

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 2 JUNE 2016

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MINUTES

MINUTES OF FINANCE COMMITTEE HELD IN MEETING ROOM ONE, COMMUNITY RESOURCE CENTRE, 21 CAMMILLERI STREET, BUSSELTON, ON 2 JUNE 2016 AT 9.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.27am.

2. ATTENDANCE

Presiding Member:

Cr John McCallum

Members:

Cr Gordon Bleechmore
Cr Grant Henley
Cr Terry Best (from 9.33am)
Cr Paul Carter

Officers:

Mr Matthew Smith, Director, Finance and Corporate Services
Mrs Victoria Wilmot, Manager Financial Services
Mr Ehab Gowegati, Financial Accountant
Mr Jeffrey Corker, Financial Compliance Officer
Mr Dan Hall, Asset Coordinator (from 9.31am until 9.48am)
Mr Stephen Wesley, Engineering Management Accountant (from 9.29am)
Miss Hayley Barge, Administration Officer, Governance

Apologies

Mr Mike Archer, Chief Executive Officer

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 5 May 2016

Committee Decision

F1606/032

Moved Councillor G Henley, seconded Councillor G Bleechmore

That the Minutes of the Finance Committee Meeting held 5 May 2016 be confirmed as a true and correct record.

CARRIED 4/0

- 9.29am At this time the Engineering Management Accountant entered the meeting.
- 9.31am At this time the Asset Coordinator entered the meeting.
- 9.33am At this time Councillor Best entered the meeting.
- 9.36am At this time Councillor Henley left the meeting.
- 9.41am At this time Councillor Henley re-entered the meeting.

6. REPORTS

6.1 FINANCE COMMITTEE INFORMATION BULLETIN - PERIOD ENDING 30 APRIL 2016

SUBJECT INDEX:	Councillor's 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 Report - Period Ending 30 April 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 April 2016, the value of the City's invested funds totalled \$121.5M, up from \$120.6M as at 1 April.

During the month of April \$15.5M in term deposit funds matured. \$13.5M in deposits were renegotiated, for an average of 111 days at an average rate of 2.98%. \$2.0M in deposits were 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 \$2.5M.

Rates on offer upon the renegotiation of term deposits decreased during April as the market was anticipating an official rate cut by the RBA at the beginning of May. The RBA did cut rates by 0.25%

and have indicated further rate cuts may be possible later in the year. Financial markets are pricing in further cuts and rates offered to date during May have further reduced.

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
23-Mar-16	\$15.00	Zastam / Rise & Co Bakery	Morning Tea - Salaries & Allowance Tribunal
23-Mar-16	\$456.50	Al Forno Busselton	Post Council Meeting Dinner
24-Mar-16	\$203.98	Shutterstock	License Graphics for New Admin Building Window
24-Mar-16	\$605.00	Parks & Leisure Australia	PLA State Conference – Mersina Robinson
21-Apr-16	\$861.65	Vibe Hotel Darwin	*CEO Accommodation at LG CEO Group Meeting
22-Apr-16	\$836.98	Qantas Airways Ltd	*CEO Flights to LG CEO Group Meeting

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

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:

- 70 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$395.15
- There was 1 application for sponsorship received or assessed during April 2016.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$28,055.91.
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$36,830.00.

App. No.	Recipient	Purpose	Amount
71/1516	Busselton Woodturners	Funds to assist with hall hire at Churchill Park and the soccer club for the Woodturners workshop. The workshop showcases local woodturners and brings other woodturners to the City. (approx. 100 people estimated to attend)	\$500

Asset Management Report

Signage Asset Management Plan

Data collection for signage has now been completed in preparation for modelling and finalisation of the signage asset management plan. The plan will be completed using a combination of information collected via site as well as desktop analysis undertaken during the recent fair value assessment.

Between the signs collected in the field and those collated via the desktop analysis, a total of around 6,300 signs are located within the City and districts that are under City management and control, at an estimated replacement (including installation) cost of \$2.6M.

This total includes such signs as parking, dog control and other City regulatory signs, tourist directional, footpath and cycleway signage, street and road name signage and advanced warning signage. These are further outlined below.

