

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 3 MARCH 2016

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MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN MEETING ROOM THREE, COMMUNITY RESOURCE CENTRE, 21 CAMMILLERI STREET, BUSSELTON, ON 3 MARCH 2016 AT 9.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.31am.

2. ATTENDANCE

Presiding Member:

Cr John McCallum

Members:

Cr Gordon Bleechmore
Cr Grant Henley (from 9.39am)
Cr Paul Carter
Cr Terry Best (until 12.04pm)

Officers:

Mr Mike Archer, Chief Executive Officer
Mr Oliver Darby, Director, Engineering and Works Services (until 11.28am)
Mrs Naomi Searle, Director, Community and Commercial Services (from 10.11am until 10.57am)
Mrs Maxine Palmer, Manager Community Services (from 10.31am until 11.28am)
Mr Ehab Gowegati, Financial Accountant
Mr Daniel Hall, Asset Coordinator (until 11.28am)
Mr Jeffrey Corker, Financial Compliance Officer (until 9.47am)
Mr Stephen Wesley, Engineering Management Accountant (until 10.25am)
Mr Dave Goodwin, Recreation Facilities Coordinator (from 10.31am until 11.28am)
Mr David Whitfield, Rates Coordinator (from 10.05am)
Mr Shawn Lombard, Building Facilities Coordinator (from 10.31am until 11.28am)
Mr Greg Hood, Asset Management Officer (from 10.41am until 11.28am)
Miss Hayley Barge, Administration Officer, Governance

Apologies

Mr Matthew Smith, Director, Finance and Corporate Services

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 on 4 February 2016

Committee Decision

F1603/008

Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Minutes of the Finance Committee Meeting held 4 February 2016 be confirmed as a true and correct record.

CARRIED 4/0

6. REPORTS

6.1 LIST OF PAYMENTS MADE - DECEMBER 2015

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 - January 2016

PRÉCIS

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

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

F1603/009 Moved Councillor P Carter, seconded Councillor T Best

That the Council notes payment of voucher numbers M112502 – M112622, EF044296 – EF044725, T007218 – T007222, and DD002654 – DD002679; together totaling \$5,545,432.42.

CARRIED 4/0

9.39am At this time Councillor Henley entered the meeting.

6.2 FINANCIAL ACTIVITY STATEMENTS – PERIOD ENDING 31 JANUARY 2016

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

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 31st January 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

Coordinators, Managers and Directors

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 31st JANUARY 2016

Operating Activity

▪ Operating Revenue

As at 31st January 2016, there is a variance of +5.6% in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Operating Grants, Subsidies and Contributions	+16%	+\$286
Other Revenue	+610%	+\$1,728
Interest Earnings	+21%	+\$266
Non-Operating Grants, Subsidies and Contributions	+16%	+\$551
Profit on Asset Disposals	-14%	-\$2

A summary of the above variances is provided as follows:

Operating Grants, Subsidies and Contributions (+\$286)

The current variance is primarily attributable to:

- Fire prevention (DFES) - timing difference associated with the ESL levy reimbursement due to budget split evenly over 12 months +\$39k, and receipt of unbudgeted revenue due to finalisation of the 2014/15 end of year DFES reconciliation +\$66k;
- The receipt of unbudgeted \$37k from the Local Government Insurance Scheme for the 2015 scheme member dividend. Last year \$6m was redistributed to members with the City's share as disclosed above. This benefit is largely attributed to the schemes strong financial position over recent times in managing the City's risk through a group self-insurance approach;
- The receipt of a Lottery West grant to part fund the construction of New River East loop trail \$24k. The Project was constructed in 2014/15 however the income was budgeted to be received 2015/16 in arrears as per signed agreement (50% in December and 50% in June hence the timing variance);
- Within the works operation's services business unit, workers compensation revenue recouped exceed budget by +\$30k. This is fully offset by the expenditure incurred;
- CapeRoc waste management study \$24k (share of contribution from the Shire of Augusta-Margaret River);

Other Revenue (+\$1,728)

The current variance is attributable to:

- Funds received from the drawdown of the Port Geographe Bank Guarantees +\$1.8m. There is a report to the Council on the same agenda relating to these funds which are as a result of an agreement entered into with Port Geographe Administrators for a payout of various bank guarantees held by the City in respect of completed stages of the Port

Geographe Development. The report recommends these funds be held in various reserves for expenditure in future financial years.

