmouth and Geraldton, which are both under the control of the Department of Transport, which calculates its fees inclusive of GST at \$9.93 per metre of the tender vessel plus \$4.24 per passenger.

In the case of Geraldton, DoT contributes to the wage of a cruise co-ordinator, a position shared with the local visitor centre and has invested in some infrastructure on the foreshore. Esperance Port charges \$7,000 per visit for mobilizing a pontoon when anchorage visits are required.

In light of feedback from the consultation process and to reduce administration processes for the City, the following fees are recommended to be trialed commencing 1 December 2017 (as requested by Carnival Australia) and reviewed in March 2018.

- Permit fee for ships tendering passengers to the Busselton Jetty:
 - Less than 1,000 pax (registered ship capacity) = \$3,000
 - Between 1,000 and 2,000 pax (registered ship capacity) = \$4,000
 - Greater than 2,000 pax (registered ship capacity) = \$5,000

Based on the number and size of ships booked for the 2017/18 financial year (eight ships booked), this charging regime would yield revenue of approximately \$30,000.

Whale Watching/Tour Vessels

Following consultation with users in February 2017, feedback suggested the 2016/17 fees were high and a disincentive to grow marine tourism from the Busselton Jetty, particularly given the platform is solely for pick up and drop off and fees are already incurred for the permanent mooring at marinas. There was also a view that the platforms would have been engineered to handle a certain tonnage of vessel and as long as vessels are within these limits the likelihood of any damage caused by a commercial operator is very low so the need for a bond is questionable.

Officers have recommended a new three monthly fee to be introduced in 2017/18 to align with the majority of the whale watching period, (which is their likely duration of use) and maintenance of the bond to protect city infrastructure.

Proposed addition of a three monthly fee:

Registered Length of Vessel: 0m to less than 10m	\$1,200
Registered Length of Vessel: 10m to less than 15m	\$1,350
Registered Length of Vessel: 15m to less than 25m	\$1,500
Registered Length of Vessel: over 25m	\$1,800

CONCLUSION

Officers recommended the introduction of a berthing fee for cruise ships commence 1 December 2017 (as requested by Carnival Australia) and be based on a fixed fee dependent on the registered passenger capacity of the ship (excluding crew). This approach raises a reasonable amount of funds for maintaining the Jetty Platforms, whilst being price competitive with other ports and anchorage destinations. It also considers feedback from the cruise ship companies and tourism authorities that argue the importance of growing the cruise ship industry and the important wider economic impact it creates for the region.

With regard to whale-watching and tour operator vessels, a new three monthly permit fee is recommended to be added to the 2017/18 fees and charges schedule.

OPTIONS

Council may elect to:

- not introduce fees and charges in 2017/18 for cruise ship companies tendering vessels to the Busselton Jetty
- introduce an alternative permit fee structure for cruise ships that varies from the Officer recommendation. For example, a non-refundable booking fee has been contemplated to cover fixed costs to the City in case of a sail-by in unfavourable weather (however this has been strongly opposed by Cruise ship companies and MRBTA)

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Officers will advise the affected cruise ship companies and commence charging from 1 December 2017 and will advise tour operators of the new three month option for the whale watching season from 1 July 2017.

Officer Recommendation

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That Council introduces the following fees in the 2017/18 Fees and Charges Schedule.

Commercial Use of Busselton Jetty Marine Berthing Platforms - Cruise Ships (Commencing 1 December 2017 to allow budgeting by Cruise companies)

Tender berthing permit fee at Busselton Jetty (per ship visit)

- | | |
|--|---------|
| - Less than 1,000 pax (registered ship capacity) | \$3,000 |
| - Between 1,000 and 2,000 pax (registered ship capacity) | \$4,000 |
| - Greater than 2,000 pax (registered ship capacity) | \$5,000 |

Commercial Use of Busselton Jetty Marine Berthing Platforms - Whale Watching / Tour Vessels

(Addition of a new three monthly fee option commencing 1 July 2017):

- | | |
|---|---------|
| - Registered Length of Vessel: 0m to less than 10m | \$1,200 |
| - Registered Length of Vessel: 10m to less than 15m | \$1,350 |
| - Registered Length of Vessel: 15m to less than 25m | \$1,500 |
| - Registered Length of Vessel: over 25m | \$1,800 |

Committee Recommendation**F1704/016**

Moved Councillor G Henley, seconded Councillor P Carter

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That Council introduces the following fees in the 2017/18 Fees and Charges Schedule.

Commercial Use of Busselton Jetty Marine Berthing Platforms - Cruise Ships*(Commencing 1 December 2017 to allow budgeting by Cruise companies)*

Tender berthing permit fee at Busselton Jetty (per ship visit)

- Less than 1,000 pax (registered ship capacity)	\$2,000
- Between 1,000 and 2,000 pax (registered ship capacity)	\$4,000
- Greater than 2,000 pax (registered ship capacity)	\$5,000

Commercial Use of Busselton Jetty Marine Berthing Platforms - Whale Watching / Tour Vessels*(Addition of a new three monthly fee option commencing 1 July 2017):*

- Registered Length of Vessel: 0m to less than 10m	\$1,200
- Registered Length of Vessel: 10m to less than 15m	\$1,350
- Registered Length of Vessel: 15m to less than 25m	\$1,500
- Registered Length of Vessel: over 25m	\$1,800

CARRIED 5/0

Reason: The committee considered that the Commercial Use of the Busselton Jetty Marine Berthing Platforms – Cruise Ships should be more equitable and that the charge for ships less than 1,000 pax (registered ship capacity) should be reduced.

9.44am At this time the Economic and Business Development Coordinator left the meeting.

6.6 DRAFT SCHEDULE OF FEES AND CHARGES FOR THE 2017/18 FINANCIAL YEAR

SUBJECT INDEX:	Financial Services
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Operations
REPORTING OFFICER:	Financial Compliance Officer - Jeffrey Corker
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A Letter Requesting Review of Jetty Entry Fees ⇒ Attachment B Schedule of Fees and Charges 1 July 2017 ⇒

PRÉCIS

In accordance with Regulation 5(2) of the Local Government (Financial Management) Regulations, a local government is to undertake a review of its fees and charges regularly; and not less than once in every financial year. This report provides the Finance Committee with a recommended Schedule of Fees and Charges to apply for the financial year commencing on 01 July 2017, for its consideration and consequent recommendation to the Council.

BACKGROUND

Section 6.16 of the Local Government Act (the “Act”) states that a local government may impose and recover a fee or charge for any goods or services it provides or proposes to provide, other than a service for which a service charge is imposed.

Section 6.17 of the Act further states that in determining the amount of a fee or charge for goods and services, a local government is to take in to consideration the following factors:

- a) The cost to the local government of providing the service or goods;
- b) The importance of the service or goods to the community; and
- c) The price at which the service or goods could be provided by an alternative provider.

Section 6.18 of the Act clarifies that if the amount of any fee or charge is determined under another written law, then a local government may not charge a fee that is inconsistent with that law.

The above matters have been considered as part of the annual fees and charges review and the fees and charges recommended are in accordance with recent planning and discussions relating to the City’s Long Term Financial Plan.

Finally, whilst Section 6.16(3) of the Act states that a schedule of fees and charges is to be adopted by the Council when adopting the annual budget, fees and charges may also be imposed during a financial year. In order for the 2017/18 schedule of fees and charges to be effective from the commencement of the new financial year, the Council is required to adopt its schedule in advance of 30 June 2017, such that any statutory public notice periods (including gazettal’s where required) can be complied with.

STATUTORY ENVIRONMENT

Sections 6.16 – 6.19 of the Act refer to the imposition, setting the level of, and associated administrative matters pertaining to fees and charges. The requirement to review fees and charges on an annual basis is detailed within Regulation 5 of the Local Government (Financial Management) Regulations.

RELEVANT PLANS AND POLICIES

The Council's Draft Long Term Financial Plan, which was subject to Workshops with SMG and Councillors in February 2017, reflects an annual increase in Fees and Charges revenue of 2.9% (the 10 year average Local Government Cost Index). This matter has been considered as part of the review process.

FINANCIAL IMPLICATIONS

Whilst fees and charges revenue includes items that the Council has no authority to amend, it is important that, where possible, controllable fees and charges are appropriately indexed on an annual basis, to assist in offsetting the increasing costs of providing associated services. This may include increases beyond normal indexation in particular cases in line with Section 6.17 of the Act.

Long-term Financial Plan Implications

In terms of the Council's currently adopted budget, revenue from fees and charges (excluding waste collection charges) equates to approximately 22% of budgeted rates revenue and 14% of total operating revenue (excluding non-operating grants). As such, fees and charges form an integral and important component of the City's overall revenue base in relation to the Long Term Financial Plan.

STRATEGIC COMMUNITY OBJECTIVES

The schedule of fees and charges adopted by the Council encompasses 'whole of organisation' activities. As such, all Key Goal Areas within the Council's Strategic Community Plan 2013 are in some way impacted. More specifically however, this matter aligns with Key Goal Area 6 – 'Open and Collaborative Leadership' and particularly Community Objective 6.3 - 'An organisation that is managed effectively and achieves positive outcomes for the community'.

