

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

CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 4 AUGUST 2016

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MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN MEETING ROOM ONE, COMMUNITY RESOURCE CENTRE, 21 CAMMILLERI STREET, BUSSELTON, ON 4 AUGUST 2016 AT 9.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.34am.

2. ATTENDANCE

Presiding Member:

Cr John McCallum

Members:

Cr Grant Henley
Cr Paul Carter
Cr Terry Best (until 11.16am)
Cr Coralie Tarbotton (Deputy Member from 9.37am)

Officers:

Mr Mike Archer, Chief Executive Officer (from 9.39am)
Mr Matthew Smith, Director, Finance and Corporate Services (until 10.35am)
Mrs Naomi Searle, Director, Community and Commercial Services (from 10.40am until 12.04pm)
Mrs Maxine Palmer, Manager Community Services (from 10.35am until 12.04pm)
Mr David Whitfield, Rates Coordinator (until 10.35am)
Mr Daniel Hall, Asset Coordinator
Mr David Goodwin, Recreation Facilities Coordinator (from 10.35am until 12.04pm)
Mr Stuart Wells, Strategic Financial Plan Accountant (until 10.35am)
Mr Stephen Wesley, Engineering Management Accountant
Mr Jeffrey Corker, Financial Compliance Officer (until 10.35am)
Miss Hayley Barge, Administration Officer, Governance

Apologies

Cr Gordon Bleechmore

Approved Leave of Absence

Nil

3. PUBLIC QUESTION TIME

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held on 21 July 2016

Committee Decision

F1608/040 Moved Councillor P Carter, seconded Councillor T Best

That the Minutes of the Finance Committee Meeting held 21 July 2016 be confirmed as a true and correct record.

CARRIED 4/0

6. REPORTS

6.1 FINANCE COMMITTEE INFORMATION BULLETIN - JUNE 2016

SUBJECT INDEX:	Councillors' Information
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Executive Services
REPORTING OFFICER:	Asset Coordinator - Dan Hall Financial Compliance Officer - Jeffrey Corker Governance Support Officer - Lisa Haste
AUTHORISING OFFICER:	Chief Executive Officer - Mike Archer
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Investment Performance Report for the Period Ending 30 June 2016

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. Investment Performance Report

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

As at 30 June 2016, the value of the City's invested funds totalled \$116.3M, down from \$118.5M as at 1 June.

During the month of June \$17.5M in term deposit funds matured. \$7.5M in deposits were renegotiated, for an average of 122 days at an average rate of 2.78% (down from 2.89% in May). \$10.0M in deposits was closed to provide funds for normal operational activity.

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) increased by \$4.5M with the funds being held for payment runs to be completed in the first weeks of July. The balance will reduce significantly during July back to normal levels.

A new account in the amount of \$4.198M was opened with the WATC being the balance of grant funding received for the Busselton Foreshore project. The contract requires that the funds be initially held at the WATC, with future drawdowns scheduled depending upon reaching milestones.

The RBA held official rates steady during June however further cuts are possible as soon as August / September, and this is continuing to weigh down rates on offer.

2. 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
28-May-16	323.00	Qantas	CEO Airfare - NSW Airport Tour
02-Jun-16	12.95	City Of Perth	Parking - Airport Meetings
03-Jun-16	22.00	City Of Perth	Parking - Airport Meetings
03-Jun-16	60.00	Flowers On Prince	Get Well Flowers - Lisa Haste
03-Jun-16	238.53	Four Points Sheraton	Accomm. - Meetings: Aircraft Noise, Ombudsman & City Of Belmont
08-Jun-16	114.00	Hot Chocolate, Busselton	District Inspection Coffee & Snacks
07-Jun-16	30.00	LGMA	LGMA Breakfast With Don Punch
09-Jun-16	343.00	Occy's Dunsborough	District Inspection Lunch
14-Jun-16	272.50	Firestation Wine Bar	◆ Expenses for Staff Function
14-Jun-16	151.10	City Of Darwin	*Chief Officer Group Meeting
13-Jun-16	99.99	Perth Airport Parking	*Parking: CEO Meeting Darwin
15-Jun-16	40.00	LGMA	LGMA Breakfast With Don Punch
15-Jun-16	30.00	LGMA	LGMA Breakfast With Don Punch
15-Jun-16	40.00	Busselton Liquor Store	Beverages - Post Council Dinner
22-Jun-16	19.00	Zastam, Rise & Co	Meeting With Commissioner For Children Lunch
23-Jun-16	80.00	Flowers On Prince	Bereavement Flowers - J Darby

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

◆ Allocated against CEO Hospitality Expenses Allowance

3. Voluntary Contributions/Donations (Income)

At its meeting of 22 September 2010, the Council adopted (C1009/329) its Voluntary Contributions/Donations Policy. This Policy requires that the Finance Committee be informed (via an information only bulletin) of any instances whereby voluntary contributions/ donations are approved by the Chief Executive Officer or jointly by the Mayor and Chief Executive Officer.

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

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

Council resolved in April 2010 (C1004/132) a move towards a tiered system of funding and following the 6 October 2011 Finance Committee meeting, it was recommended to Council that the delegation to determine the allocations of sponsorship and donations from the sponsorship fund be revoked and be returned to the Chief Executive Officer to enable a more timely turnaround of sponsorship applications.

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

- 88 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$397.40
- There were 5 applications for sponsorship received or assessed during June 2016.

- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$34,971.51
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$36,830.00.

App. No.	Recipient	Purpose	Amount
84/1516	Hold on Promotions - Give me 5 for kids	Funds to assist with GLC stadium hire for 'Equinox SW Indoor Motor Show' fundraiser	\$1,000
85/1516	Black Dog Ride Australia	Room hire (youth building) for Counsellor training course 9 & 10 July 2016	\$345.60
86/1516	Karen and Chenaye Wright	Singapore Walkabout soccer tour 2 - 12 November - selection at a regional level not representing State – Outside of Policy	\$0
87/1516	Tanner Vogel	Funding support for WA State team at WA school basketball competition in NSW	\$200
88/1516	Busselton Population Medical Research Institute Health Study	50 year Anniversary Forum - Funds to assist with program production and printing	\$500

5. Asset Management Report

No report.

Committee Decision and Officer Recommendation

F1608/041 Moved Councillor T Best, seconded Councillor P Carter

That the Finance Committee notes the Finance Committee Information Bulletin for the month of June 2016.

CARRIED 4/0

9.37am At this time the Rates Coordinator and Councillor Coralie Tarbotton entered the meeting.

9.39am At this time the Chief Executive Officer entered the meeting.

6.2 LIST OF PAYMENTS MADE - JUNE 2016

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Financial Accountant - Ehab Gowegati
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments Made - June 2016

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of May 2016, 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.

10.06am At this time Councillor Grant Henley left the meeting.