Interest Earnings (+266K)

The current variance is primarily attributable to:

- Late Payment Interest +\$13k;
- Instalment Plan Interest +12k;
- Interest on Municipal Funds -\$11k;
- Interest on Reserve Funds +\$109k. The reserves balance currently includes the full \$18m loan funds for the Administration building redevelopment which is yet to be utilised to offset any expenditure. Due to the higher than anticipated balance at this time, interest earned has exceeded budget projections. It should be noted of the \$109k in additional interest, \$89k is attributable to the Civic and Administration Centre Construction Reserve;
- Interest on Restricted Funds +\$143k. Relates to airport funds which is not budgeted for but it should be noted that the Airport grant agreement requires these funds be applied towards the Airport project;

Non-Operating Grants, Subsidies and Contributions (+551k)

The variances are primarily attributable to:

- Busselton Foreshore, provision of services and auxiliary works -\$863k. This is due to the \$4.5M Royalties for Regions grant remaining pending. Likely notification June/ July;
- Foreshore east youth precinct (skate park and adventure playground) +\$615k. This is due to a timing difference at this time;
- Busselton Shark Net non-operating grant +\$100k. Timing variance, the Government grant was received earlier than was anticipated;
- Tuart Drive bridge (0239A) +\$645k. This project was completed and invoiced in full. A budget amendment will be processed in March as this project came in under budget by \$360k, and approval has been given to use these unspent federal grant monies on other bridge maintenance undertakings;
- Roads to recovery road construction works (23 road works) is net +\$115k. Timing variance only, the City claimed more of the Federal grant funds in the second quarter (Oct-Dec) based on the predicted schedule of works than we had originally budgeted for;
- Main roads road construction projects are net -\$75k, of which the Strelly Street design project is -\$60k. It was envisaged that the City would claim more of these road design works earlier in the year. Claims are based on expenditure to date, a second claim is anticipated to be made in March;

Profit on Asset Disposals (-\$2K)

The current variance is primarily attributable to:

- Minor timing difference associated with book Profits due to disposal of assets. It should be noted that this is an accounting entry only, and has no direct impact on the Net Current Position.

Operating Expenditure

As at 31st January 2016, there is a variance of -8% in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	-24%	-\$2,211
Utilities	-17%	-\$224
Other Expenses	-13%	-\$224

Description	Variance %	Variance \$000's
Allocations	-18%	-\$206
Loss on Asset Disposal	+29%	+\$18

A summary of the above variances is provided as follows:

Materials and Contracts (-\$2,211K)

Materials and contract nature and type comprises of some 547 cost codes with the main areas of significant variances (over \$50k) as follows;

- Information technology -\$90k. Timing variance only that predominately relate to Consultancy -\$41k, GIS Costs -\$32k, and Computer Software Licences -\$17k;
- Community recreation centres (consolidated for all business units) is -\$77k below budget. This is attributable to -\$47k for the Naturaliste Community Centre and -\$30k for the Geographe Leisure Centre. To maintain the net operating positions forecast, expenditure at both the GLC and NCC is being strictly prioritised and delayed wherever possible;
- Within the Environmental Planning business unit, management plan implementation works is under budget -\$55k. This is attributable to timing differences associated with the utilisation of contractors and the seasonality of the work that is required;
- The Engineering & Works Services Support is -\$300k under budget year to date. This represents the annual payment that is yet to be made to the Department of Transport in relation to the Port Geographe management deed. It is anticipated that this payment will be processed by February/ March;
- Building and Facilities Maintenance is -\$761k under budget year to date. Over half of this variance is attributable to works yet to be carried out on the Busselton Jetty. These works include rust inhibitor inspection and repairs, hand rail painting and a full structural assessment on the underwater observatory.
- The Waste Management is -\$238k under budget year to date. Budget for Busselton transfer station -\$53k, Dunsborough waste facility -\$124k, rubbish sites development -\$50k. These funds are expected to be utilised by the 30th June.