RISK ASSESSMENT

There are several risks that the Council needs to be mindful of when reviewing its schedule of fees and charges. Firstly, in an effort to assist in recovering costs associated with the provision of services, it is important that, where applicable, fees and charges are increased on an annual basis in line with relevant economic indicators. Should this not occur the provision of services is required to be increasingly subsidised by other funding sources. Conversely however, a balance is also required to ensure that fees and charges are maintained at levels so as not to adversely impact on the financial ability for ratepayers to utilise those services, which may otherwise result in a net reduction in revenue.

CONSULTATION

Business Unit Managers are responsible for reviewing fees and charges associated with activities under their control. As part of the review process, consultation may occur with other local government authorities, in addition to a review of prices offered by alternate service providers (pursuant to Section 6.17 of the Act).

OFFICER COMMENT

The 2017/18 draft Schedule of Fees and Charges has been guided by a general escalation of 2.9% over currently adopted fees and charges, which represents the average of the Local Government Cost Index (LGCI) over the past 10 years. This methodology is consistent with the Fees and Charges revenue extrapolation as comprised within the Council's current Draft Long Term Financial Plan.

Notwithstanding this however, in numerous instances this principle is not appropriate, with other factors also requiring consideration. The following provides an overview, by Directorate, of noteworthy instances where an LGCI extrapolation has not been utilised, whilst also discussing, where relevant, newly proposed fees and charges.

Executive Services

No fee increases imposed due to extremely low transaction rate.

Planning and Development Services

Health

- Traders

As the City has not implemented the Trader's fees adopted in 2016/17 and these are now part of the current EOI process, it is recommended that these remain the same. Additionally, these fees and fee structure will remain the same as those that are being adopted as Commercial Hire Site Fees within Commercial Services.

- Outdoor Eating Facilities

It has been recommended that the City reduce the annual Outdoor Eating Facility Fees to \$0 assuming there is no material change to the approved area. This is to assist in an increase to the number of premises currently offering outdoor eating options within the City. The initial application fee to assess the proposal has also been adjusted to reflect the costs of assessing all elements of the application and bring these in line with other application fees required when assessing applications under the Activities in Thoroughfares and Public Places and Trading Local Law 2015. Please note – this does not apply to outdoor dining abutting a Reserve under the care and/or control of the City to which a licence agreement will apply

Ranger & Fire Service Related Fees

Animal Control

- Application Fees

A number of new Fees have been introduced. Pursuant to s6.16(2)(d) of the Local Government Act 1995 a fee or charge may be imposed for receiving an application for approval, granting an approval, making an inspection and issuing a licence, permit, authorisation or certificate.

- Application to keep more than two cats: This is a new fee that has not been charged in the past. There is both an administrative and inspection process associated with the process. It is reasonable that the City recovers a portion of the cost associated with the application process.
- Application to keep more than two dogs: This is a new fee that has not been charged in the past. There is both an administrative and inspection process associated with the process. It is reasonable that the City recovers a portion of the cost associated with the application process.
- Application for licence/renewal of licence to keep an approved cattery establishment: In the past the City has charged \$200 for an application for a new or renewal of an existing licence for a cattery. The fee has not previously been captured in the Schedule of Fees and Charges. The fee has been added to the Schedule for that reason and includes a 2.9% increase from the previous fee.
- Application for licence/renewal of licence to keep an approved kennel establishment: In the past the City has charged \$200 for an application for a new or renewal of an existing licence for a cattery. The fee has not previously been captured in the Schedule of Fees and Charges. The fee has been added to the Schedule for that reason and includes a 2.9% increase from the previous fee.

- **Dangerous Dogs**
A new fee has been added. Pursuant to s33M of the Dog Act 1976 where a dog is declared to be a dangerous dog (declared), the local government may require the owner to pay, in addition to and at the time of the registration fee under section 15, either:
 - a. A reasonable charge, up to such maximum amount as may be prescribed, as determined by the local government having regard to the expense incurred by the local government in making inquiries, investigations and inspections concerning the behaviour of that particular dog and the manner and place in which it is from time to time kept; or
 - b. A fixed charge of such amount as is:
 - i. Determined by the local government for the purpose of this paragraph but not exceeding the maximum amount prescribed for the purpose of paragraph a. or
 - ii. Prescribed.

Once a dog has been declared a dangerous dog (declared) Rangers carry out an inspection of the place in which the dog is ordinarily kept to ensure it is compliant with the requirements of the Dog Act 1976. Thereafter, Rangers carry out an annual inspection to ensure the owner remains compliant

Impounding Fees Other

- **Beach Shelters and Other Structures**
A new Fee has been added. Pursuant to s.3.46(1) of the Local Government Act 1995 a local government may refuse to allow goods impounded under section 3.39 to be collected until the costs of removing, impounding and keeping them have been paid to the local government.

Engineering and Works Services

- **Waste Disposal and Sanitation Fees**
For the purpose of establishing the fees and charges for the 2017/2018 financial year, an analysis of the historical figures of the fees was undertaken, taking into account the fees from 2013/2014 to 2016/2017.

The following was simulated:

- a) A compound annual growth rate of 2.9% applied since 2013/2014;
- b) A one year growth of 2.9% applied to the 2016/2017 fees.

The proposed fees were set in order to follow, as much as possible, the compounded growth rate over the long term and rounding its dollar figure.

In fact, the fees are normally rounded to minimise handling of small coins at the waste facilities' gatehouses to facilitate/expedite transactions and, therefore, in many instances (smaller value fees and charges) they tend to be kept constant over a number of years and, from time to time, increased to the appropriate levels, making sure that that increase matches the long term (compounded) growth target (in this case 2.9%) while keeping it a fairly round figure.

Finance and Corporate Services

- **Busselton Community Resource Centre (CRC)**
With respect to the CRC, it has been recommended that fees in relation to community group hire of the meeting rooms be left at current levels to encourage continued community group (including tenant) usage. This is further to a decision to leave community user fees static for 2016/2017 which was well received by tenants and community groups. It is felt that an increase in community user hire fees may have a negative impact on the level of community hire at a time when the City will be decreasing its usage of the rooms.

On the other hand it is felt that Commercial hire fees have the scope to increase slightly above the standard 2.9% increase, and it is recommended that these be increased by 4%. The commercial full day hire rate for the ground floor meeting room would therefore be \$354.

- Busselton Youth and Community Activity Building (YCAB)
The construction of the YCAB is due for completion early 2018 and should be ready for use during the 2017/18 financial year. The YCAB houses an Events/Multifunction Room, meeting room and small office available for hire. As such it is recommended that the listed fees and charges be included in the 2017/18 Schedule of Fees and Charges.

The YCAB is located on the Busselton Foreshore and will be a versatile and contemporary venue designed to suit a variety of events and community requirements. The proposed fees and charges are based on a review of hire rates for similar properties with the closest comparisons noted below (based on current rates except where otherwise indicated). Consideration was also given to the current hire rates for the CRC. It should be noted that some other commercial venues offer additional services such as setup, mints, iced water on tables or notepads.

All proposed fees are inclusive of GST, with the half day rate providing for 4 hours use and the full day 8 hours. The community fees are approximately 55% of the proposed commercial rate, which is consistent with other City facilities fees and charges.

Events / Multifunction Room

The Events/Multifunction room will comprise of an area of approximately 137m². It is proposed to be equipped with tables and chairs, projector and screen. The kitchen facilities would be available for non-exclusive use during the hire period, although crockery, tea, coffee etc. will need to be supplied by the hirer.

Meeting Room

The meeting room is approximately 28m² and would accommodate approximately 12 people seated. It is proposed to be equipped with white boards, projectors and screens. The kitchen facilities would be available for non-exclusive use during the hire period. The CRC rate below is based on the recommended half day (4 hrs) hire rate for 17/18 broken into an hourly rate. It is proposed that booking for the meeting room be offered on an hourly rate basis but with a minimum 2 hour booking. The two hour minimum will allow for set up and pack up.

Office

The office is approximately 12m² and would be suitable for one on one meeting or as an office base during an event or function at the YCAB. The kitchen would also be available for non-exclusive use during the hire period.

Venue Hire

There may be certain occasions where a hirer would seek to hire all three spaces within the venue, for instance during major events. A discounted fee to accommodate this is recommended, based on a half or full day hire of all three rooms and a 25% discount.

Other

The other charges to be included are the facility hire bond, security/access bond, and the facility cancellation fee. These are recommended to be the same as the CRC.

Community and Commercial Services

Traders (Non Food)

- A review of food and non-food trading in public places has progressed and a new policy 'Non-exclusive commercial use of City land' was adopted on 9 November 2016. A more uniform approach between food and non-food vendor use of city owned or controlled land has been established as a result of the policy review and is reflected in fees and charges across Environmental Health (food vendors) and Commercial Services (Non-food recreational enterprises).

Street Entertainers

- Item transferred from Environmental Health section where no fee was incurred and no management regime was in place. Minimal fee is proposed to register buskers at proposed 'Busk Stops' at set places around the Dunsborough and Busselton CBD's to activate core tourist and shopping precincts. A new 'Buskers Policy' is being drafted to administer a proactive 'programmed' approach to place activation as per the City's Economic Development Strategy.

Busselton Jetty

- The Busselton Jetty Inc. has requested the City approve an increase of Jetty entry fees from \$3.00 per adult to \$4.00 per adult to achieve income forecasts as per the license agreement with the City. No fees for single child will be requested by BJ Inc. to support family visitation. No change to the Annual Walk Pass is requested. Please see extract below from the Busselton Jetty Reference Group Meeting Minutes of 21 September 2016 where the proposed increase was approved by this group.