Large

Signs allocated as large signs are a mixture of uses however are all displayed as large signs, attracting a similar replacement cost – they have been grouped together for this reason. These signs generally contain either multiple messages or a lot of information to be disseminated to the public.

Directional

Directional signage has been defined as signage which provides information to both tourists and locals as to the location of important landmarks, businesses, nature reserves, sporting clubs etc. They also give direction for things such as car parks and public toilets also.

Footpath and Cycleway Signage

Footpath and cycleway signage is located mainly along Dual Use Paths (paths designated for both cycling and walking). This signage provides information for the users as well as outlining some rules and regulations to be adhered to when travelling along the paths. The bulk of these signs are located along the coastal Dual Use paths between Port Geographe in Busselton to Dunsborough.

Council Regulations

Signs under the council regulations category are signs that provide information and guidance to the public in terms of what activities are not allowed at the designated area. This includes dog exercise areas, prohibited camping zones, boat launch and ski areas.

Street and Road Name Plate

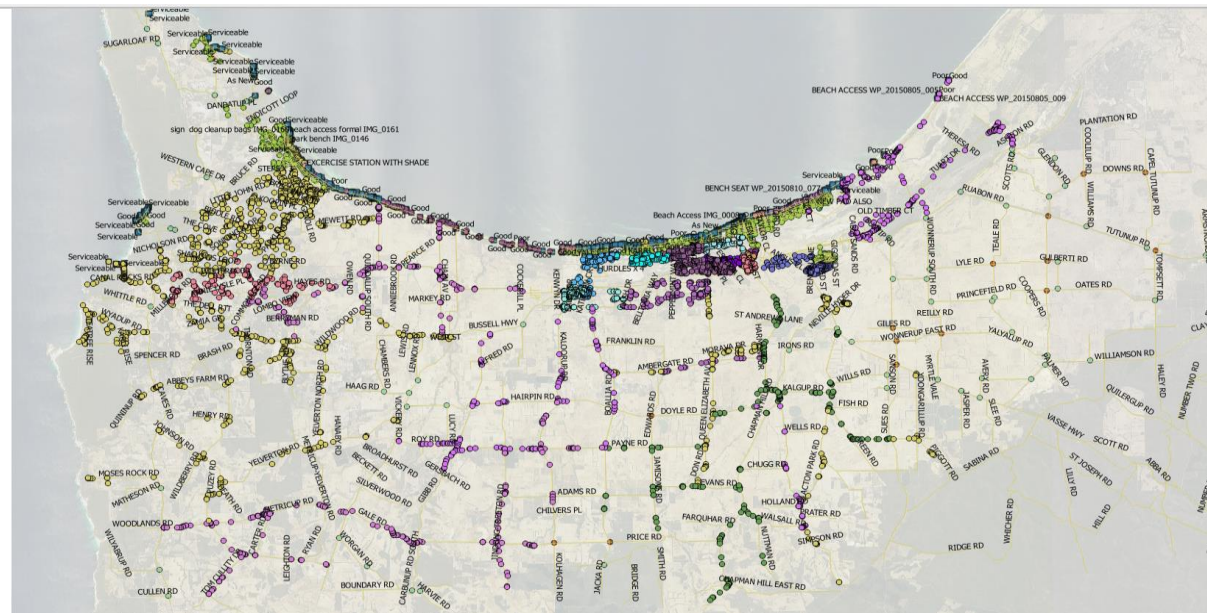
Street and Road Name Plates are used for the purpose of providing the road user with the names of each and every road. These signs are essential and the road network would not function without them.