Committee Recommendation and Officer Recommendation

F1608/042 Moved Councillor C Tarbotton, seconded Councillor P Carter

That the Council notes payment of voucher numbers M113014 – M113175, EF046652 – EF047256, T007257 – T007264, and DD002784 – DD00813; together totaling \$15,506,001.62.

CARRIED 4/0

10.08am At this time Councillor Grant Henley returned to the meeting.

6.3 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDED 30 JUNE 2016

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Strategic Financial Plan Accountant - Stuart Wells Financial Accountant - Ehab Gowegati
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - June 2016

PRÉCIS

Pursuant to Section 6.4 of the Local Government Act ('the Act') and Regulation 34(4) of the Local Government (Financial Management) Regulations ('the Regulations'), a local government is to prepare, on a monthly basis, a statement of financial activity that reports on the City's financial performance in relation to its adopted/amended budget.

This report has been compiled to fulfil the statutory reporting requirements of the Act and associated Regulations, whilst also providing the Council with an overview of the City's financial performance on a year to date basis for the period ending 30 June 2016.

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 23 July 2015, the Council adopted (C1507/208) the following material variance reporting threshold for the 2015/16 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 2015/16 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

NA

FINANCIAL IMPLICATIONS

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

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Open and Collaborative Leadership’ and more specifically Community Objective 6.3 - ‘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 treatment/control that assists in addressing this risk.

CONSULTATION

NA

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

- Net Current Position

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

- Capital Acquisition Report

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

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

- Infrastructure

- Reserve Movements Report

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

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

COMMENTS ON FINANCIAL ACTIVITY TO 30 JUNE 2016

Comments on the financial activity and a brief explanation of variances are provided below. Please note that comments for the June month end relate to the full year.

Operating Activity

- Operating Revenue

As at 30 June 2016, there is a variance of -10.3% in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Operating Grants, Subsidies and Contributions	+12%	+\$483
Interest Earnings	+39%	+\$802
Non-Operating Grants, Subsidies and Contributions	-32%	-\$11,708
Profit on Asset Disposal	+88%	+\$14

Operating Grants, Subsidies and Contributions (+\$483K)

The current variance on operating grants, subsidies and contributions is primarily attributable to:

- Office of the CEO revenue is favourable to budget by +\$40k. This is mainly attributable to +\$38k revenue received for the CapeRoc project allocations and management studies and +\$2k silver funding sponsorship for the Busselton Skate park opening (Sunday 13th December 2015).
- Environmental Planning Administration is favourable to budget by +\$59k. This is mainly attributable to a grant received in June for \$50k for the revitalisation of Geographe Waterways. This has been restricted for use in the 2017 financial year.
- Operations Services Works revenue is favourable to budget by +\$67k. This is mainly attributable (\$65k) to reimbursement of workers compensation funds which offsets expenditure that has already been incurred.
- Financial Services revenue is favourable to budget by +\$71k. This is attributable to the receipt of an unbudgeted distribution from the Local Government Insurance Scheme (LGIS) for the 2015 scheme member dividend. A total of \$6m was redistributed to members, with the City's share amounting to +\$37k. The City also received from LGIS an additional +\$24k in insurance recoup claims attributable to the Busselton Hockey Club and the Busselton Horse and Pony Club. These funds were then on-forwarded to these community groups to offset expenditure already incurred. The remaining +\$11k is for the receipt of funds associated with parental leave payments. This additional revenue also offsets expenditure already incurred by the City.
- Fire Prevention Services revenue is favourable to budget by +\$138k. This is mainly attributable to the receipt of unbudgeted revenue on the finalisation of the 2014/15 DFES reconciliation of +\$66k and +\$60k received as an advance for the first quarter of 2017 that has been restricted for use in the new financial year.
- Civic and Administration Centre revenue is favourable to budget by +\$189k. This is attributable to a contribution by BCG towards costs associated with the building design, as per contract negotiations. The final amount was negotiated and agreed with BGC in June.

- Geographe Leisure Centre is favourable to budget by +\$33k. This is mainly attributable to the receipt of \$25k from DLGC to conduct the Recreation and Community Centres Vacation Care Sustainability Project. As this project will be undertaken in FY16/17, the monies have been restricted at year end.
- Rubbish Sites Development favourable to budget by +\$26k. This is due to the creation of charges in June to other regional councils for the recovery of costs relating to the investigation into a Regional Waste Facility. These monies are transferred to the Waste Reserve.
- Transport Fleet Management favourable to budget by +\$25k, consisting of LGIS/Zurich good driver rebate +\$11k, funding for Heavy Duty Diesel Mechanic apprentice by Rio Tinto +8\$k and re-imburement for fuel levy +\$6k.
- Legal and Compliance Services revenue favourable to budget by +\$21k, consisting of re-imburement of legal fees +\$9k, which relates to pre-payment of potential legal costs which was ultimately not required and which will be refunded, and parenting leave payments +\$12k, which are offset against expenditure.
- Miscellaneous Bridge maintenance is below budget expectations by -\$180k. Fifty percent of the funds were received in May (\$180k), with the remaining work and funding anticipated to be carried over into next financial year.
- Other combined variances of -\$6k.

Interest Earnings (+\$802K)

The current variance on interest earnings is primarily attributable to:

- Late payment interest of +\$40k.
- Instalment plan interest of +\$1k.
- Interest on Municipal funds of -\$96k.
- Interest on reserve funds of +\$247k. The reserves balance currently includes \$12.8m loan funds for the Administration building redevelopment which is yet to be utilised. Due to the higher than anticipated balance at this time, interest earned has exceeded budget projections. It is noted of the \$248k in additional interest, \$130k is attributable to the Civic and Administration Centre Construction Reserve. A further \$50k in additional interest is attributable to the Waste Reserve which has incurred less expenditure than budget, resulting in a higher than budgeted interest being earned.
- Interest on restricted funds of +\$610k. This relates to interest on airport funds which is not budgeted for. The Airport grant agreement requires these funds be applied towards the Airport project.

Non-Operating Grants, Subsidies and Contributions (-\$11,708K)

The current variance on non-operating grants, subsidies and contributions is primarily attributable to:

- The Airport Development has an unfavourable variance of -\$10,000k. The budgeted receipt for FY15/16 was not received and has been carried forward into the 2016/17 budget year.
- Busselton Foreshore had a favourable variance of +\$3,020k. \$1,480k was budgeted in 2015/16 to be received from Royalty for Regions for ongoing foreshore works. \$4,500k was received in June 2016. Of the total receipt, \$301k was applied against works already undertaken in 2015/16 with the remaining work relating to the grant budgeted to be carried out in 2016/17.
- Foreshore East – Youth Precinct Community Youth Building and SLSC had an unfavourable variance of -\$2,900k. These monies were expected to be received as a grant from Lotterywest in the 15/16 financial year. Confirmation has been received from Lotterywest that \$2,800k will be received in the 2016/17 financial year and this amount has been carried over into the 2016/17 budget.
- Bridges construction program projected revenue is under budget by -\$645k. This is attributable to;
 - Federal funding of -\$288k towards the Queen Street Bridge design and preliminary works, which has been delayed pending the Busselton Traffic Study. Although some work has commenced the grant will not be claimed this financial year;