Utilities (-\$224k)

Variances associated with utilities are attributable to timing differences which in turn relates to utility billing cycles. The breakdown is as follows;

- Telephones (-\$13k);
- Electricity (-\$35k);
- Water (-\$176);

Other Expenditure (-\$224k)

Variances associated with other expenditure are attributable to;

- Members of Council expenses -\$63k (main variances are for Elected members sitting fees -\$21k, allowances - Mayor & Deputy -\$8k, international relationships -\$7k, communication allowance -\$3k, gifts and presentations -\$3k, travelling allowance (Councillors meetings) -\$2k, tours of inspection -\$2k);
- Community services administration, events marketing and promotions -\$98k. MERG Marketing funds which have not been expended as MRBTA recharge campaign 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 new Airport Reserve specifically for marketing/ support of Airport development project, and this \$98k, along with further savings in the remainder of the financial year, will be used for this purpose;

- Expenses associated from the drawdown of the Port Geographe Bank Guarantees +\$100k. This is the payment to the Administrator of the Port Geographe Development which it was agreed the City would make in exchange for receiving a payout of approximately 1.8 million dollars for bank guarantees held by the City, resulting in a net financial gain to the City of approximately \$1.7million.

Allocations (-\$206k)

This activity incorporates numerous internal accounting allocations. Whilst the majority of individual allocations are administration based (and clear each month), the activity also includes plant and overhead related allocations. Due to the nature of these line items, the activity reflects as a net offset against operating expenditure, in recognition of those expenses that are of a capital nature (and need to be recognised accordingly). Variances, particularly early in the financial year, are not uncommon, as the activity is highly dependent upon a range of works related factors. It should be noted however that as anticipated (and in line with historical trends) that the variance will gradually decrease as the year progresses.

Loss on Asset Disposal (+\$18k)

Timing difference associated with book losses due to disposal of assets. It should be noted that this is an accounting entry, and has no direct impact on the Net Current Position. At this stage it is expected that the full plant acquisition/ disposal program will be achieved by 30th June 2016;

Capital Activity

▪ Capital Revenue

As at 31st January 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
Proceeds from Sale of Assets	-40%	-\$195
Transfer from Restricted Assets	-82%	-\$1,236
Transfer from Reserves	-80%	-\$4,595

Variances associated with capital revenue are as follows;

Proceeds from Sales -\$195k

- Timing difference associated with the sale of plant. At this stage it is expected that the full plant acquisition/ disposal program will be achieved by 30th June 2016.

Transfer from Restricted Assets -\$1,236

- The 2015/16 budget includes a transfer from restricted assets of \$1.5m that is associated with expenditure to be incurred for the Busselton Regional Airport development. To date no transfer has been made as expenditure for the project has not yet reached this value (net -\$1.5m);
- The remaining +\$264k are attributable to bonds and deposits refunded to the end of January as all obligations have been fulfilled to authorise the return of funds. As the City does not budget for these transactions, any material variance will be reported accordingly.

Transfer from Reserves - \$4,595k

- The 2015/16 budget includes a transfer from reserves of \$4,590k that is associated with the building of the new Civic and Administration Centre. As this is expenditure has not been realised as at 31st January, no transfer has been made.

- Capital Expenditure

As at 31st January 2016, there is a variance of -38% in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	-84%	-\$8,578
Plant & Equipment	-40%	-\$716
Furniture and Equipment	-27%	-\$96
Infrastructure	-29%	-\$4,199
Transfers to Restricted Assets	+69%	+\$725

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

An overview of the collective year to date financial performance in each of the above classifications is also provided as follows:

Land & Buildings (YTD Variance: -\$8,578K)

This classification comprises the following sub-groups,

Land (YTD Variance: -\$935K)

- The general annual allocation for land purchases within the property services area for land matters is -\$50k. Funds are not required to be spent at this stage as no land dealings have been identified at this time;
- Airport development, purchase of land -\$880k. Land acquisitions negotiations as part of the airport development project are currently being finalised. It is anticipated that deposits for three portions of land will be paid this financial year with the balance in 2016/17.