5.4 Proposal to Increase Jetty Entrance Fees (Jon Berry)

Economic Development Coordinator advised the Group, the City had received a letter from BJECA regarding a proposed increase to the Jetty entrance fees.

The proposal from BJECA was for fees to increase to \$3.50 at 01/01/2017 and then \$4.00 from 01/07/2017. The Group discussed the proposal.

Action: The Group suggested for the proposed increase of the Jetty entrance fees to be included in the 2017-2018 fees and charges schedule, increasing from \$3.00 to \$4.00 from 01/07/2017.

A formal letter of request was sent to the City on 9 March 2017 which can be viewed at Attachment A.

Commercial Use of Marine Berthing Platforms – Whale Watching / Tour Vessels

- Following the first year of operation of the new marine berthing platforms on the Busselton Jetty, consultation with the inaugural permit holders was held in early 2017. There has been a unified request for a third tier of permit fees being three monthly to coincide with the term of the whale watching season. Feedback has been received that the inaugural fee structure was deemed to be excessive, when compared to permanent pen and mooring fees at Port Geographe (where vessels are permanently moored with marine services), whereas the Jetty facility is only a pick up and drop off point. As well as a new three monthly fee, it is recommended the existing berthing fee for monthly and annual fees be maintained (i.e. no CPI adjustment for 2017/18) and be reviewed in 2018/19 and progressively stepped up as the foreshore redevelopment progresses and the visitor market to the foreshore precinct increases.

Commercial Use of Marine Berthing Platforms - Cruise Ship Vessels

- Council has previously resolved not to charge cruise ship tenders visiting the Busselton Jetty until a review is undertaken. A Finance Committee report will consider this matter on 06 April 2017 taking into account submissions from Tourism Authorities and Cruise Ship companies and a recommendation on charges will be made to the Council.

- Key / Hire Bond
 - Bond applies to NCC users who sign out a key to use the facility outside staffing hours. Also applies to users who hold events and functions that have food and drinks or other type of use requiring more extensive clean up. Amounts payable are drawn from when following conditions apply: Loss of issued key or unauthorised transfer of issued key to a third party or unauthorised copying of issued key or accessing NCC with no prior approval, repair of damage to building, equipment or fittings as a result of hire, or where extra cleaning is required as a result of hire.
 - As a result of hiring, damage repair to building, equipment or fittings, extra cleaning or moving equipment – Fee is the cost of reparation plus 20% administration. Minimum of \$25 for each occurrence.

- Stadium
 - Delete “Tennis per hour” fee of \$ 33.00 as there has been no such hire in 18 months. The public is not willing to pay the tennis court hire rate as listed.
 - Add “Casual Indoor Tennis: Adults” at \$8.00 per person per hour. Tennis hire rate is higher than other casual sport as it utilises the entire stadium.
 - Add “Casual Indoor Tennis: Students” at \$5 per person per hour. Tennis hire rate is higher than other casual sport as it utilises the entire stadium.
 - Replace “Casual Basketball (Individual fee) student” with “Casual Sports school student rate per hour per person” to recognise other sports may be played;
 - Replace “Casual Basketball (Individual fee*) per hour” with “Casual Sports per hour per person” to recognise other sports may be played. Note that these “casual sports” rates are cheaper than tennis as it only utilises half of the stadium. The remaining area can be hired simultaneously. Fees apply to 1 x hoop, half court for skate or soccer, 1 x badminton court, 1 x table tennis table.
 - Add “Storage – Community per shelf” due to groups requesting storage in stadium store and shortage of storage space.

- Kitchen/Servery
 - With or without other booking the kitchen/server has a very low usage level due to hire rate being prohibitive. Introduced a daily fee equivalent to 2hrs hire to encourage usage of the facility.

- Group Fitness
 - Add book of 10 concession passes for seniors and F/T students. Re-introduced the fee this FY as erroneously excluded from 16/17 fees and charges.
 - 6 months membership and 6 month concession membership – Nil 6 month memberships sold to date this Financial Year as the price is prohibitive. Reduced fee to align with other membership fees. Low level of take up so minimal impact on annual revenue. 3 month membership fees also reduced.
 - PAYG cancellation fee – is not a membership fee but a disincentive for clients to cancel within 3 months. Clients are advised of cancellation fee upon signing up and it is not necessary to increment this fee as very rarely charged to customer.

- Shower
 - No fee increment as would be only 10c increase and inconvenient for coin change.
- Stage Hire
 - Commercial rate – applicable to usage for profit oriented events.
 - Community Rate - Affordable rate for non-profit use for example functions, community events, fund raisers.
- NCC Grounds Hire
 - No increment as currently nil utilisation. Potential use increase with marketing and development of programs. Review fee again 18/19 FY.

Geographe Leisure Centre

- Swimming club lane hire fee increased in line with agreed course of action when initially reduced. Agreement in place that it would increase \$1 per lane each subsequent Financial Year.
- Lifestyle seniors program not increased to encourage social return on senior's gym usage.
- Aerobics/aqua aerobics casual entry increased in line with gym casual entry so that they are both the same.
- Vacation care program increased to also include cost of excursions. This will alleviate huge administrative burden of collection of fees and will also mean that parents can claim a % of this increase from Commonwealth Government childcare subsidy.
- Crèche admission and books not increased to encourage more usage and therefore more memberships.
- 1 month membership price increased as it was cheaper to buy 3x 1 month memberships compared to one 3 month membership.

Kookaburra Caravan Park

- The City executed a new management contract with BCP Pty Ltd (including Innoviv Park Services) on 1 November 2016 and the City has approved the Management Plan for park operations. One of the recommendations from the management plan is to implement a new fees and charges structure incorporating three seasons and fees accordingly. As such there are a number of changes to the Kookaburra Caravan Park section of Fees and Charges. In general fees and charges have been increased by the recommended CPI level, with details listed below;
 - For all accommodation types (powered sites and cabins; overnight, weekly and club rates) off peak season has been changed to Lows season, a new Mid-season has been introduced and Peak season changed to High season;
 - A new mid-season rate has been introduced for Clubs;
 - Some sections have been deleted: After 27 days; Weekly Rate – Peak season; These line items have been incorporated in other sections above (After 27 days – After 27 days (less than 90 days); Weekly Rate – Peak season – Weekly Rates;
 - Onsite Park Homes – Extra Adult and Extra Child has been replaced with Extra (Age 4 and over);
 - Cabin names have been changed:
 - Cabin Normal now Basic Cabin,
 - Cabins 9 & 10 now Cockle Shell Cabins,
 - Cabins 4 & 5 now Cowrie Shell Cabins,

- Park Home 6 has been removed and new cabin installed as Nautilus Shell Cabin.
- Miscellaneous – Group Booking has been removed as replaced with club booking fee;
- Increases /decreases in Fees and Charges. In general:
 - All low season fees (powered sites) have been increased below 2.9%;
 - All mid-season fees (powered sites) have been increased above 2.9% however this new fee has been benchmarked against the existing low season fee and hence increase is above 2.9% (the mid-season fees have not set mid-way between low and high but closer to the low season rate as these are new fees) ;
 - All high season fees (powered sites) have been increased below 2.9%;
 - The low season fees (basic cabin) has been increased below 2.9%;
 - The mid-season fees (basic cabin) has been increased above 2.9% however this new fee has been benchmarked against the existing low season fee and hence increase is above 2.9% (the mid-season fees have not set mid-way between low and high but closer to the low season rate as these are new fees) ;
 - The high season fee (basic cabin) has been increased below 2.9%;
 - The low season fee (Cockle Shell cabin) has been increased above 2.9% - this is because linen has been included in this cabin as standard and hence the fee has increased by \$5.00. If you remove the increase of \$5.00 for linen then the CPI increase is below 2.9% ;
 - The mid-season fee (Cockle Shell cabin) has been increased above 2.9% - however this new fee has been benchmarked against the existing low season fee and hence increases is above 2.9%. This also includes the \$5.00 increase allocation for linen ;
 - The high season fee (Cockle Shell cabin) has been increased above 2.9% - this is because linen has been included in this cabin as standard and hence the fee has increased by \$5.00. If you remove the increase of \$5.00 for linen then the CPI increase is below 2.9% ;
 - The same logic as above (Cockle Shell Cabin) applies to Cowrie Shell Cabin and Nautilus Shell Cabin ;
 - Miscellaneous – Group Booking fee has been deleted as this is replace by the Club Booking fee;
- For Councils information the following season dates apply, these will be made available on the website for each financial year as they are likely to change depending on public holidays.

Seasons

	Sites	Cabins
	Low	Low
	1/7/17 - 21/9/17 inclusive	1/7/17 - 21/9/17 inclusive
	22/9/17 - 3/11/17 inclusive	8/10/17 - 3/11/17 inclusive
	16/12/17 - 25/12/17 inclusive	16/12/17 - 25/12/17 inclusive
	29/4/18 - 30/6/18 inclusive	29/4/18 - 30/6/18 inclusive
	Mid	Mid
Q/Bday	22/9/17-24/9/18 inclusive	22/9/17 - 7/10/17 inclusive
	4/11/17 - 15/12/17 inclusive	4/11/17 - 15/12/17 inclusive
Labour Day	28/1/18 - 29/3/18 inclusive	28/1/18 - 29/3/18 inclusive
	2/4/18 - 28/4/18 inclusive	2/4/18 - 24/4/18
WA Day	1/6/18 - 3/6/18 inclusive	1/6/18 - 3/6/18 inclusive
	High	High
	26/12/17 - 27/1/18 inclusive	26/12/17 - 27/1/18 inclusive
	30/3/18 - 1/4/18 inclusive (Easter)	30/3/18 - 1/4/18 inclusive (Easter)

Art Geo

- The Courtyard and Marine Terrace Gardens hire fees have not been increased to generate interest in hiring these areas.