- Works valued at \$304k for the Metricup Road Bridge were postponed to next year due to an unacceptable impact on tourist traffic. Both these projects will be carried forward and completed in the 16/17 financial year.
- Railway House receipts from BJECA are under budget by -\$642k. The budget included \$875k for receipts from BJECA during the 2015/16 financial year. Of this amount, \$232k was received and a further \$473k has been budgeted to be received in 2016/17.
- Donated Asset receipts are under budget by -\$250k. Donated assets are received as a consequence of new subdivisions. While staff endeavour to estimate the value of donated assets which will be received in the financial year, the outcome has no impact on the cash position. This variance is attributable to;
 - Donated Assets – Parks and Gardens -\$753k
 - Donated Assets – Drainage -\$108k
 - Donated Assets – Roads -\$94k
 - Donated Assets – Footpaths and Cycleways +\$471k
 - Donated Assets – Buildings +\$235k
- Multi Community Sporting Facility is under budget by -\$271k. The budget included 50% of a proposed grant from CSRFF would be received in the 2015/16 financial year. As the grant was not received the full expected value of the grant amounting to \$542k has been budgeted in 2016/17. Work has not yet commenced.
- Other -\$20k.

Profit on Asset Disposals (+\$14K)

The current variance remains attributable to book profits on the sale of assets. It should be noted that this is an accounting book entry, and has no direct impact on the surplus/deficit position.

▪ Operating Expenditure

As at 30 June 2016, there is a variance of -1% in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	-12%	-\$1,812
Insurance Expenses	-10%	-\$74
Other Expenses	-15%	-\$461
Loss on Asset Disposal	+1,800%	+\$1,239

Materials and Contracts (-\$1,812K)

The materials and contracts operating expenditure category comprises a wide range of expenditure types. The current variance is attributable to both favourable and adverse variances (of varying magnitudes) across a range of diverse activities. The material variances are as follows:

▪ **Information Technology**

Information technology has a favourable variance of -\$110k compared to the year to date budget. This is mainly attributable to lease contracts (\$90k) not being awarded for audio visual equipment, photocopiers and other equipment relating to the new administration building. These amounts have not been carried over but have been re-budgeted in 2016/17.

▪ **Busselton Jetty**

Busselton Jetty contractor costs are under the year to date budget by -\$525k. The works planned for this financial year (as per the 50 year maintenance plan) consist of steel pier and superstructure corrosion protection assessment and repairs, handrail repainting, pile wrapping, light globe replacement and a \$110k contingency repair. A portion of these works have been re-budgeted into the 2016/17 financial year. As Jetty works are funded from the Jetty Reserve, this variance did not impact on the City's year end net financial position.

▪ **Building Maintenance**

The scheduled building maintenance budget is underspent by -\$172k. This is attributable to;

- Asbestos Removal underspent by -\$88k. This has no impact on municipal funds as it is funded from reserves.
- Other combined underspent amounts of -\$84k. These relate to maintenance of a number of buildings in the budget for 2015/16 and are savings against budget.
- **Provence and Vasse Newtown – Parks and Gardens**
Contractor costs are underspent by -\$362k. Provence Estate maintenance is under budget by -\$233k as public open space areas within the estate are yet to be handed over and therefore the maintenance of this area is not yet the responsibility of the City. There is also a favourable variance for contractor costs totaling -\$128k attributable to Vasse Newtown with some of this offset by City employee costs. A portion of the allocated budget is funded from the specified area rates and this draw down can only occur if expenditure is within the specified areas.
- **Airport Operations**
Contractor costs are under budget by -\$123k. This is predominantly the result of de scoping work as a result of the airport development project and also reducing spend to offset reductions in revenue against budget for the airport to ensure the final net current position for the airport is close to budget at the end of the year.
- **Transport/Fleet Management**
Materials and Contractor costs are under budget by -\$214k. This is mostly the result of cheaper fuel prices than anticipated in the budget.
- **Refuse Sites**
Refuse Sites materials and contracts are under budget by -\$98k. This is offset by overspends against refuse sites in other areas of the budget. Additionally, as refuse sites are funded from the waste reserve there is no impact on the City's year end net financial position.
- **Bridge Maintenance**
Bridge maintenance materials and contract are under budget by -\$198k. This is offset by reductions in revenues received under Operating Grants, Subsidies and Contributions.
- **Other**
Other combined variances for the month total -\$10k.

Insurance Expenses (-\$74K)

The current variance associated with insurance expenses is attributable to:

- Property insurance of -\$9k.
- Plant insurance premiums of -\$47k.
- Public liability insurance of -\$14k.
- Other general insurance costs of -\$4k.

The variance has remained the same as with May and is a saving against budget for 2015/16 in respect of insurance premium costs.

Other Expenditure (-\$461K)

The variances associated with other expenditure are attributable to:

- Members of Council expenses of -\$85k. This variance is made up of savings from a number of different accounts;
 - Mayor and deputy mayor allowances -\$2k;
 - Elected members refreshment and functions -\$9k;
 - Elected members conference and training expenses -\$13k;
 - Elected members election and poll expenses -\$5k;
 - Gifts and presentations -\$4k
 - Elected members sitting fees -\$7k;
 - Presentation on termination policy -\$6k;
 - International relationships and sister city -\$23k;
 - Presentations on termination policy -\$6k.

- Others combined -\$10k
- Community services administration expenses of -\$205k. This variance is attributable to;
 - Events, marketing and promotions is -\$196k below year to date budget. MERG Marketing funds which have not been expended as the MRBTA recharge campaign was halted due to amalgamation of GBTA/AMRTA and regional branding. Council has resolved to transfer the \$196k from the commercial and industrial differential marketing funds into the Airport Marketing Reserve specifically for the marketing and support of the Airport development project, as per the MERG report to Council dated the 8th June 2016);
 - Events sponsorships (differential rates) of -\$9k. This relates to events that have been funded through the events sponsorship programme that either have not yet been held, or have been cancelled.
- Winderlup Court Aged Housing amounting to -\$58k. This variance is mainly attributable to the payout on resident funded unit -\$55k. The budget anticipated paying out one of the resident funded units, however this was not required. There is no impact to municipal funding as the payment is made from restricted cash (soon to be the aged housing Reserve).
- Public relations expenses of -\$38k. This is attributable to catering -\$13k, advertising Council pages -\$8k, community consultations and surveys -\$8k, public relations account -\$11k and long service contributions to other Local Government Authorities +\$7k. These were savings against the budget for the full year.
- Planning administration expenses of -\$52k. This is mainly attributable to the façade refurbishment subsidy account -\$44k and advertising (public/statutory) account being -\$6k below the year to date budget. With regard to the façade refurbishment, there were no suitable applications received in the first round fitting the requirements for funding. Letters have been sent out calling for a second round of applications. This was unable to be resolved in the 15/16 financial year.
- Office of the CEO was underspent by -\$25k. This is mainly attributable to underspend against Caperoc resulting from -\$23k not spent relating to Tourism Directional Signage. This has been re-budgeted in 2016/17.
- Other combined variances totalling +\$2k.