Advanced Warning

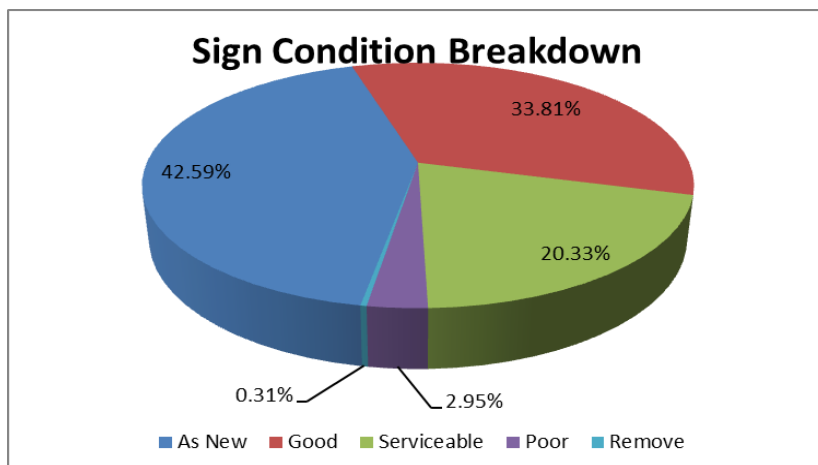
Advanced warning signs provide guidance to road users of approaching potential hazards and to proceed with caution. This includes things such as school bus turnarounds, concealed driveways, narrowing road, approaching cross roads etc.

Of the total 6,300 signs, data for 4,500 has been collected via a site visit and condition inspection. The inspection has been undertaken using GPS technology, allowing the information to be represented in a map format as an addition to the data being used for modelling of ongoing renewal requirements for signs. Below is an example showing the data collected in map format, each dot representing a sign within the City and containing information such as sign type and wording, condition score and exact geo referenced location.

The process of providing the information in map format also, 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.



The condition assessments undertaken have not noted any major condition related issues with the signs overall, with only 2.95% (135 signs) being in a poor condition and 0.31% (14 signs) being in a very poor condition. The bulk of the signs were in an As New or Good condition. A full breakdown of condition ratings is shown in the chart below.



Based on the condition information collected, it is unlikely that any large increases in signage renewal expenditure will be required for the current sign portfolio being managed by the City. However this will be discussed in more detail when the asset plan is presented for adoption.

Committee Recommendation and Officer Recommendation

F1606/033 Moved Councillor G Bleechmore, seconded Councillor P Carter

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

CARRIED 5/0

9.48am At this time the Asset Coordinator left the meeting.

6.2 LIST OF PAYMENTS MADE - APRIL 2016

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Information Technology
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 - April 2016

PRÉCIS

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

Committee Recommendation and Officer Recommendation

F1606/034 Moved Councillor P Carter, seconded Councillor T Best

That the Council notes payment of voucher numbers M112831 – M112923, EF045654 – EF046151, T007233 – T007235, and DD002727 – DD002758; together totaling \$6,887,743.33.

CARRIED 5/0

6.3 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDED 30 APRIL 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:	Manager, Financial Services - Victoria Wilmot Financial Accountant - Ehab Gowegati
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - April 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 April 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 year to date 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 year to date basis, and reconciles with the net current position as per the Statement of Financial Activity.

- Capital Acquisition Report

This report provides year to date 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 year to date basis.

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

COMMENTS ON FINANCIAL ACTIVITY TO 30 APRIL 2016

Comments on the financial activity and a brief explanation of the variances is provided below.

Operating Activity

- Operating Revenue

As at 30 April 2016, there is a variance of +0.2% in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Operating Grants, Subsidies and Contributions	+22%	+\$615
Interest Earnings	+45%	+\$771
Non-Operating Grants, Subsidies and Contributions	-19%	-\$1,397
Profit on Asset Disposal	+17%	+\$2

Operating Grants, Subsidies and Contributions (+\$615K)

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).
- Operations Services Works revenue is favourable to budget by +\$41k. This is mainly attributable to the reimbursement of workers compensation funds which offsets expenditure that has already been incurred.
- Financial Services revenue is favourable to budget by +\$59k. This is mainly 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 +\$11k 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 +\$79k. This is mainly attributable to the receipt of unbudgeted revenue on the finalisation of the 2014/15 DFES reconciliation of +\$66k.
- Civic and Administration Centre revenue is favourable to budget by +\$228k. This is attributable to a contribution by BCG towards costs associated with the building design, as per contract negotiations. The final amount is still to be confirmed and therefore an immaterial variance may occur on the final amount received.
- Busselton Jetty revenue is favourable to budget by +\$351k. This is attributable to a timing difference where the invoice was raised in April (and paid in May) for the second payment attributable to the Jetty license agreement.
- Miscellaneous Bridge maintenance is below budget expectations by -\$360k. This is attributable to timing differences at this time with +\$180k being confirmed as received in May.