Buildings- Major Projects (YTD Variance: -\$7,277k)

The current variance is primarily attributable to;

- Foreshore east youth precinct Community Youth Building (incorporating BSLSC) -\$1,691k. Due to policy changes, and a change in timing, with the Lottery West funding system, the outcome of the grant application which has been submitted to Lottery West and worked through with the stakeholders will not be known until February 2016. The majority of these funds will not be expended in the 2015/16 financial year;
- Railway House -\$1,164k. Tender awarded with construction to commence February/March 2016, and to be completed in the 2016/17 financial year;
- Multi-purpose community sporting clubhouse -\$475k. This project should commence construction in May 2016, City Staff are currently working with relevant stakeholders and user groups of the Barnard Park Ovals to develop a suitable concept which meets their requirements (change room, toilet and kiosk facilities). This project will be carried forward and completed in the 2016/17 financial year;
- Civic and administration centre (inclusive of relocation costs) -\$3,970k. This is due to a timing difference in that construction has commenced later than reflected in the 2015/16 budget.

However given the tight schedule for construction and the anticipated practical completion date of February 2017, it is still anticipated that all of the funds on the 15/16 budget will be spent;

- Steel frame shed +\$23k. This project was an extension to scope of the promenade works to be paid for utilising savings in these works;

Buildings - Other (YTD Variance: -366\$K)

The current variance is primarily attributable to;

- GLC sports stadium floor -\$33.7k. This project has been deferred to next financial year. These funds are now required for the change room refurbishment which has exceeded the projected budget forecast (see comment below);
- GLC Change room Refurbishment -\$66.9k. The Tender response came back over budget. Individual RFQ's were sought which has reduced the total project cost somewhat but it is still over the projected budget forecast. The work must be done this financial year to avoid the risk of losing the DSR funding of \$33k. A budget amendment report to transfer the sports stadium floor budget to the change room refurbishment budget will be presented to Council shortly;
- Performing arts centre -\$50k. This project has been put back a year due to other priority projects and this will be a saving to the community facilities contributions account;
- Airport terminal stage 1B -\$96k. The airport terminal stage 1B works forms part of the airport development project. These works have not occurred due to the preparation of a project definition plan, to be formally considered by a project governance committee, which confirms the project scope and subsequent costings. Stage 1B works will be completed by the end of financial year.
- Kookaburra caravan park ablutions refurbishment -\$61k. This relates to the refurbishment of park 1 ablution block. This is a timing difference only with work to commence after Easter;
- Kookaburra park home -\$47k. again this is a timing difference with delivery and installation proposed in April 2016;

Plant & Equipment (YTD Variance: -\$716K)

The current variance is primarily attributable to;

- Building Services -\$35k. Replacement for light vehicle is due in February 2016. Waiting delivery of 2016 model to local dealer;
- Law, Order and public safety -\$53k. Replacement of a Ranger's ute is due in September 2015. The City is looking at a new 'pod' system for the Ranger ute based on predetermined specifications (as advised by the rangers department). Expect to order in February 2016 with delivery late April 2016;
- Airport development -\$40k. A vehicle for the Airport Development Project was budgeted for however is determined as not required this financial year.
- Parks and gardens plant purchases -\$145k. Timing difference relating to delivery of trucks. All expected to be delivered by 30th June 2016;
- Construction plant purchases -\$337k. The replacement of a road maintenance truck has been identified as a carryover into the 2016/17 financial year. This is due to the build time for these bodies which is only carried out in the eastern states & the significant lag between ordering & delivery. All other construction plant is expected to be delivered by 30th June 2016.

In summary, actual expenditure on Plant and Equipment replacement is \$716k under the year to date forecast position, which is attributable to timing difference only. Many of the heavy vehicles up for replacement are historically delivered and paid for in the second half of the year, with much of the quotation and tendering process having already been finalised in the first 6 months. Almost all light fleet vehicles due for change-over have been replaced in the first half of the financial year.