Loss on Asset Disposal (+\$1,239K)

The variance in loss on asset disposal mainly represents the write off of the old administration building. It should be noted that this is a book entry only, and has no direct impact on the surplus/deficit position.

Capital Activity

Capital Revenue

As at 30 June 2016, there is a variance of -70% in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Transfer from Restricted Assets	-87%	-\$46,489
Transfer from Reserves	-40%	-\$10,582

Transfer from Restricted Assets (-\$46,489K)

The budget anticipated \$45,933k would be drawn down against restricted assets by June 30 relating to the Airport Development Project. As at 30 June 2016, expenditure for the Airport Development Project was \$1,244k (\$907k exclusive of City employee costs – 'the recoverable amount'). The drawdown against the restricted cash occurred in June resulting in a -\$45,026 variance. The remaining amount for the airport development has been re-budgeted in 2016/17.

Other restricted asset variances between actual and budget are:

- Unspent Loans - \$611k
- Community & Rec Facilities - \$1,468k
- Deposits/Bonds \$ 728k
- Others - \$ 240k

Unspent Loans and Community and Recreation Facilities variance relates mainly to spend that was budgeted that did not occur that has been re-budgeted or carried over to FY16/17.

The City of Busselton does not budget for deposit and bond refunds/payments, as these monies have no impact on the Municipal funding surplus or deficit. Actual payment of these funds to June 30 has resulted in a \$728k variance against budget.

Transfer from Reserves (-\$10,582K)

The variance is attributable to the following reserves;

- Civic and Administration Centre Construction Reserve - \$2,994k
- Waste Management Facility and Plant Reserve - \$5,049k
- Jetty Maintenance Reserve - \$ 564k
- Building Reserve - \$ 320k
- Plant Replacement Reserve - \$ 383k
- Long Service Leave Reserve - \$ 245k
- Road Asset Renewal Reserve - \$ 152k
- Infrastructure Development Reserve - \$ 460k
- Others (Combined) - \$ 385k

The vast majority of these variances have been caused by budgeted work not yet having been carried out by June 2016. In many instances the work has been re-budgeted or carried over into 2016/17.

▪ Capital Expenditure

As at 30 June 2016, there is a variance of -54% in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	-68%	-\$20,142
Plant & Equipment	-27%	-\$675
Furniture and Equipment	-81%	-\$1,801
Infrastructure	-72%	-\$51,078
Transfers to Restricted Assets	+407%	+\$7,365

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

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

In respect of Restricted Assets, an overview of the year to date financial performance is provided as follows:

Transfers to Restricted Assets (+\$7,365K)

The favourable financial year to date variance of approximately +\$7,365k is primarily attributable to:

- Receipt of government grant for Foreshore, of which +\$4,198 has been restricted and will be spent in 2016/17
- Receipts from MRWA for bridgework that has been carried over to 2016/17 and equal to +\$714k,
- The receipt of developer contribution payments in excess of budget totalling +\$366k.
- The receipt of unbudgeted interest associated with the Airport funds of +\$609k.
- The receipt of bond and deposit payments totalling approximately +\$1,122k.
- Other combined amounts totalling +\$356k.

The performance in this category generally does not impact on the closing surplus/deficit position. Most of the amounts as noted above have been restricted and are budgeted to be spent in 2016/17.

CONCLUSION

The Net Current Position as at 30 June 2016 of \$1.2m is \$1.6m lower than 31 May 2015. The final surplus of \$1.2m included carryovers of \$0.6m, resulting in a net surplus after carryovers of \$0.6m. This is considered satisfactory, with a small surplus closing position being appropriate as at the close of the financial year.

Concerning capital, a number of major projects are ongoing over a number of financial years. These projects, most notably the Busselton foreshore, airport development and civic and administration building have been carried forward into the 2016/17 financial year. Funding is available to complete these projects.

OPTIONS

The Council must receive the monthly financial activity statement, however, has the option of passing additional resolutions in response to the information provided if thought necessary.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.

Committee Recommendation and Officer Recommendation

F1608/043

Moved Councillor C Tarbotton, seconded Councillor G Henley

That the Council receives the statutory financial activity statement reports for the period ending 30 June 2016, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

6.5 APPLICATION FOR EXEMPTION FROM RATING - AUSTRALASIAN CONFERENCE ASSOCIATION LIMITED

SUBJECT INDEX:	Exemptions and Appeals
STRATEGIC OBJECTIVE:	Governance systems that deliver responsible, ethical and accountable decision-making.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Rates Coordinator - David Whitfield
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

An application for an exemption from rating was received from Australasian Conference Association Limited and acts as bare trustee for the Seventh-day Adventist Church (Western Australian Conference) and on the basis of the application details recommends that the request for an exemption be granted.

BACKGROUND

The Australasian Conference Association Limited purchased the property situated at 61 Duchess Street Busselton as bare trustee for the Seventh-day Adventist Church (Western Australian Conference) which settled on 29th February, 2016. A second hand clothing shop is run by the local Seventh-day Adventist Church under the banner of Adventist Development and Relief Agency (ADRA) Australia which is the charitable and humanitarian arm of the Seventh-day Adventist Church in Australia and a not for profit organisation.

Documentation provided in support of the application includes:

- General correspondence giving an overview of the operations of Australasian Conference Association Limited.
- ATO Notice of endorsement for charity tax concessions for Adventist Development and Relief Agency Australia Ltd.
- ATO Endorsement as deductible gift recipient- endorsement relates to ADRA Australia National Fund.
- Copy of Business Registration for Adventist Development and Relief Agency Australia Ltd trading as ADRA Australia.
- Copy of Certificate of Registration of a Company – Adventist Development and Relief Agency Australia Ltd.
- Quarterly Financial Report for 2013/2014, 2014/2015 and 2015/2016 (July – September 2015 and October – December 2015).

STATUTORY ENVIRONMENT

Section 6.26 of the Local Government Act provides broad definitions for rateable and non-rateable land. Moreover, Section 6.26 (2) (g) states that land is not rateable if it is “used exclusively for charitable purposes”.

RELEVANT PLANS AND POLICIES

Council’s Rating Policy makes no specific mention to the provision of rating exemptions.

FINANCIAL IMPLICATIONS

The property located at 61 Duchess Street Busselton, as from 29th February, 2016, is wholly owned by Australasian Conference Association Limited as bare trustee for the Seventh-day Adventist Church (Western Australian Conference) trading as ADRA Australia. The 2016-2017 annual rates are \$3279.77 and granting of the rates exemption as sought would result in approximately this amount of revenue being foregone in future years.