Interest Earnings (+\$771K)

The current variance on interest earnings is primarily attributable to:

- Late payment interest of +\$40k.
- Instalment plan interest of +\$6k.
- Interest on Municipal funds of -\$48k.
- Interest on reserve funds of +\$195k. The reserves balance currently includes \$16.9m 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 \$195k in additional interest, \$124k is attributable to the Civic and Administration Centre Construction Reserve.
- Interest on restricted funds of +\$578k. 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 (-\$1,397K)

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

- Developer contributions revenue to date is +\$93k over budget. At this time, it appears this maybe a timing difference. This line item has no impact on the budget as all developer contributions are transferred to restricted assets accounts to be used in subsequent periods for the purpose for which they were raised.
- 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.
- Busselton shark net revenue is +\$100k over the year to date budget. This is reflective of a timing difference with the budget revenue being allocated to June.
- Busselton Foreshore projects are on the whole -\$599k below the year to budget. The main variances are attributable to;
 - Foreshore East Youth Precinct (skate park and adventure playground) revenue is +\$614k over the year to date budget, due to a budget allocation timing difference;
 - Provision of Services and Auxiliary works revenue is below budget by -\$1.2m. This is due to the \$4.5m Royalties for Regions grant being pending, with likely notification in June or July.
- Footpath construction works on the whole is below the year to date budget by -\$181k. This is attributable to;
 - Busselton Bypass, Strelly Street to Clydebank Avenue revenue is -\$61k below budget projections. This is a timing variance only as the City can only claim the 50% grant contribution in arrears, upon completion of the project. The acquittal process is currently underway;
 - Busselton Bypass, Fairway to Kangaroo Gully, revenue is -\$120k below budget projections. This is due to a timing variance only as the City can only claim the last 20% of this project upon completion of the works when the final cost is known. It is anticipated the final claim will be made in June.
- Main Roads capital road construction projected revenue is -\$179k below year to date budget. This variance is mainly attributable to two jobs, being Strelly Street -\$80k and Queen Elizabeth Avenue -\$84k;
 - The Strelly Street project consists of design, planning and minor preliminary works and has been delayed due to deliberations surrounding the outcomes of the Busselton Traffic Study. The City can only claim the second 40% progress payment in advance when the

first 40% has been fully expended. It is anticipated that this project will represent a carry over into the 16/17 financial year;

- The Queen Elizabeth Avenue asphalt overlay project is now nearing completion with the final 20% of the grant totalling \$42k to be claimed in June. A claim totalling the year to date variance of \$84k was raised in May effectively reducing this variance to nil.
- Roads to Recovery road project grant revenue is -\$52k below year to date budget. The City submits a quarterly claim in advance based on anticipated expenditure which was raised in April. It is noted that the amount subsequently received in May is lower than the claim amount. The variance is anticipated to be received next year and due to timing of expenditure there is no expected material impact on the City's net position as at year end.
- Road Initiative bus bays and shelters revenue is under budget by -\$180k. This is attributable to a timing variance only. The second 40% progress claim totalling \$120k was processed in May with the final claim valued at \$60k to be made in June.

Profit on Asset Disposals (+\$2K)

The current minor 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 April 2016, there is a variance of -7% in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	-21%	-\$2,639
Insurance Expenses	-10%	-\$74
Other Expenses	-20%	-\$514
Loss on Asset Disposal	+73%	+\$49

Materials and Contracts (-\$2,639K)

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 -\$165k compared to the year to date budget, which is mainly attributable to consultancy -\$54k, computer software licenses -\$29k, GIS costs -\$33k, and lease of equipment -\$32k. It is anticipated that the full budget allocation will be spent prior to the end of the financial year.