Busselton - Margaret River Regional Airport

- The Fees and Charges associated with the Busselton-Margaret River Airport have generally not been increased by CPI other than those for permit related charges (Flight Training permit). Increases to fees have not been applied as there is likely to be some inconvenience /interruption to passengers and airport users during the 2017/18 year resulting from the Airport Development Project and therefore not considered appropriate to increase related fees and charges.

Libraries

- Libraries' Fees and Charges for 2017/18 have not been increased due to the small transactional values and to avoid inconvenient small coin change

CONCLUSION

As part of the annual fees and charges review, the currently adopted fees and charges have been reviewed in line with the requirements of the Local Government Act and other relevant legislation as applicable. Where considered relevant, fees and charges have been increased by, or above, LGCI estimates in recognition of increased costs associated with the provision of services. In other instances, the prevailing fees and charges are considered adequate (and as such, no changes are recommended). Furthermore, a number of new fees and charges have been proposed, or amendments to existing fees structures recommended. Consequently, it is recommended that the Finance Committee endorses the draft Schedule of Fees and Charges for 2017/18 as recommended, for subsequent consideration by the Council.

OPTIONS

The Finance Committee may determine to recommend amendments to the draft Schedule of Fees and Charges as it deems appropriate.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Consequent to adoption by the Council, the Schedule of Fees and Charges for 2017/18 will become effective from and including 01 July 2017.

Committee Recommendation and Officer Recommendation**F1704/017**

Moved Councillor P Carter, seconded Councillor C Tarbotton

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Council:

1. Endorses the Fees and Charges as detailed in the "Draft Fee 2017/18 (exc. GST)" column of Attachment B - Schedule of Fees and Charges, effective from and including 01 July 2017.

CARRIED 5/0

9.52am At this time the Financial Compliance Officer and the Recreation Facilities Coordinator left the meeting.

6.2 REVIEW OF POLICY 218 - INVESTMENT

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Finance and Corporate Services Support
REPORTING OFFICER:	Executive Assistant - Christine Garratt
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

As part of Council's ongoing policy review, a review of Policy 218 Investment has been carried out. As a result of this review it is recommended that no alterations be made to the policy.

BACKGROUND

The Council's Investment Policy 218 was last before the Council in September 2014. Two amendments to the Policy were made at that time to enhance its functionality, whilst ensuring legislative compliance was maintained. The amended Policy was endorsed by the Council at that time (C1409/225).

The Investment policy as it stands now is in full compliance with *Regulation 19 of the Local Government (Financial Management) Regulations 1996* in that investments are limited to Term Deposits with authorised deposit-taking institutions for terms of no more than 12 months or with Government Guaranteed bonds for terms of no more than 3 years. This policy has previously been updated to reflect these requirements to ensure full legal compliance was maintained.

It should also be noted that the Auditors have not made any comment on the Investment Policy in recent years, either in the Financial Management Systems Review or as part of the Annual Compliance Audit Return at which time the City's investments and the Investment policy are reviewed.

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.

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 12 months.

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 without any changes.

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 – 'Open and Collaborative Leadership' and more specifically Community Objective 6.3 – 'An organisation that is managed effectively and achieves positive outcomes for 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 a result of this review it was established that this policy is in full compliance with *Regulation 19 of the Local Government (Financial Management) Regulations 1996*.

In addition no comment has been in made in recent years by the Auditors as a result of the Annual Financial Management Systems Review or the Annual Compliance Audit Return at which time the City's investments and the Investment Policy are reviewed.

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 alterations are made to Policy 218 Investment and that Council re-endorses the policy in its current format.

CONCLUSION

As part of the regular practice of reviewing Council policies, a review was carried out on Policy 218 Investment. Following this review officers are recommending that no alterations be made to the policy.

OPTIONS

The Council may not agree to re-endorsement of the existing policy and may seek to make 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

F1704/018 Moved Councillor G Henley, seconded Councillor C Tarbotton

That Council readopts the following existing Council Policy 218 Investment:

218	Investment	V9 Current
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STATEMENT

The principal objective of the Council in respect of the investment of surplus credit funds is the preservation of capital. Whilst a conservative approach is to be adopted with regards to investment decisions, the maximisation of returns within the confines of the policy guidelines is also encouraged.

This policy details the relevant authorities for investment, the nature and type of investments that can be entered into, institution exposure limits, investment performance benchmarks and associated reporting requirements.

PURPOSE

This policy provides specific guidelines for the Council, Chief Executive Officer and relevant employees of the City of Busselton in respect of the investment of surplus funds that are not immediately required for any other purpose.

Compliance with this policy will ensure prudence in the preservation of capital, whilst promoting the maximisation of investment returns within the policy guidelines.

SCOPE

As part of its core financial operations, the City of Busselton is positioned to invest surplus funds not immediately required for any other purpose; in order to add value through increased investment returns. The nature of funds available for investment includes Reserves, other restricted funds (e.g. contributions, bonds etc) and general revenue funds in excess of immediate cash-flow requirements. Investment earnings assist in augmenting reserve balances and also supplementing other general revenue streams.

Whilst the revenue associated with investment earnings represents an important component of the City's funding sources, the Council has identified the preservation of investment capital as a principal objective; and as such, investment decisions must primarily align with this objective.

Whilst this policy reflects the Council's capital preservation objective, it also provides sufficient flexibility to assist in the maximisation of investment returns within the defined investment types and associated exposure limits.

DEFINITIONS

"ADI" – Authorised Deposit-Taking Institutions (ADI's) are corporations that are authorised under the Banking Act 1959 to take deposits from customers.

"APRA" – Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance companies and most members of the superannuation industry.

"Austraclear" - The Austraclear System, which is regulated by the Reserve Bank, simplifies settlement complexities and enhances straight-through-processing (STP), office integration and cross border opportunities to facilitate the registering, bookkeeping, clearing and settlement of a broader range of derivative, security and cash asset classes.

"Big four" Bank – For the purposes of this policy, the Australian "Big four" banks comprise the Commonwealth Bank, the National Australia Bank, Westpac and ANZ Bank.

"Counterparty" – A counterparty is both the legal and financial term that refers to the other individual or institution to an agreement or contract.

"Custodian – Safe Custody" - A custodian is a brokerage or other financial institution that holds and manages securities, or other assets, on behalf of an investor.

"Rating Agency" – Credit rating agencies such as Standard and Poors (S & P) are professional organisations that provide opinion on the general credit worthiness of an obligor with respect to particular debt security or other financial obligations.

POLICY CONTENT

1.1 Objectives

- The purpose of this policy is to establish the investment risk management guidelines that the City of Busselton adopts in investing surplus funds that are not immediately required for any other purpose.
- The principal objective of this policy is the preservation of capital (Security).
- To take a conservative approach to investments, but with a focus to add value through prudent investment of funds (Security).
- To achieve a high level of security by using recognised ratings criteria (Security).
- To maintain an adequate level of diversification (Security).
- To have ready access to funds for day-to-day requirements (Liquidity).
- To ensure compliance with appropriate legislative requirements (Compliance).

1.2 Authority for Investment

All investments are to be made in accordance with:

Credit Ratings (Standard and Poor's or Equivalent)	Individual Institution Limits	Overall Portfolio Limits	Credit
---	----------------------------------	-----------------------------	--------

- Local Government 1995 – Section 6.14 and any regulations made under that Act including the following:
 - Local Government (Financial Management) Regulations 1996 – Regulation 19C; and
 - The Trustees Act 1962 – Part III Investments as amended by the Trustees Amendment Act 1997.

1.3 Delegation of Authority

The Chief Executive Officer is authorised to invest surplus funds in accordance with this policy.

1.4 Authorised Investments

All investments must be denominated in Australian Dollars. Authorised Investments are limited to those permitted by the appropriate legislation, being:

- With an Authorised Institution, being:
 - (a) An Authorised Deposit-Taking Institution as defined in the Banking Act 1959 (Commonwealth) section 5; or
 - (b) The Western Australian Treasury Corporation established by the Western Australian Treasury Corporation Act 1986;
- A Bond that is guaranteed by the Commonwealth Government, or a State or Territory Government.

1.5 Investment Guidelines – Credit Quality, Diversification and Term to Maturity Constraints

(i) Portfolio Credit Framework

The portfolio credit guidelines to be adopted will be based on the Standard & Poor's (S&P) ratings system criteria. The maximum available limits in each rating category is reflected in the below table.

(ii) Counterparty/Institution Credit Framework

Exposure to individual counterparties/financial institutions will be restricted by their S&P rating so that single entity exposure is limited, as detailed in the below table.