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

That Council by not approving the application for rate exemption may be required to defend its decision if the matter were to be appealed by the applicant to the State Administrative Tribunal and that legal costs may be incurred as a result.

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
Legal costs may be incurred in defending Council’s decision if the application is declined.	Applicant may lodge a further application with Council or may appeal the decision via the State Administrative Tribunal	Insignificant	Likely	Medium

CONSULTATION

N/A

OFFICER COMMENT

In accordance with Section 6.26 (2) (g) of the Local Government Act, which states that land is not rateable if it is land used exclusively for charitable purposes, the application need only be considered in two parts – these being firstly; is the use itself “charitable”?, and secondly if the use is considered to indeed be charitable then; is the property being used exclusively for such use?

In considering the first part i.e. is the operations of Seventh-day Adventist Church (Western Australia Conference) – ADRA Australia both current and previous legal opinions have been consistent in defining a charitable purpose; as follows:

“The expression “charitable purposes” may be satisfied if the land is exclusively for one of the following purposes:

1. The relief of poverty;
2. The advancement of education;
3. The advancement of religion; and
4. Other purposes beneficial to the community.”

The property houses a second hand clothing shop and is run and operated completely by volunteer labour, both church and local community members. 25% of the surplus generated funds are distributed to ADRA’s Sydney office to assist in funding its operational support whilst the remaining

75% from the surplus generated funds is distributed to local people in need or other local charities including recent donations to:

- Local people in need (via food vouchers and support of relevant local agencies)
- Busselton YouthCARE
- Busselton Hospice
- Busselton Women's Refuge
- WA Prison Fellowship
- Royal Flying Doctor Service
- ADRA Australia (National and international charity programs)

Therefore, the above use could be considered a charitable use in light of the abovementioned definition of charitable purposes. On the basis of the information supplied in the application, consideration needs to be given that the services provided are targeted at families and individuals on a low income and not for profit groups that could meet the requirements of both #1, "the relief of poverty" and #4 "other purposes beneficial to the community" of the 4 charitable purposes listed above.

The second part in the consideration of the application is the question of the property's "exclusive use" as a charitable purpose.

The property is owned by Australasian Conference Association Limited as bare trustee for the Seventh-day Adventist Church (WA Conference) operating under the banner of Adventist Development and Relief Agency (ADRA). The property is only used for the purposes described above. Therefore the use is exclusively charitable.

Should this application for exemption from rating be successful, the applicant will subsequently be advised that if the usage of the property should alter such that the requirements for eligibility for rate exemption are no longer met, then the rate exemption will be cancelled and rates and charges will become applicable from the date of such change.

CONCLUSION

In light of the details provided by Australasian Conference Association Limited, the registered proprietor, and referencing the application to various legal opinions available for similar applications in other municipalities it is considered that the applicant is providing a charitable purpose to the City of Busselton community and that the provision of such services from 61 Duchess Street Busselton is considered to be an exclusive use.

OPTIONS

The Council may decline the application for rate exemption on the basis that it considers Australasian Conference Association Limited – ADRA Australia is not providing a charitable purpose to the community or that such charitable use relating to the property is not considered an exclusive use.

Should the application be declined for either of the above reasons Australasian Conference Association Limited – ADRA Australia has the option to appeal the matter via the State Administrative Tribunal. This action as a result will require the Council to defend its position and may incur legal costs.

Based on legal evidence and opinion to date it is likely that the Tribunal would uphold the appeal in favour of Australasian Conference Association Limited – ADRA Australia.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The exemption from rating may take effect from the date of receipt of the original application being the 16th March 2016.

Officer Recommendation and Council Decision

F1608/044 Moved Councillor T Best, seconded Councillor G Henley

That the Council:

1. In accordance with Section 6.26(2) (g) of the Local Government Act declare Australasian Conference Association Limited – ADRA Australia be declared exempt from rating on the basis that the property located at 61 Duchess Street Busselton is being used exclusively for a charitable purpose, with the effective date being the date of application of 16th March 2016.

CARRIED 5/0

The Committee requested that Officers write to WALGA to continue to lobby for changes to be made to the rates exemption regulations.

10.35am At this time the Director, Finance and Corporate Services, Rates Coordinator, Strategic Financial Plan Accountant and the Financial Compliance Officer left the meeting and did not return.
The Manager Community Services and the Recreation Facilities Coordinator entered the meeting.

7. GENERAL DISCUSSION ITEMS

7.1 GEOGRAPHE LEISURE CENTRE BENCHMARKS

SUBJECT INDEX:	Geographe Leisure Centre
STRATEGIC OBJECTIVE:	A City where the community has access to quality cultural, recreation, leisure facilities and services.
BUSINESS UNIT:	Community Services
ACTIVITY UNIT:	Community Services
REPORTING OFFICER:	Manager, Community Services - Maxine Palmer
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

A presentation was made by the Manager Community Services and the Recreation Facilities Coordinator relating to the Geographe Leisure Centre Benchmarking.

This presentation included the following

- Geographe Leisure Centre background information.
- The mission and purpose of the centre.
- Financial viability.
- Benchmarks in comparison to similar centres.
- Operating expenses.
- Resourcing of salary and wages on staff.
- Utilization statistics and trends from 2009 – 2016.
- Challenges, issues and opportunities for future management.
- Aquatic area supervision requirements.

10.40am At this time the Director, Community and Commercial Services entered the meeting.

11.16am At this time Councillor Terry Best left the meeting and did not return.

The Committee requested that this presentation be made to the next Policy and Legislation Committee meeting, to be held on Thursday, 18 August and that costings relating to the aquatic area supervision requirements also be presented at a future Finance Committee meeting.

12.04pm At this time the Director, Community and Commercial Services, Manager Community Services and the Recreation Facilities Coordinator left the meeting and did not return.

6.4 ASSET MANAGEMENT PLANS

SUBJECT INDEX:	Asset Management
STRATEGIC OBJECTIVE:	Transport options that provide greater links within our district and increase capacity for community participation.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Engineering and Facilities Services
REPORTING OFFICER:	Asset Coordinator - Dan Hall
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Car Parks Asset Management Plan Attachment B Signage Asset Management Plan

PRÉCIS

The purpose of this report is to present for adoption, the Carparks Asset Management Plan (CAMP) and Signage Asset Management Plan (SAMP).

This report recommends that the Council adopts asset management plans for Carparks and Signage as guiding documents for the ongoing renewal, upgrade and new expenditure of the City of Busselton carpark and signage portfolios.

BACKGROUND

In June 2013, the Council adopted a suite of corporate planning documents in order to comply with the State Governments Integrated Planning Framework. These documents were; a Strategic Community Plan and a Corporate Business Plan, supported and informed by key resourcing and informing plans, namely Asset Management Plans, a Long Term Financial Plan and a Workforce Plan. Falling out of such planning each year will be each local government's Annual Budget. This framework is commonly referred to as Integrated Planning.