Furniture & Office Equipment (YTD Variance: - \$96K)

The current variance is attributable to;

- Information Technology -\$68k. This budget includes numerous projects, all of which are progressing within projected timeframes. There is presently nothing to indicate that the annual budget allocation for this section will not be achieved by financial year end;
- Naturaliste community centre -\$8k. Expenditure of this budget is being delayed to ensure the NCC meets its end of year net operating position;
- Geographe Leisure Centre -\$27k. Expenditure of this budget is being delayed to ensure the GLC meets its end of year net operating position;

Infrastructure (YTD Variance: - \$4,199K)

This classification is reported by three main groups being major projects, general infrastructure works and those classified as Airport development projects. Comments on each component are as follows:

Infrastructure – Major Projects (YTD Variance: -\$226K)

Although the current difference is not significant from a dollar value perspective (in terms of the overall infrastructure variance), an analysis is nonetheless required due to some significant differences that exist on individual projects within the Busselton foreshore development. The main variances are attributable to;

- Foreshore east youth precinct (skate park and adventure playground – C3103) +\$419k. This is due to timing difference however all funds are expected to be spent on this project by the end of the financial year;
- Foreshore Promenade (Jetty to Geographe Bay Road – C3107) +\$282k. These works were slightly delayed but are nearing completion with some “tidying up” works now taking place. Expectation that this project will be completed on budget by the end of the financial year;
- Foreshore provision of services and auxiliary works (C3132) -\$922k. These works have not commenced because the \$4.5M Royalties for Regions through the SWDC grant remains pending. The City is not likely to be notified as to whether or not the grant is successful until June/ July hence these works are unlikely to commence this financial year;
- Foreshore ancillary works (C3133) -\$203k. These works have been delayed until later in 2016;
- Foreshore water supply and services (C3140) +\$176. This overspend is due to an addition to the scope of these works which will be funded by an equivalent underspend in the foreshore Promenade works budget;

Infrastructure – Other (YTD Variance: -\$3,184K)

Excluding the Busselton Regional Airport, Foreshore and Administration Building construction the majority of the remaining Infrastructure projects are administered by the Engineering and Works Services Directorate. In respect of year to date financial performance, the Engineering and Works Service Directorate advises that these projects are presently \$3.2m below year to date (YTD) budget estimates, with much of this variance attributable to timing only. Council should be mindful that there were a further \$2m in committed orders against these projects as at 31 January, which if taken into account reduces the year to date variance for infrastructure projects to \$1.2m. The following major items are contributing to the variance;

- Busselton Jetty Refurbishment (C3500) -\$625K, The Busselton Jetty accounts for 19% of the year-to-date variance. All of the cruise ship landing facilities have now been completed, but the final payments are yet to made (hence timing difference only);
- Parks and Gardens projects, of which there are 17 this financial year, are under budget to the tune of -\$1.2m. 90% of this variance is attributable to the new Vasse Oval Development where preliminary works had been scheduled to begin in the first half of the financial year. Due to planning and design related matters and other commitments these works will now commence in March 2016;

- Sanitation infrastructure -\$1.4m. The Transfer Station and New Cell Development budgets were evenly spread across the financial year. Works on the Transfer Station are yet to commence and as such there is a -\$603k variance to the year to date budget. Although the New Cell is underway, expenditure to date is -\$841k under the predicted year to date budgeted amount. Both these variances are due to timing.