Long Term Credit Ratings	Short Term Credit Ratings	Maximum Percentage With One Financial Institution	Maximum Weighting as % of Total Investment Portfolio
AAA (All Aus. ADI)	A-1+	40%	100%
AA (Aus. "Big four" Bank)	A-2	40%	100%
AA (Other Aus. ADI)	A-2	20%	100%
A (All Aus. ADI)	A-2	15%	60%
BBB (All Aus ADI)	A-3	10%	20%

(iii) Term to maturity Framework

Legislation restricts the term to maturity for a deposit with an ADI to a maximum term of 12 months, and a Bond to a maximum term of 3 years. The investment portfolio is to be invested with the following term to maturity constraints:

Overall Portfolio Term to Maturity Limits	
Duration	Maximum
Portfolio % < 1Year	100%
Portfolio % > 1 Year < 3 Years	20%

1.6 Credit Ratings

If any of the City's investments are downgraded such that they no longer fall within these investment policy guidelines, they will be divested as soon as is practicable.

1.7 Accounting for Premiums and Discounts

From time to time financial assets may be acquired at a discount or premium to their face value. Any such discount or premium is to be taken into account in line with relevant Australian Accounting Standards.

1.8 Base Total Investment Portfolio Value for Percentage Calculations

The value of any funds held in an 11am type account, being one that offers higher interest rates than a standard cheque account but maintains same day access to funds; shall be excluded when verifying compliance with this policy.

1.9 Safe Custody Arrangements

Where necessary, investments may be held in safe custody on the City's behalf, as long as the following criteria are met:

- The City must retain beneficial ownership of all investments.

- Adequate documentation is provided, verifying the existence of the investments.
- The Custodian conducts regular reconciliation of records with relevant registries and/or clearing systems.
- The Institution or Custodian recording and holding the assets will be:
 - Austraclear or;
 - An Institution with an investment grade Standards and Poors or Moody's rating or;
 - An Institution with adequate insurance, including professional indemnity insurance and other insurances considered prudent and appropriate to cover its liabilities under any agreement.

1.10 General

The City of Busselton will not make ill-informed or unpredictable investment decisions, be engaged in overly speculative investments, or invest other than in compliance with the relevant legislation.

1.11 Reporting

- (i) A report will be provided to the Council on a monthly basis as a minimum, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio. The report will also detail investment income earned versus budget year to date and confirm compliance of the City's investments within legislative and policy limits.
- (ii) For audit purposes, certificates must be obtained from the banks/fund managers/custodian confirming the amounts of investment held on the City's behalf at 30th June each year.

Policy Reference No. - 218

Owner Unit – Finance

Originator – Manager, Financial Services

Policy approved by – Council

Date Approved – 24 September, 2014

Review Frequency – As required

Related Documents – Nil

History

Council Resolution	Date	Information
C		
C1409/225	24 September, 2014	Version 9 (Current)

6.3 FINANCE COMMITTEE INFORMATION BULLETIN - FEBRUARY 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, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

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.

Date	Amount	Payee	Description
31-Jan-17	\$77.50	Equinox Café	+ CEO Hospitality - Staff Leaving Function
03-Feb-17	\$70.00	Aravina Estate Yallingup	Airport Discussion with Owners
07-Feb-17	\$84.50	Al Forno, Busselton	Party Position Meeting
09-Feb-17	\$115.85	Bunkers Beach Café	+ Cape ROC
18-Feb-17	\$179.00	The Peninsula, South Perth	Accomm: CEO Vehicle Recall Service
20-Feb-17	\$575.00	Travel Insurance Direct	* CEO travel insurance
21-Feb-17	\$40.59	IStock	Admin Building Images/Media

**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:

- 73 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$323.85
- There were 4 applications for sponsorship received or assessed during February 2017.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$23,640.50
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$37,450.

App. No.	Recipient	Purpose	Amount
70/1617	Eleanor Hartill	Representing WA at the Under 18's Australian Junior Basketball Championships in Townsville, April 2017. Funds to assist with associated costs (flights and accommodation)	\$200
71/1617	Braiden Abrahamse	Representing WA at the BMX Australia Nationals 2017 in Queensland. Funds to assist with associated costs (flights and accommodation)	\$200
72/1617	Delirium 24 hour road race world championship event	Delirium missed the opportunity to apply for funding through the events team so applied through this avenue. Funds sought to get 5 world champion cyclists over for the event. Funds received will help pay for their travel and accommodation costs.	\$750
73/1617	Shelly Rourke	Shelly is taking a Youth team from Busselton (10-15ppl) to the Pedal Prix event in South Australia. Funds requested to assist with travel and accommodation costs.	\$1,000

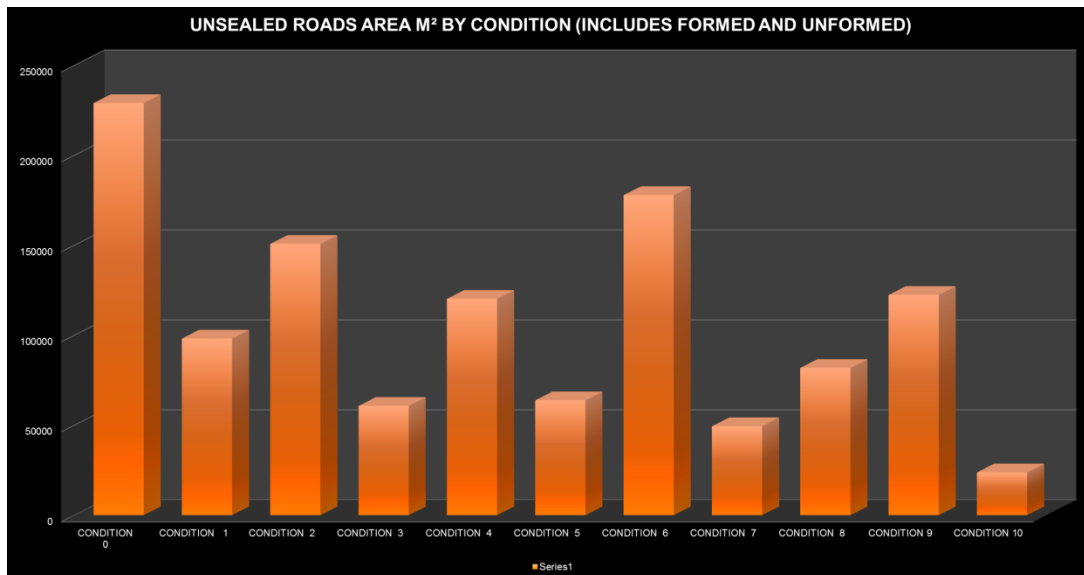
Asset Management Report

Unsealed Road Inspections.

The asset team have recently completed an updated inspection of the City's unsealed road network as part of the overall review of the Roads Asset Management Plan. The purpose of the inspections has been to update the asset register with condition information and also provide and updated fair value for unsealed roads.

The information assessed in the inspection includes condition, utilisation and risk levels. This includes factors for school bus and heavy vehicle routes, formation and shape of the road and an assessment of the depth of the remaining gravel on the road.

The updated condition, utilisation and risk information is then used to prioritise re-renewal (Re-sheeting works) for future years. Regular Re-sheeting of unsealed (gravel) roads is required to maintain surface condition and sufficient pavement material (gravel) to enable regular maintenance grading. The work is programmed on an annual basis as part of the Capital works budget for roads.



The chart above shows the current condition profile (zero very good, ten very poor) of the unsealed roads following the inspections. This chart includes ‘unformed’ (also known as unmade or unconstructed) roads which are essentially roads that provide some form of access but have not been improved or shaped (formed) in any significant way. Re-sheeting works are generally only scheduled for formed roads unless there is specific need to improve the service level of an unformed road.

This chart shows that there is a reasonable spread of roads in a good condition, however also highlights the importance of the ongoing annual re-sheeting program in order to manage renewal of the worst condition unsealed roads.

Committee Recommendation and Officer Recommendation

F1704/019 Moved Councillor T Best, seconded Councillor P Carter

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

CARRIED 5/0

10.00am At this time the Asset Coordinator left the meeting.

6.4 LIST OF PAYMENTS MADE - FEBRUARY 2017

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A February 2017 Payment Listing for Council ↗

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of February 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 6.3 – 'An organisation that is managed effectively and achieves positive outcomes for the community'.

RISK ASSESSMENT

NA.

CONSULTATION

NA.

OFFICER COMMENT

NA.

CONCLUSION

NA.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA.

Committee Decision and Officer Recommendation

F1704/020 Moved Councillor P Carter, seconded Councillor G Henley

That the Council notes payment of voucher numbers M113937 – M114056, EF050646 – EF051150, T007316 – T007322, and DD003009 – DD003036; together totaling \$5,663,204.02.