Under the guidance of the framework, asset management plans are required to be formulated. These plans are to outline relevant information about each asset class such as location, size, value; condition and timing and cost of replacements/renewals of existing infrastructure.

Whilst these asset management plans are ultimately required to be completed for all City infrastructure assets, it is being done in a staged manner, starting with the major asset classes first. Plans for Roads, Buildings and Parks and Gardens were adopted in June 2013 and the Drainage and Footpaths and Cycleways Asset Management Plans were adopted in June 2014. The CAMP and SAMP have been developed in 2016 and are presented within this report for adoption.

In between the formulation of the asset management plans asset staff have also been heavily involved in implementing fair value for infrastructure assets. This involved a large amount of data collection and liaison with the City finance team as well as the City's financial auditors.

STATUTORY ENVIRONMENT

The *Local Government Act 1995* S5.56 (1) requires the Local Government to develop a "plan for the future" and further detail in relation to this requirement is provided in regulation 19 of the *Local Government (Administration) Regulations*. The Local Government is required to have a corporate business plan linking to long term financial planning that integrates asset management, workforce planning and specific council plans (informing strategies) with a strategic plan.

RELEVANT PLANS AND POLICIES

The data from Asset Management Plans is incorporated into the Long Term Financial Plan and in this way informs the Corporate Business Plan and Annual Budget.

FINANCIAL IMPLICATIONS

The plans provide the Council with information pertaining to any “funding gaps” that may exist within the relevant asset category, i.e. situations whereby what has been spent historically is less than what is required into the future.

Expenditure was also scrutinised in terms of the amount being spent historically on renewing the existing assets as opposed to new and upgraded assets. Renewal of existing assets is critical in ensuring the maximum life is achieved from the assets in the most cost effective manner.

No immediate backlog of required renewals for carparks or signs has been identified at this stage. Recommendations have been made within the plans around the need to maintain renewal expenditure on historical and planned levels.

Car Parks

The City is currently, responsible for 132 off road carparks, with a total pavement area of 234,619m², providing approximately 4,146 parking bays, (which includes some 223 boat and trailer bays and seventy restricted mobility (ACROD) bays). The network has a current replacement value of \$10.17M (based on reconstruction of seal, pavement and sub-base, only, on a like for like basis) and a condition based depreciated fair value of \$8.3M.

These carparks are classified in to various functions or hierarchies and each can be further classified on type, usage and location. There are two principal construction types those being sealed and unsealed (or gravel) car parks.

In addition to these carparks, there are six private carparks, (803 bays), which the City manages in terms of parking restrictions, these are not owned or maintained by the City and are excluded from the asset portfolio and registered purely for information. These include; Busselton Central Shopping Centre South, Busselton Central Shopping Centre North, Busselton New Woolworths, Busselton Old Woolworths, Seymour Boulevard Dunsborough and Dunsborough Central Shopping Centre.

Similarly, there are nine carparks, (254 bays), provided by The Department of Parks and Wildlife, (DPaW). These are open for public use, but not maintained or owned by the City, these include: Nagilgi cave, Canal Rocks carpark, Gunyulgup Bay Headland, Rabbits carpark, Kabbijgup Beach, Sugarloaf Rock Nature Reserve carpark and lookout, Cape Naturaliste south, Cape Naturaliste north and Cape Naturalist Lighthouse carpark (and access roads).

The predicted average annual expenditure required for renewal of the existing car park portfolio (that the City is responsible to maintain) over the initial ten year period (2016/17 – 2025/26) is only \$58,752. However this increases to an average annual expenditure of \$183,756 over the predicted thirty year period (2016/17 – 2045/46) this represents 1.8% p.a. of the total replacement value of \$10.17M.

The current annual budget for renewal of carparks is calculated at \$200,000 p.a. plus CPI (Consumer Price Index , based on current allocation in LTFP for car parks). When measured against the predicted renewal requirements over a thirty year period (\$183,756 p.a.), gives a minor surplus of \$16,244 per annum over the thirty years. This is based on the assumption that the current LTFP allocation of \$200,000 p.a. (plus CPI) remains in place.

Predicted expenditure for renewals as outlined above however does not include any allowance for expansion and upgrade of the asset group .i.e. new and expanded carparks. This is on the basis that the figures are provided for a renewal on a like for like basis.

The calculations shown above (current budget \$200,000 p.a. less required annual renewal \$183,756 p.a.) demonstrate that the City does not currently need to increase its annual car park funding in order to sustainably manage its carpark renewal funding at the current service levels. This is based on renewal of the existing asset base.

New Carparks

New carparks are a mix of formalisation of areas which have naturally evolved into parking areas; as well as where a need has been identified.

The total funding required for potential new parking is \$130,000 at this point in time. A list of proposed new car parks is provided in Table 1, below.

The proposed new carparks identified in Table 1 below are provided as a starting point for future planning activities. Adoption of the asset management plan does not commit the Council to undertaking these works, rather provides an initial list of new car parks that can be built on over time.

Table 1: Proposed New Carparks

Location	Approx. number of bays	Responsibility/Funding/Approx. cost
Koolijak Road, adjacent to playground	10	COB \$30,000
Geographe Bay Road/ Mann St	5	COB \$15,000
Geographe Bay Road/ Quindalup old disused tennis court	10	COB \$25,000
Geographe Bay Road/Tulloch St, formalise sandy pull in	10	COB \$30,000
Geographe Bay Road/Grove Street, formalise and seal	10	COB \$30,000
Grace Court, formalise sandy indent.	5	COB \$15,000
Total Additional Funding Required	Total	\$130,000

Carparks Upgrades

The total upgrade work identified within the CAMP that may require funding is outlined in Table 2 below, (excluding those works identified as funded via other sources such as Busselton foreshore, Airport and Meelup Regional Park).

These are potential upgrades to existing formalised carparks are a mix of semi-formal unsealed parking areas as requiring major upgrade.

Similarly to the New Car Parks, adoption of the asset management plan does not commit the Council to undertaking these works, rather provides an initial list that can be built on over time.