Infrastructure – Airport Development (YTD Variance: -\$789K)

In relation to the progress of the Busselton Regional Airport development projects, the Community and Commercial Services Directorate report the following:

- Airport project expenses are -\$789k as compared to year to date budget. This is attributable to unconfirmed costs associated with the establishment and operations of the Project Office during budget preparation, the appointment of staff during the year rather than the start of financial year, and the delayed payment of building construction insurance. Further, the Airport Development capital budget was prepared based on the total project budget (\$55.9m) rather than being allocated to specific years reflecting the project progress, as this information was unknown at the point of budget development for 2015/16;

Transfers to Restricted Assets (+\$725k)

The annual budget in this category relates to contributions and is spread evenly across the financial year. The favourable year to date variance is due to;

- The receipt of additional developer contributions in excess of budget totalling approximately +\$295k. The additional contributions received were mainly attributable to Provence, Vasse, and Peppermint Park. These funds have been receipted into the Community and Recreation Facilities account and are subsequently transferred to the Restricted Assets account;
- The receipt of unbudgeted deposits and bonds of +\$430k. The additional deposits and bonds were mainly for roadwork bonds and town planning bonds. Once a bond is received a contra is created in the creditors account to recognise the liability.

Transfers to Restricted Assets has no direct impact on the surplus/ deficit position, as associated transactions represent equity transfers to quarantine funds received in the form of, amongst others, developer contributions (via the 'Non-Operating Grants, Subsidies and Contributions' operating revenue category) and borrowings.

CONCLUSION

As at 31 January 2015, the overall operating revenue is \$3.2m above year to date budget. This is mainly attributable to the unbudgeted additional revenue of \$1.8m received due to the drawdown of the Port Geographe bank guarantee (which will be subject to a Council report), and timing difference associated with the receipt of other revenue (i.e. contributions, reimbursements, interest etc.). Expenditure categories are currently tracking below budget by \$3m, at this time however these variances have been identified as timing issues only. More significant variances are evident in the capital revenue and expenditure categories. Capital revenue performance is highly dependent upon the level of capital expenditure (i.e. acquisitions and construction). Capital expenditure performance to the end of January is below year to date budget projections across a number of classes; which significantly contributes to the reduced capital revenue levels.

Notwithstanding the above, as detailed in the December 2015 Financial Activity Statement Report, with the exception of the Busselton Airport development and specific Foreshore works projects (being Foreshore East – Youth Precinct Community Youth Building, Railway House, Multi-Purpose Community Sporting Clubhouse – Active Playing Fields Stage 1A, and Civic Administration Building), that all other capital projects will be achieved by financial year end.

The Annual Budget Review is to be completed based on the City's financial performance to 29 February 2016; at which time a projection of the City's financial performance to 30 June 2016 will be provided.

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA

Committee Recommendation and Officer Recommendation

F1603/010 Moved Councillor G Bleechmore, seconded Councillor G Henley

That the Council receives the statutory financial activity statement reports for the period ending 31 January 2016, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

6.3 FINANCE COMMITTEE INFORMATION BULLETIN - NOVEMBER / DECEMBER 2015

SUBJECT INDEX:	Councillor's Information
STRATEGIC OBJECTIVE:	Governance systems that deliver responsible, ethical and accountable decision-making.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Executive Services
REPORTING OFFICER:	Asset Coordinator - Dan Hall Civic Relations Officer - Deborah Holden Financial Compliance Officer - Jeffrey Corker
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Investment Performance Report - Period Ending 31 January 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 31 December 2015, the value of the City's invested funds totalled \$121.075mn.

During the month of January \$18.00mn in term deposit funds matured. One deposit in the amount of \$3mn was closed so as to have funds available for operational needs. Deposits totalling \$15mn were renegotiated, for an average of 115 days at an average rate of 3.01%.

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 \$500,000.00 due to the receipt of Restricted Asset funds in recent months. These funds largely consist of Community and Recreation Facility Contributions for major land developments including Vasse Newtown and Old Broadwater Farm. These funds then become part of the investment pool.

A deposit in the amount of \$4mn held with the WA Treasury Corp for the Airport redevelopment matured. As the funds were not immediately required the deposit was rolled for a further 3 months at a rate of 2.19%.

While official cash rates remain steady, concerns continue within financial markets. Available rates remain volatile, and vary significantly from bank to bank and day to day.

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
18-Jan-16	684.80	Whakatane District Council	CEO LG Chief Officer Conference 17-19 February
18-Jan-16	12.33	Whakatane District Council	CEO LG Chief Officer Conference 17-19 February
22-Jan-16	102.50	Al Forno	LTFP + Workforce Plan Workshop

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:

- 56 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$416.8
- There were 3 applications for sponsorship received or assessed during January 2016.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$23,340.91.
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$36,830.00.