CARRIED 5/0

6.5 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 28 FEBRUARY 2017

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - February 2017 ⇒ Attachment B Investment Report - February 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 28 February 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

As above.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Open and Collaborative Leadership’ and more specifically Community Objective 6.3 - ‘An organisation that is managed effectively and achieves positive outcomes for the community’. 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 28 FEBRUARY 2017

Operating Activity

- Operating Revenue

As at 28 February 2017, there is a variance of -1.37% (-\$913K) in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Other Revenue	+15%	+\$38
Interest Earnings	+28%	+\$510
Non-Operating Grants Subsidies and Contributions	-25%	-\$1,787
Profit on Asset Disposals	+72%	+\$8

Other Revenue (+\$38K)

- Parking Control is ahead of year to date budget by +\$18k. This variance has increased by \$2k over January, continues to track ahead of budget and is indicative of a permanent difference.
- Animal Control is unfavourable against budget by -\$11k. This variance has been fluctuating on a month to month basis and is likely timing in nature.
- Busselton Transfer Station and Dunsborough Waste Facility are favourable against budget by +\$26k. This is due to sales of scrap and recyclable materials currently trending ahead of budget. Any variance is transferred to waste reserve at the end of the year with no impact to overall municipal surplus/(deficit) position.
- Receipts of unbudgeted long service leave amounting to +\$22k. The amount will be offset by a corresponding expenditure amount at the time the leave is taken, therefore no impact to the overall surplus/(deficit) position.
- Public Relations sale of number plates are +\$3k ahead of budget. Based on the current trend it is likely this will exceed budget for the full year.
- NCC Standpipe is -\$8k behind budget due to sale of water because of a timing difference. The budget assumed monthly receipts however they will be received bi-annually.
- Other Law, Order and Public Safety, local government act fines and costs is trending below budget by -\$7k. Likely to not meet full year budget targets based on actuals to date.

- Fire Prevention Bush Fire Act Fines and Costs is currently trending -\$18k below budget. Based on this current trend it's unlikely the full year \$45k budget target will be met.

Interest Earnings (+\$510K)

- Interest on municipal funds +\$13k.
- Interest on reserve funds +\$107k.
- Interest on restricted funds +\$339k.
- Late payment and instalment plan interest on rates +\$51k.

Non-Operating Grants, Subsidies and Contributions (-\$1,787K)

- There are a number of items that make up the current year to date variance. All variances are timing related except:
 - Foreshore East Youth Precinct (Skate Park & Adventure Playground). An accrual was raised for a Lotterywest grant in the 2015/16 financial year equal to \$613k. In the 2016/17 financial year only \$480k has been received. This leaves a current budget shortfall of \$133k. The shortfall is subject to ongoing discussions between the City of Busselton and Lotterywest.

Profit on Asset Disposals (+\$8K)

- Offset against this is the sale of a number of items which are yet to occur or items that were budgeted to be sold at a profit and ended up being sold at a loss amounting to -\$8k.

▪ Operating Expenditure

As at 28 February 2017, there is a variance of +3.94% (+\$1,714K) in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	+17%	+\$1,752
Other Expenditure	+20%	+\$402
Loss on Asset Disposals	-65%	-\$43

Materials and Contracts (+\$1,752K)

- By directorate, materials and contracts is showing the following variances at 28 February 2017;
 - Engineering and Works Services +\$976k
 - Community and Commercial Services +\$542k
 - Finance and Corporate Services +\$121K
 - Planning and Development Services +\$43k
 - Executive Services +\$70K
- From a natural account perspective the variances are predominantly attributable to contractors +\$283k, Port Geographe waterways maintenance (Department of Transport) +\$305k, Consultants +\$675k and Fuels, Oils and Grease +\$71k. Of those variances it is only Fuel, Oils and Grease that is likely to result in a permanent difference for the full year at this stage if fuel prices remain stable at current levels.

Other Expenditure (+\$402K)

- Community services marketing and promotions +\$104k, donations, contributions and subsidies +\$55k, events sponsorships (diff rates) +\$31k,
- Elected Members section, attire reimbursements +\$3k, catering related consumables +\$4k, allowances for mayor and deputy +\$8k, meeting expenses +\$13k, refreshment and functions +\$13k, sitting fees +\$22k,

- Public Relations advertising council pages +\$3k, community consultations and surveys +\$5k, donations, contributions and subsidies +\$7k, public relations +\$8k, catering +\$10k, marketing and promotions +\$10k,
- Rate administration valuation expenses +\$46k,
- Peel Terrace visitor servicing funding agreement Margaret River Busselton Tourism Association +\$42k timing difference as final payment is due in May,
- Office of CEO CAPEROC regional development +\$10k, CEO discretionary funding \$20k,

Loss on Asset Disposals (-\$43K)

- The loss on asset disposals relates to numerous items of plant and equipment sold in the first seven months of the financial year. The loss represents the difference between the book value of the assets and the amounts received in cash for those assets sold. The variance of -\$43k is mostly considered permanent as it relates to items that were either budgeted to be sold at a profit or smaller items that were not budgeted to be sold.

Capital Activity

▪ Capital Revenue

As at 28 February 2017, there is a variance of -45% (-\$22,079) in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Transfer from Reserves	-34%	-\$7,233
Transfer from Restricted Assets	-60%	-\$14,515
Proceeds from Sale of Assets	-67%	-\$326
Self-Supporting Loans	-13%	-\$6

Transfer from Reserves (-\$7,232K)

- Timing difference relating to the construction of the Administration building and the utilisation of funds from the Civic and Administration Centre Construction Reserve (-\$6,378K) and the Building Reserve (-\$300k).
- Community Development contribution reserve (-\$250K). Budget included \$250k spent on Milne Street Pavilion in November which has not yet occurred. This is timing in nature only and will correct by June 2017.
- Timing difference associated with the utilisation of funds allocated Port Geographe waterways maintenance (Department of Transport) -\$305k (see also comments under Materials and Contracts for contra entry)

Transfer from Restricted Assets (-\$14,515K)

- Timing difference relating to use of Airport and Foreshore grants -\$21,000k and -\$3,000k 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 (+\$721k) not budgeted. Timing in nature only as held on behalf of other entities and individuals.

Proceeds from Sale of Assets (-\$326K)

- 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.

Self-Supporting Loans (-\$6k)

- 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 28 February 2017, there is a variance of +42% (+\$38,224K) in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	+46%	+\$9,268
Plant and Equipment	+62%	+\$1,421
Furniture and Equipment	+83%	+\$1,365
Infrastructure	+72%	+\$30,908
Transfers to Restricted Assets	-466%	-\$3,860

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 (-\$3,860K)

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 financial year. The performance in this activity does not have any direct impact on the surplus/deficit position, as whilst recognised as operating revenue upon receipt, 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 unfavourable financial year to date variance of -\$3,860k is primarily attributable to the receipt of Cash in Lieu of Parking -\$58k, Bonds and Deposit -\$361k receipt of interest in excess of budget attributable to the airport grant -\$290k and Unspent Loan funds -\$3,034k.

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 28 February 2017, the value of the City's invested funds totalled \$117.4M, decreasing from \$119.3M as at 1st January. The decrease is due to funds being used for operational purposes including the Admin Building redevelopment.

During the month of December \$12.5M in term deposit funds matured. Funds totalling \$2.0m were withdrawn so as to meet payments for the construction of the Admin Building. Deposits totalling \$10.5m were renewed for an average of 112 days at an average rate of 2.40%. The averages were

down slightly as one deposit was rolled for only 60 days due to the funds being required for the Admin Building, and the shorter term attracted lower rates.

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

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

Please refer to Attachment B for further information.

CONCLUSION

As at 28 February 2017, the City's financial performance is considered satisfactory. Whilst current variances exist in some operational areas, these are primarily due to timing differences, and if not timing 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. There continues to be no indication at this time of any material cost overruns on any capital items in this year's budget.

Please note that the Annual Budget Review for 2016/2017 will be presented to the Finance Committee and Council in the month of May 2017; The report will include a projection of the City's financial performance to 30 June 2017 and endeavour to identify significant budget variances and if required recommend remedial action to be instigated as necessary prior to financial year end.

OPTIONS

The Council may determine not to receive the statutory financial activity statement reports.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Reports are received as at the date of the relevant Council meeting

Committee Recommendation and Officer Recommendation

F1704/021 Moved Councillor T Best, seconded Councillor C Tarbotton

That the Council receives the statutory financial activity statement reports for the period ending 28 February 2017, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

6.7 PROPOSED AMENDMENT - BASIS OF RATING - PRESCRIBED AREAS

SUBJECT INDEX:	Rating Operations
STRATEGIC OBJECTIVE:	Governance systems that deliver responsible, ethical and accountable decision-making.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Rates
REPORTING OFFICER:	Rates Coordinator - David Whitfield
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Location of Plan 406716⇒

PRÉCIS

The Council regularly reviews and updates the basis of rating for new subdivisions and/or developments within the City's boundaries. This process identifies and ensures that the most appropriate valuation base e.g. Unimproved Valuations or Gross Rental Valuations is applied to ensure that all properties are rated on a 'like for like' basis.

BACKGROUND

For the purposes of rating a Local Government is required to use as its basis for rates either Unimproved Valuations (rural areas) or Gross Rental Valuations (urban areas). Each of these types of valuation are designed to allow effective comparison of 'like' properties for the purposes of levying annual rates and charges.

Developments considered for amendment over the past few years include subdivisional stages at Provence (Yalyalup), The Dawson Estate (Vasse), Old Broadwater farm (Broadwater) and other smaller developments.

The development included for consideration is a subdivision on Plan 406716 - Provence (Yalyalup).

STATUTORY ENVIRONMENT

In accordance with Section 6.28 of the Local Government act 1995 the Minister is to determine the method of valuation to be used by the local government as a basis for a rate. The Minister is to have regard to the general principle that the basis for a rate on any land is:

Where the land is used predominantly for rural purposes, the unimproved valuation of the land; and where the land is used predominantly for non-rural purposes, the gross rental valuation of the land.

Should the Council resolve to amend the basis of rating of the new developments as detailed in this report a request shall be sent to the Minister for subsequent approval and gazettal.