Table 2: Carpark Upgrades

CARPARK	WORK REQUIRED	COMMENT	PRIORITY SCORE	BASIC COST	POSSIBLE FUNDING
ALBERT STREET	RECONSTRUCT	significant stripping and patch	128	\$58,700	COB

CAR PARK	AND UPGRADE	work some edge erosion requires a/o and line marking, recon and install rain gardens for improved drainage			
AMBERGATE RESERVE	RECONSTRUCT AND SEAL	requires recon and formalisation with traffic management devices to prevent anti-social behavior, grade in meanwhile	34	\$90,000	COB
FORTH STREET	FORMALISE, RECONSTRUCT AND SEAL	Ave gravel depth 150+. formalise, kerb and seal	34	\$73,000	COB
HARNETT STREET	FORMALISE, RECONSTRUCT AND SEAL	could do with sealing, average gravel depth 110	30	\$33,900	COB
KING STREET FORESHORE	UPGRADE	Meandering cracking to most, multiple ph. and patches very rough uneven surface. upgrade and reseal	128	\$58,000	COB
RIEDLE PARK	RECONSTRUCT AND SEAL	some loose mixed with mulch, park recently upgraded and area reduced, needs acrod bay, formalising and sealing, and layback kerb to entry	18	\$30,000	COB
WONNERUP BOAT RAMP TOILET BLOCK	RECONSTRUCT AND SEAL	Ave gravel depth only 50mm and uneven requires top up scrape and roll. Has 3m asphalt apron to road. seal req (This is a small area)	17	\$18,000	COB
MARGARET STREET FORESHORE	RECONSTRUCT AND SEAL	ave gravel depth 150+, should be sealed	26	\$52,200	COB
Total				461,800	

The total potential new and upgrade works for carpark is \$591,800 (\$130,000 plus \$461,800 Table one plus Table two). This amount of \$591,800 is separate to the existing renewal budget. The implementation of all of these new and upgrade / expansion works can be delivered through the parking reserve account over time to cover new and upgrade / expansion expenditure.

It is proposed that these potential new and upgrade works be noted as part of the adoption of the CAMP and be considered on a case by case basis as part of the annual budget deliberations. This will provide the Council with the opportunity to assess these potential new and upgraded works in line with all other potential new infrastructure works.

Officers over the next twelve months will be developing a more formalised car park strategy. This will include the new and major upgrade items identified within Tables one and two to form a car parks forward capital works plan.

Signage

The City of Busselton is responsible for maintaining an approximate total of 5,950 signs at an estimated replacement value of \$2.3M, and a condition based depreciated fair value of \$1.8M.

This total number of signs includes such signs as parking, dog control and other City regulatory signs, tourist directional, footpath and cycleway signage, street and road name signage and warning and hazards signage.

The City has historically spent \$191,577 p.a. (2013/14 -204/15) on signage renewal activities. Signage expenditure is generally allocated within other areas. For example, replacement of road signs may be undertaken and costed against a particular road or area rather than a specific signage renewal account.

Renewals have been determined by assessing the condition of the various signs, their expected useful life and the cost of replacement.

This provides a prediction on the timing and cost of renewal works based on the current assessed condition. This is valuable when predicting over a period of time as it identifies the most critical works (according to condition) as a priority and the likely cost per annum.

This also allows the asset management plan to provide financial information into the LTFP in the form of a schedule of works.

Chart one below shows the predicted expenditure for signage renewals over a period of twenty years. These figures include the labour cost of installation also. This is done on the basis of the City’s own internal staff undertake the bulk of signage renewal. The replacement cost also assumes a new post will be required upon each renewal – this may not always be the case, however has been included this way to provide an indication of the potential total cost.

Chart 1 also shows how the predicted works are grouped as the various condition ratings are used to determine the timing of the renewals. The twenty year average for signage renewals is \$180,013 p.a. This represents an annual amount of 7.8% of the overall replacement value of \$2.3M. This percentage is high in relative terms with other assets; however can be attributed to the shorter useful life of ten years for signage compared to twenty five to eighty years for other assets.

Chart 1: Signage 20 Year Renewal Costs



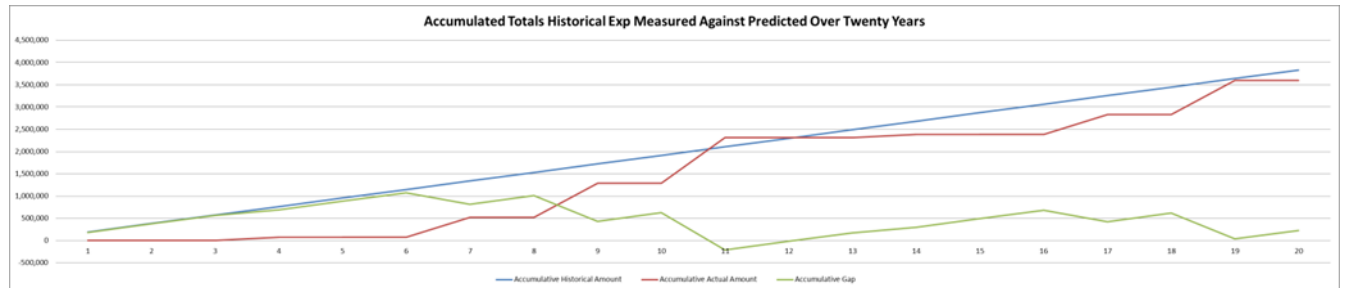
Chart 2 below shows the predicted accumulated renewal expenditure over twenty years measured against the historical average to determine if any renewal gaps exist.

The blue line in the chart represents the historical average of \$191,577 p.a. accumulated over twenty years. The red line represents the accumulated renewal requirements as predicted by the asset management plan. This is an average of \$180,013 p.a. over the twenty year period; however the line reflects the peaks and troughs in expenditure as they occur within the asset management plan.

A simple comparison (\$191,577 vs \$180,013) between the two averages indicates that an ongoing allocation of the historical average would cover the twenty year renewal requirements for signs. How this relationships works on a year by year basis (taking into account the aforementioned peaks and troughs) is shown via the green line in the chart.

The green line shows the relationship between the red and blue line on an annual basis. If the green line moves below zero at any point it shows that a funding gap exists at that point in time. Although the green line dips below zero at year eleven, it recovers to be above the line in year twenty.

Chart 2: Accumulated Totals Historical Expenditure Measured Against Predicted Over Twenty Years



The annual renewal expenditure grows to \$211,000 after fifty years. This indicates that whilst levels of renewal expenditure will suffice over the initial twenty years; over time level of service decisions will need to be made or level of renewal increased. As an example of a level of service decision, if the signs were to be replaced on an eleven year cycle (as opposed to ten), then the fifty year average is reduced to \$186,000 p.a. – which falls within existing levels of renewal.

The first five years of the asset management plan consists of the renewal of all condition five (Very Poor / Remove) and Condition four (Poor) signs. The condition five signs will be replaced first and condition four signs will be replaced second. This provides an initial five year renewal average of \$14,691 p.a.

The first five years will also include the ongoing programmed rationalisation of duplicated, superseded and obsolete signage. This will be undertaken as a means of monitoring and managing any over proliferation of signs that may occur over time.

Long-term Financial Plan Implications

Car Parks

The City currently provides \$200,000 p.a. (plus CPI) for car parks renewal within the LTFP. There has also been general provision made within the LTFP for new and major upgrade expenditure via the parking reserve. Adoption of the CAMP will not bind the Council to any of the New and Major Upgrade works and outlined within the plan. It will however provide the opportunity for these to be assessed over time and possibly funded via this reserve account.

This required average however, increases to an average annual expenditure of \$183,756 over the predicted thirty year period (2016/17 – 2045/46). The annual LTFP funding also funds new and major upgrade works as they are required.