▪ **Community Recreation Centres**

Community recreation centres have an overall favourable variance of -\$91k. This is attributable to the Naturaliste Community Centre -\$57k, and the Geographe Leisure Centre -\$34k below the year to date budget. To maintain the net operating positions forecast, expenditure at both the GLC and NCC is being strictly prioritised and delayed wherever possible.

▪ **Environmental Planning**

Environmental planning is overall favourable by -\$124k, with implementation of management plans being down as compared to budget by -\$90k. This is attributable to timing differences associated with the utilisation of contractors and the seasonality of the work that is required. It is still expected that full budget allocation will be utilised by year end.

▪ **Busselton Jetty**

Busselton Jetty contractor costs are under the year to date budget by approximately -\$541k. 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 amount that has, to this point,

not been required. This will be a significant under expenditure to budget associated with Jetty works at year end. 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 will not impact on the City's year end net financial position.

- **Meelup Regional Park**

The Meelup Regional Park budget is underspent by -\$107k. This is mainly attributable to seasonal scheduling of expenditure on Meelup trail maintenance works and vegetation rehabilitation works. These works are now in progress.

- **Building Maintenance**

The scheduled building maintenance budget is underspent by -\$206k year to date. This is due in part to Facility staff spending a considerable amount of their time on relocating staff for the new administration building project. It is still anticipated however, that the level of expenditure will increase prior to the end of the year.

- **Provence and Vasse Newtown – Parks and Gardens**

Contractor costs associated with Provence Estate maintenance are under budget by -\$194k as public open space areas within the estate is 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 -\$124k 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.

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.

As indicated in the budget review, whilst additional insurance expenses are expected to be incurred prior to 30 June 2016 due to insurance schedule additions and amendments, along with excess payments, these are not expected to be material in value. Consequently, a favourable variance is expected by financial year end.

Other Expenditure (-\$514K)

The current variances associated with other expenditure is attributable to:

- Members of Council expenses of -\$105k. This variance is made up of a number of different accounts with the main variances being;
 - Mayor and deputy mayor allowances -\$8k;
 - Elected members refreshment and functions -\$9k;
 - Elected members conference and training expenses -\$15k;
 - Elected members election and poll expenses -\$5k;
 - Elected members sitting fees -\$23k;
 - International relationships account -\$10k;
 - Presentations on termination policy -\$5.
- Community services administration expenses of -\$216k. This variance is attributable to;
 - Events, marketing and promotions is -\$147k 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 \$150k from the commercial and industrial differential marketing funds into the Airport Marketing Reserve specifically for the marketing and support of the Airport development project, and this \$147k, along with further savings in the remainder of the financial year, will be used for this purpose. All remaining funds in the differential rate

marketing fund will be transferred to the Airport Marketing Reserve (\$150k as previously endorsed by Council and the remaining \$46k as per the MERG report to Council dated the 8th June 2016);

- Donations, contributions and subsidies of -\$49k. This relates to the timing of payments for projects funded as part of the community bids programme;
- Events sponsorships (differential rates) of -\$20k. This relates to events that have been funded through the events sponsorship programme that either have not yet been held, or have been cancelled.
- Half Iron man events sponsorship of -\$46k. This variance is a timing difference as the event was held in early May and therefore funds will be expended before the end of the financial year.
- Public relations expenses of -\$32k. This is attributable to catering -\$13k, advertising Council pages -\$7k, community consultations and surveys -\$7k, public relations account -\$9k and long service contributions to other Local Government Authorities +\$7k.
- Planning administration expenses of -\$30k. This is mainly attributable to the façade refurbishment subsidy account -\$25k and advertising (public/statutory) account being -\$4.5k 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. Although there has been a number of enquires, it now appears unlikely that the City will resolve any for payment this financial year.
- Rates administration valuation expenses are under budget by -\$18k. It is projected that the full rates valuation expense account will be expended by year end. A commitment of \$61k is posted against this account which mainly relates to the end of year unimproved values general valuations which have been received in May.