RELEVANT PLANS AND POLICIES

This proposal is consistent with Councils 2011 rating policy which states, inter alia, that land used for non-rural purposes is to be rated on the basis of a gross rental valuation.

FINANCIAL IMPLICATIONS

Subject to the Ministers approval, the proposed change in method of valuation would bring the subject properties into the appropriate differential rate categories. Whilst most vacant lots will

attract the same minimum rate, once development occurs on the new lots amended rates will be levied on the basis of each development.

In terms of the 2016/2017 adopted budget a residential rate levy on a vacant lot would typically be levied on a minimum rate of \$1160 whilst the rates on an average residential improved property currently equate to \$1551, representing an average increase of \$391 per new residence.

Should Council, or subsequently the Minister, resolve not to support this proposal the additional revenue would be lost.

Long-term Financial Plan Implications

By not adopting the current proposal a loss of revenue equating to approximately \$14,467 per annum would be foregone.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Open and Collaborative Leadership’ and more specifically Community Objective 6.2 – Governance systems that deliver responsible, ethical and accountable decision making’.

RISK ASSESSMENT

By not implementing the proposed amendment to the basis of rating the City will forgo an increase in revenue estimated at \$14,467 or more per annum once these areas are fully developed. In addition the continuation of rural rating on these properties would create an inequitable rating situation within the rating property database in comparison to other residential areas within the City.

CONSULTATION

Local Government Departmental guidelines require that when considering a change in the basis of rating, with respect to a subdivision where the date of approval of that subdivision was greater than the last 6 months then the local government shall consult with the ratepayers of the properties within the affected area(s) advising of the proposal, any financial impact and of the objection procedures that should be followed should a ratepayer wish to do so.

Correspondence was issued to the affected ratepayers on 2nd March 2017 seeking comments on the proposal.

No submissions have been received with respect to the proposed amendments.

OFFICER COMMENT

As discussed in this report, the identified properties within the subdivision are zoned for the purposes of urban development. Currently the lots continue to be rated on the basis of unimproved valuations which is no longer appropriate.

Likewise the levying of rates on the proposed Gross Rental Valuation basis from the 1st July 2017 will ensure that such developments are rated at the appropriate level within a reasonable timeframe, i.e. close to the date of completion, rather than that of a future date where the anticipated rate increase may not be expected by the owner.

Should these developments remain rated on an Unimproved Valuation basis the Council will forego rating revenue anticipated from both the interim rating and future annual budgets that would normally occur if the properties were rated on a Gross Rental Valuation basis.

It should also be noted that under recent amendments to the Department of Local Government and Communities Guidelines – “Changing Methods of Valuation” new residential subdivisions may be lodged directly with the Department without the need to follow the existing process. This greatly streamlines the current process and reduces the impact on the ratepayer as a Gross Rental Valuation may be applied almost immediately from the date subdivision approval.

Whilst the amendment to the guidelines was adopted in November 2016 the ruling does not apply to any residential subdivision older than 6 months. The subdivision currently proposed for amendment was approved by the WA Planning Commission in October 2015 and as such must follow the previous method of valuation amendment as followed and described in this current proposal.

CONCLUSION

The identified areas are predominantly used for, or being developed as, residential uses. In terms of the Local Government Act and the Department of Local Government and Community Guidelines these properties should be rated on a Gross Rental Valuation basis.

OPTIONS

The Council may determine not to seek Ministerial approval for an amendment in the basis of rating for the identified properties. These properties would remain on an unimproved valuation basis however this would allow for an anomaly with Councils rating to develop and create what could be considered to be an inequitable rating situation with the City.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Following Councils endorsement a submission will be made to the Department of Local Government seeking the Ministers approval for the adoption of Gross Rental Valuations effective from the 1st July 2017.

Committee Recommendation and Officer Recommendation

F1704/022 Moved Councillor P Carter, seconded Councillor G Henley

That the Council seek Ministers approval to have the method of valuation for the properties identified in the table shown below and as depicted in attachment (A) amended to a Gross Rental Valuation basis effective from 1 July 2017.

Prop No	Lot No	Plan Desc	Address	Locality
100050439	1634	PLAN 406716	6 Antibes Way	YALYALUP
100050433	1628	PLAN 406716	9 Antibes Way	YALYALUP
100050432	1627	PLAN 406716	11 Antibes Way	YALYALUP
100050442	1637	PLAN 406716	12 Antibes Way	YALYALUP
100050431	1626	PLAN 406716	13 Antibes Way	YALYALUP
100050443	1638	PLAN 406716	14 Antibes Way	YALYALUP
100050444	1639	PLAN 406716	16 Antibes Way	YALYALUP
100050429	1624	PLAN 406716	17 Antibes Way	YALYALUP
100050445	1640	PLAN 406716	18 Antibes Way	YALYALUP
100050457	1655	PLAN 406716	4 Cassis Way	YALYALUP

100050460	1658	PLAN 406716	10 Cassis Way	YALYALUP
100050461	1659	PLAN 406716	12 Cassis Way	YALYALUP
100050448	1645	PLAN 406716	13 Cassis Way	YALYALUP
100050462	1660	PLAN 406716	14 Cassis Way	YALYALUP
100050463	1661	PLAN 406716	16 Cassis Way	YALYALUP
100050446	1643	PLAN 406716	17 Cassis Way	YALYALUP
100050455	1653	PLAN 406716	4 Marjoram Entrance	YALYALUP
100050434	1629	PLAN 406716	7 Antibes Way	YALYALUP
100050427	1610	PLAN 406716	12 Marjoram Entrance	YALYALUP
100050435	1630	PLAN 406716	5 Antibes Way	YALYALUP
100050441	1636	PLAN 406716	10 Antibes Way	YALYALUP
100050430	1625	PLAN 406716	15 Antibes Way	YALYALUP
100050451	1648	PLAN 406716	7 Cassis Way	YALYALUP
100050456	1654	PLAN 406716	6 Marjoram Entrance	YALYALUP
100050452	1649	PLAN 406716	5 Cassis Way	YALYALUP
100050453	1650	PLAN 406716	3 Cassis Way	YALYALUP
100050450	1647	PLAN 406716	9 Cassis Way	YALYALUP
100050449	1646	PLAN 406716	11 Cassis Way	YALYALUP
100050454	1651	PLAN 406716	1 Cassis Way	YALYALUP
100050437	1632	PLAN 406716	2 Antibes Way	YALYALUP
100050436	1631	PLAN 406716	3 Antibes Way	YALYALUP
100050447	1644	PLAN 406716	15 Cassis Way	YALYALUP
100050438	1633	PLAN 406716	4 Antibes Way	YALYALUP
100050458	1656	PLAN 406716	6 Cassis Way	YALYALUP
100050428	1611	PLAN 406716	14 Marjoram Entrance	YALYALUP
100050440	1635	PLAN 406716	8 Antibes Way	YALYALUP
100050459	1657	PLAN 406716	8 Cassis Way	YALYALUP

CARRIED 5/0

10.48am At this time the Rates Coordinator left the meeting.

6.8 LONG TERM FINANCIAL PLAN 1 JULY 2017 TO 30 JUNE 2027

SUBJECT INDEX:	Financial Plans and Strategies
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Draft Long Term Financial Plan 2017/2018 - 2026/2027 ⇒
	Attachment B Statement of Comprehensive Income by Nature and Type ⇒
	Attachment C Statement of Financial Position ⇒
	Attachment D Statement of Changes in Equity ⇒
	Attachment E Statement of Cashflows ⇒
	Attachment F Rate Setting Statement ⇒
	Attachment G Schedule of Capital Works ⇒
	Attachment H Schedule of Loans and Borrowings ⇒
	Attachment I Schedule of Reserve Movements ⇒
	Attachment J Schedule of Contributions Movements ⇒
	Attachment K Key Performance Indicators ⇒
	Attachment L Long Term Financial Plan Assumptions ⇒
	Attachment M Potential Future Capital Projects List ⇒
	Attachment N Operational Funding Opportunities Included in LTFP ⇒

The Manager of Financial Services presented the Committee with an Analysis of Impact on Ratepayers – WAR Act Reduction and Distribution via Rate Changes.

PRÉCIS

The draft Long Term Financial Plan ('LTFP') has been subject to workshops with Councillors held in February 2017. As a result of the most recent workshop this report now presents the LTFP for formal consideration and endorsement by the Council.

BACKGROUND

In accordance with Section 5.56 of the Local Government Act (the 'Act'), and regulations 19C and 19DA of the Local Government (Administration) Regulations (the 'Regulations') a local government is to plan for the future of its district. This is achieved by adhering to the Integrated Planning and Reporting Framework developed by the Department of Local Government and Communities which incorporates the development and adoption of a number of key documents, including a Strategic Community Plan a Corporate Business Plan and a Long term Financial Plan.

Whilst a Strategic Community Plan sets out the community's aspirations, visions and objectives over a ten year period, a more detailed Corporate Business Plan identifies and prioritises the principal strategies and activities required to achieve the higher level Strategic Community Plan outcomes, over a four year time frame.

The LTFP component is required to demonstrate a local government's financial capacity to resource its identified Corporate Business Plan actions, and also its ability to resource its asset management plan obligations and projected workforce growth requirements, as detailed in the relevant plans. The Financial Plan also identifies major areas of income and expenditure anticipated over the balance of the 10 year time frame.