In order to provide a linkage with the City’s Long Term Financial Plan, the data is also assessed over a period of ten years. This is undertaken to provide an overview of any short term implications of the asset management plan.

Signage

Chart 3: Signage 10 Year Renewal Costs

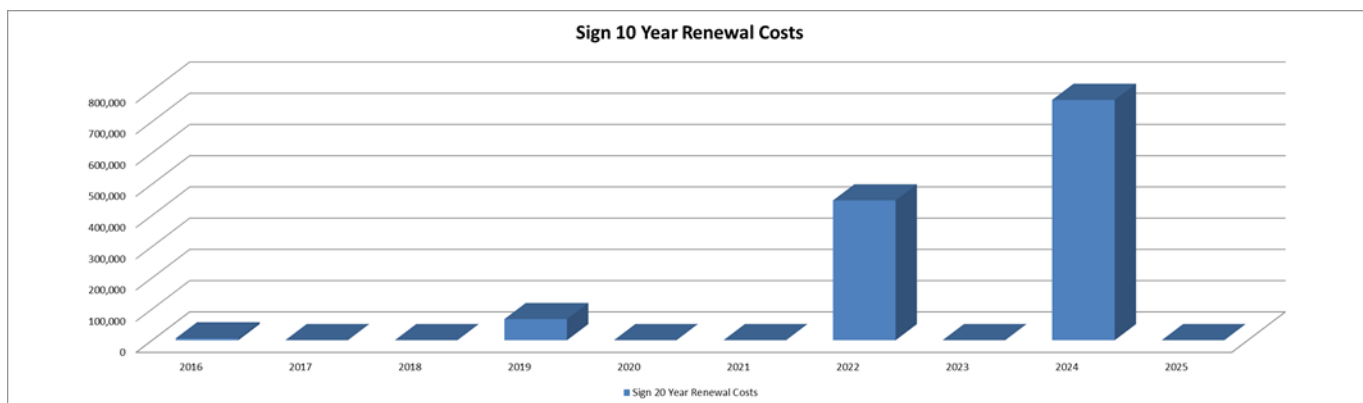


Table 3 below shows the figures for the first ten years of the asset management plan and shows an average amount of \$129,042 p.a. This is less than the comparative figure of \$180,013 p.a. over twenty years. The ten year percentage of overall replacement cost per annum is 5.59%.

Table 3: Signage Ten Year Renewal Costs

	1	2	3	4	5	6	7	8	9	10		
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	Ave
Signage Renewal	5,989	0	0	67,463	0	0	447,668	0	769,297	0	1,290,418	129,042

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 2 – ‘Well Planned, Vibrant and Active Place’ and more specifically Community Objective 2.3 - ‘Infrastructure assets that are well maintained and responsibly managed to provide for future generations’.

RISK ASSESSMENT

An assessment of the potential implications of not implementing the officer recommendation and adopting the asset management plans has been undertaken using the City’s risk assessment framework.

The table below shows identified risks where the residual risk, once controls have been identified, as ‘medium’ or greater;

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
Increase in asset Funding Gaps due to decrease in levels of renewal.	Ongoing allocation of adequate renewal funding.	Financial Operations	Likely	Major

CONSULTATION

Nil.

OFFICER COMMENT

The asset management plans are prepared in the context of core asset management working towards advanced asset management planning. The initial plans have been undertaken to meet minimum organisational and legislative requirements for financial planning and reporting. This is referred to as the “core” approach and provides basic technical management outputs such as

statements on current levels of service, forward replacement programs and associated cash flow projections based on historical performance.

Advanced asset management involves engaging with the community to discuss and agree on alternative levels of service, applying analysis to individual assets and implementation of improvements identified in core planning.

Some elements of advanced asset management have been able to be incorporated in this initial process, such as discussion on alternative levels of service and applying analysis to individual assets.

Other advancements such as integration with mapping software and GPS technology has been trialed and used for the SAMP and the CAMP. This is part of an overall asset management improvement program which aims to make asset information more accessible to the whole organisation. Asset Information for different assets such as parks and gardens, buildings, roads, car parks etc. will also be able to be displayed together, making it easier to view how these assets link and work together.

Carparks

The CAMP outlines a number of strategies to address the condition of its carpark assets by:-

- Maintaining current renewal budgetary funding at existing levels plus CPI,
- Considering as part of annual budget deliberations, new and major upgrade carparks funded via the parking reserve account;
- Continued monitoring of the carpark network;
- Rationalising the network according to use to provide for both reduced costs and maintenance efficiency; and
- Continuing to fund special carpark projects via alternative funding sources such as special projects and the Meelup Regional Parks nodes programme.

By implementing the recommendations within the plan, the Council will be able to maintain and improve its carpark network at the levels required by both the standards and the levels of service identified in the CAMP.

Signage

The Signs Asset Management Plan has been developed through a combination of desktop analysis, condition assessments and staff knowledge and is a building block for the ongoing management of the City of Busselton's signage network.

Whilst this is the first iteration of the City of Busselton's Signage Asset Management Plan, elements of asset management are already being undertaken for signage assets. This includes adherence to minimum standards for sign planning and implementation, basic levels of service in terms functionality and appearance; and scheduled renewal as time and resources allow.

What hasn't been done to this point, and what the plan covers, is to quantify all the signs under City of Busselton management and provide guidance on required ongoing renewal expenditure. This quantification of the signs allows the City to be more targeted with replacement and renewal of signs, which will complement existing scheduled renewal programs.

CONCLUSION

Whilst no immediate backlog of required renewals for carparks or signs has been identified at this stage, it is important that current levels of renewal, allocation of resources and ongoing review and update continue to be carried out for these assets. This will ensure that no backlog of works is created for these assets into the future.

Funds for upgrade to existing and new car parks can be funded via the car park reserve account, should the Council implement any of these works as outlined within the CAMP. It is proposed that these potential new and upgrade works be noted as part of the adoption of the CAMP and considered on a case by case basis as part of the annual budget deliberations. This will provide the Council with the opportunity to assess these potential new works in line with all other potential new infrastructure works.

The CAMP and SAMP will be reviewed on a three yearly cycle which will allow time for improvements to be made whilst ensuring that reviews are undertaken with sufficient regularity. All other asset plans are reviewed on a three yearly cycle also.

OPTIONS

Council could choose not to adopt the asset management plans at this juncture; however this may hinder the City's integrated planning compliance.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The implementation of the Asset Management Plans would be effective immediately upon adoption of the officer's recommendation.

Committee Recommendation and Officer Recommendation

F1608/045

Moved Councillor P Carter, seconded Councillor C Tarbotton

That the Council adopts the individual asset management plans for Car parks (CAMP) and Signage (SAMP).

CARRIED 4/0

8. NEXT MEETING DATE

Thursday, 1 September 2016

9. CLOSURE

The meeting closed at 12.20pm.

THESE MINUTES CONSISTING OF PAGES 1 TO 32 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 1 SEPTEMBER 2016.

DATE: _____ PRESIDING MEMBER: _____