Loss on Asset Disposal (+\$49K)

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

Capital Activity

▪ Capital Revenue

As at 30 April 2016, there is a variance of -76% in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Proceeds from Sale of Assets	-36%	-\$200
Transfer from Restricted Assets	-95%	-\$11,073
Transfer from Reserves	-61%	-\$4,900

Proceeds from Sales (-\$200K)

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.

Transfer from Restricted Assets (-\$11,073K)

The variance in transfers from restricted assets results largely from the budgeted -\$11.5m transfer associated with the Busselton Regional Airport development. As at 30 April 2016, no transfer has been processed with year to date actual project expenditure at \$755k (\$535k exclusive of City employees costs). It is anticipated that a transfer from the Airport Development project to municipal funds will be made during May.

The remaining -\$96k transfer from restricted assets relates to the Port Geographe bank guarantee drawdown and this transfers will occur in May.

This variance is partly offset by refunds in bonds and deposits of +\$523k as at the end of April where all obligations have been fulfilled to authorise the return of funds. The City does not budget for these transactions, and as such, any material variance will be reported accordingly.

Transfer from Reserves (-\$4,900K)

The variance in transfers from reserves is attributed to the less than anticipated budget transfer of \$4.9m associated with the new Civic and Administration Centre building. A significant timing variance is reflected as at 30 April 2016, as transfers are not processed until after funds have been expended or invoiced. It is anticipated that the end of year position will be in line with the budget.

▪ Capital Expenditure

As at 30 April 2016, there is a variance of -42% in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	-69%	-\$11,171
Plant & Equipment	-39%	-\$885
Furniture and Equipment	-38%	-\$192
Infrastructure	-41%	-\$9,988
Transfers to Restricted Assets	+61%	+\$927
Transfers to Reserves	-20%	-\$1,851

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 the other classifications, an overview of the year to date financial performance is provided as follows:

Transfers to Restricted Assets (+\$927K)

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. 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 favourable financial year to date variance of approximately +\$927k is primarily attributable to:

- The receipt of developer contribution payments in excess of budget totalling +\$93k.
- The receipt of unbudgeted interest associated with the Airport funds of +\$578k.
- The City salaries attributable to the Airport development project of -\$220k. It has been confirmed that in-kind salaries are not recoverable from project funds.
- The receipt of bond and deposit payments totalling approximately +\$480k.

The performance in this category generally does not impact on the closing surplus/deficit position with the exception the non-recovery of City's salaries from the Airport Development project. Part of the interest earned on certain restricted asset funds do contribute to the City's municipal interest earnings.

Transfers to Reserves (-\$1,851K)

The transfers to reserves are attributable to:

- An increase in interest earned of +\$195k (as explained previously under the heading of "Interest Earnings").
- The transfer of funds from the municipal account to the reserve account associated with the Port Geographe drawdown yet to occur of -\$2.046m. This transaction will be processed as part of the May transfers.

CONCLUSION

The Net Current Position as at 30 April 2016 of \$4.4m is \$1.6m higher than as at 30 April 2015. The Net Current Position is impacted by many factors and consistent with prior years, is expected to fluctuate significantly as we move towards the end of financial year.

In terms of the annual budget review, completed as at 29 February 2016, a surplus closing position of approximately \$360k was projected as at 30 June 2016 (excluding any re-list items). Whilst there have been favourable and unfavourable variances that have arisen during the month, these do not warrant an amendment to the current projected surplus. The level of fluctuation expected over the next two months highlights the increased necessity to closely monitor financial performance over the remainder of the current financial year.

OPTIONS

Nil.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.

Committee Recommendation and Officer Recommendation

F1606/035 Moved Councillor G Henley, seconded Councillor T Best

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

CARRIED 5/0

7. GENERAL DISCUSSION ITEMS

Nil

8. NEXT MEETING DATE

Thursday, 21 July 2016

9. CLOSURE

The meeting closed at 9.57am.

THESE MINUTES CONSISTING OF PAGES 1 TO 19 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 21 JULY 2016.

DATE: _____ PRESIDING MEMBER: _____