Whilst acknowledging that the Council is being requested to endorse its equivalent LTFP in advance of the associated Corporate Business Plan review, it is felt that the LTFP satisfactorily encapsulates (from a financial perspective) the strategies and activities comprised within the current Corporate Business Plan.

Prior to presentation to Councillors for workshopping, the LTFP was subject to internal scrutiny and input of Senior Management. This was not only to confirm the LTFP's continued alignment with the Strategic Community and Corporate Business Plans, but also to certify that the LTFP continues to reflect sound financial principles.

STATUTORY ENVIRONMENT

Section 5.56 of the Act requires local governments to plan for the future of their districts. Regulations 19C and 19DA provide specific guidance to local governments in relation to planning for the future. The Department of Local Government and Communities has issued an Integrated Planning & reporting Guideline and the LTFP is consistent with these requirements.

The Integrated Planning & Reporting framework looks to integrate matters relating to resources, including asset management, workforce planning and also long-term financial planning.

RELEVANT PLANS AND POLICIES

From an Integrated Planning and Reporting perspective, the LTFP has a direct relationship with the Council's Strategic Community Plan, and more particularly with the Corporate Business Plan. The LTFP also reflects the financial implications associated with other key resourcing documents; namely the Workforce Plan and Asset Management Plans.

In addition to the above, the LTFP incorporates the funding requirements associated with a range of other Council endorsed Plans and Policies.

FINANCIAL IMPLICATIONS

The financial implications of adopting the Plan are detailed within the Plan but adopting the Plan does not result in approval being given to implement any actions contained within it. Priorities will be included within the City's annual budget which will be considered in July 2017. The LTFP reflects the Council's broad strategic financial direction over the next ten year period, in line with its Strategic Community Plan and Corporate Business Plan.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – 'Open and Collaborative Leadership' and more specifically Community Objective 6.3 - 'An organisation that is managed effectively and achieves positive outcomes for the community'.

RISK ASSESSMENT

The risks associated with the Council endorsing the LTFP are limited. In addition to its being a guiding document only, the LTFP is also a living document which will continue to be formally reviewed and updated on an annual basis. Consequently, the Council has the ability to amend the content of the Plan as and when circumstances necessitate; albeit bearing in mind that material amendments (relating to Corporate Business Plan activities) may be required to be reported as part of the Annual Report.

Notwithstanding the above, a level of risk is always inherent in projecting in to the future. Whilst the extrapolation assumptions, interest rate projections (borrowings) and other variable assumptions are based on historical averages, these are subject to fluctuation and external shocks beyond the control of Council.

The LTFP demonstrates the financial capacity for the Council to deliver on the services as detailed in the higher level strategic plans, consistent with the underpinning assumptions. However in order to minimise or mitigate financial risk, any decisions to enter into financial arrangements in future years must not be undertaken based solely on the prevailing LTFP projections.

CONSULTATION

The LTFP reflects the community's aspirations, vision and objectives as included in the Strategic Community Plan 2015, and is consistent with the principal strategies and activities within the Council's prevailing Corporate Business Plan. Consequently, no specific (external) consultation has been undertaken in relation to the content of the LTFP.

OFFICER COMMENT

The following commentary provides an overview of the LTFP development, the outcomes of the subsequent Councillor workshop and provides an overview of the LTFP as presented for formal consideration.

LTFP Development

The LTFP 2017/18 – 2026/27 has been developed in a manner similar to previous years with some notable differences in relation to estimation of extrapolation assumptions. A high level summary of this process is provided as follows:

- The currently adopted budget (2016/17 budget) formed the basis for the operating revenue and expenditure. With non-recurrent and periodic items adjusted/deleted, and stand-alone funding models excluded (eg. Busselton Regional Airport), the remaining operating revenues and expenditures were then projected out via the extrapolation assumptions.
- A conservative approach was taken when estimating the extrapolation assumptions. In preparing this year's LTFP extrapolation assumptions, significant historical analysis was undertaken to estimate the extrapolation assumptions. This included historical analysis and future projection of the following:

- Growth in number of rateable properties.
 - Analysis of CPI, Interest Rates and Cash Deposit Rates.
 - Analysis of electricity price increases
 - Analysis of wages and salaries increases.
- Following this analysis, historical averages were taken and used in the model on a go forward basis. It is expected through utilisation of historical trends in predicting future outcomes, the model is more likely to better reflect expected outcomes.
 - Whilst over the long term the use of historical averages is more likely to be correct, it is also important to acknowledge that through adoption of this approach, in the short term there may be years in which these historical averages are not met. This risk can be mitigated by regularly reviewing the model to reset the baseline as maybe required. For that reason it is recommended the model continue to be reviewed on an annual basis.
 - Following update of the extrapolation assumptions, the capital revenue and expenditure components were moved forward one year, with new Year 10 figures added (either via the provision of specific allocations or ongoing percentage increases as relevant). This process also involved the review of major projects expenditure, and whether any specific adjustments are required to be reflected in the revised LTFP.

Prior to presentation to Councillors, based on the above approach, work had been undertaken in relation to review of the 'base line' LTFP. Part of this process involved the Senior Management Group reviewing the LTFP across a number of areas, including but not limited to:

- Ensuring the LTFP continued to reflect the strategies and activities in the Councils currently adopted Strategic Community Plan and Corporate Business Plan;
- Reprioritisation and update of capital project spend throughout the LTFP based on availability of funding;
- Review of the extrapolation assumptions for reasonableness and ensure the LTFP reflects realistic and supportable projections;
- Revision of the rate increases included in the LTFP including comparison to prior years LTFP rate increases and ensure those increases do not exceed 5% in any one year;
- Ensure the LTFP identifies any potential funding deficits, with a particular focus on the initial years of the plan and identify potential actions to address those deficits.

For comprehensive/detailed information with respect to the LTFP readers are directed to the following attachments:

Attachment Document

A Long Term Financial Plan 2017/2018 - 2026/2027

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| <ul style="list-style-type: none"> ● Purpose of the Plan ● Statistics ● Our City ● Our community ● Our services ● Providing our services ● Managing our assets ● Financial strategies and principles ● Workforce Plan strategies ● analysis | <ul style="list-style-type: none"> ● Key assumptions underpinning the Long Term Financial Plan ● Measuring sustainability ● Risk assessment ● Financial projections ● Conclusion – implementation and review of the Long Term Financial Plan ● Financial Statements Table of Contents |
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Financial Statements and Supporting Schedules

B	Attachment - A Statement of Comprehensive Income by Nature and Type
C	Attachment - B Statement of Financial Position
D	Attachment - C Statement of Changes in Equity
E	Attachment - D Statement of Cash Flows
E	Attachment - E Rate Setting Statement
G	Attachment - F Schedule of Capital Works
H	Attachment - G Schedule of Loans and Borrowings
I	Attachment - H Schedule of Reserve Movements
J	Attachment - I Schedule of Contribution Movements
K	Attachment - J Key Performance Indicators
L	Attachment - K Long Term Financial Plan Assumptions
M	Attachment - L Potential Future Capital Projects List
N	Attachment - M Operational Funding Opportunities Included in LTFP

CONCLUSION

The LTFP 2017/18 – 2026/27 has been reviewed and updated cognisant of the Council's current Strategic Community Plan, its currently adopted Corporate Business Plan, and also the associated informing plans. In addition to amendments and additions ratified by the Council since the endorsement of the current plan in March 2015, this plan has been further updated to reflect the outcomes of recent Councillor Workshops held during February 2017.

Subject to endorsement, the LTFP will be utilised to guide the Council's 2017/18 budget development. With the plan being reviewed and updated annually, it will also be pivotal in informing future annual budget development processes. The Plan will also be invaluable to assisting the Council in deliberating future financial obligations, particularly as they relate to the higher order Strategic Community Plan (and associated Corporate Business Plan) and providing direction to the City's administration on priority of future projects.

The LTFP 2017/18 – 2026/27 is considered realistic in its assumptions. It is also considered to be achievable, with the City comfortable in its ability to deliver on the Plan's content. With this in mind, it is recommended that the Council endorses the Long Term Financial Plan 2017/18 – 2026/27 as presented.

OPTIONS

The Council may determine to further amend the content of the LTFP.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Subject to endorsement, the LTFP will inform the 2017/18 budget process and outcomes, which in turn will form the basis of the following years LTFP. It is intended to place the LTFP report and associated attachments on the City's website and a professionally printed hard copy will also be provided.

11.25am At this time Councillor Best left the meeting.

Committee Recommendation and Officer Recommendation

F1704/023 Moved Councillor P Carter, seconded Councillor C Tarbotton

That the Finance Committee recommends to Council the endorsement of its Long Term Financial Plan 2017/18 to 2026/27, comprising the financial statements and supporting schedules, as attached to this report.

CARRIED 4/0

7. GENERAL DISCUSSION ITEMS

Durning the course of the meeting the CEO advised that the City had received a letter from Lotterywest advising that a claim for \$132,000 was unsuccessful. The claim was in relation to relocating its seascouts building from the foreshore when the skatepark was built. The committee noted the correspondence and acknowledged that Lotterywest has made significant financial contributions to the City in recent years.

8. NEXT MEETING DATE

Thursday, 4 May 2017

9. CLOSURE

The meeting closed at 12.27pm

THESE MINUTES CONSISTING OF PAGES 1 TO 53 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 4 MAY 2017.

DATE: _____ PRESIDING MEMBER: _____