App. No.	Recipient	Purpose	Amount
54/1516	Bunbury Triathlon Club	Busselton Triathlon being held on 13 March, funds to assist with road closures and to cover the cost of SLSWA water safety. ONE OFF PAYMENT	\$500
55/1516	Lord Mayor's Distress Relief Fund	Funds donated to assist with the Waroona and Districts bushfires	\$1000
56/1516	Marg Hitching and Kirsten Whitby	Seeking sponsorship for bicycle ride to raise money for Motor Neuron Disease. Funds to purchase t-shirts, signs for vehicles and fuel. Unsuccessful as it did not meet the guidelines.	\$0

Asset Management Report

The Long Term Financial Plan (LTFP) Review and update was completed in December 2015. This included a review and update of existing forward planning within asset management plans.

Infrastructure assets covered within this review and update included Buildings, Roads, Parks and Gardens, Drainage, Footpaths and Cycle ways, Boat Ramps and Coastal Protection and Bridges.

The projects listed within the LTFP are a mix of new and renewal projects, the renewal projects were generated through the asset management plans and the new projects are generated by other sources such as strategic documents, community requests and officer recommendations.

The updated figures aim to best reflect the current strategic directions of the Council with regards to infrastructure assets expenditure, this includes the inclusion of figures from the current Draft Asset Management Plan for the GLC, Renewal / New Split for expenditure of footpaths and cycle ways and increased expenditure for narrow seal (3.5m wide) rural roads.

OFFICER RECOMMENDATION

That the Finance Committee notes the Finance Committee Information Bulletin for the month of August 2015.

Note: The Financial Accountant advised the Committee that the Officer Recommendation included a typographical error and should read January 2016 rather than August 2015.

Committee Decision and Alternative Officer Recommendation

F1603/011 Moved Councillor T Best, seconded Councillor P Carter

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

CARRIED 5/0

9.47am At this time the Financial Compliance Officer left the meeting and did not return.

6.4 BUDGET AMENDMENT - LOCAL GOVERNMENT GRANTS SCHEME

SUBJECT INDEX:	Emergency Services
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Environmental Services
ACTIVITY UNIT:	Ranger and Emergency Services
REPORTING OFFICER:	Manager, Environmental Services - Greg Simpson
AUTHORISING OFFICER:	A/Director, Planning and Development Services - Martyn Glover
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

PRÉCIS

The City has received an offer under the Local Government Grants Scheme (LGGs) to fund the construction of a new fire shed at Ambergate and for additions to the Wilyabrup fire shed to enhance the City's volunteer bushfire brigade. This report recommends that Council accepts the grant funding, and amends the 2015/16 Budget to enable works associated with upgrading the Wilyabrup Fire Shed to be undertaken during the current financial year.

As a site for a new fire shed at Ambergate has yet to be determined, DFES have indicated that the LGGs funding for a new Ambergate fire shed be rolled forward to allow for the determination of a site for the fire shed. The LGGs funding for the Ambergate fire shed can therefore be considered as a submission to the 2016/17 Draft Budget.

BACKGROUND

The Emergency Services Levy (ESL) provides funds through the LGGs to local government by way of capital grants to assist the provision of facilities for the City's Bush Fire Brigade services.

The City through its Bush Fire Advisory Committee regularly review resource requirements and each year submits an application to DFES for LGGs funding. Following assessment of the City's 2015 capital grant request, the government's Bush Fire Services Capital Grants Committee have approved capital grants under the LGGs for the purpose of constructing a new fire shed with one appliance bay and amenities for the Ambergate Fire Brigade (\$123,307) and a grant for training/amenity room additions to the Wilyabrup Bush Fire Brigade (\$77,273).

STATUTORY ENVIRONMENT

The LGGs capital funding enhances the City's volunteer Bush Fire Brigade capacity to respond to fire emergencies as part of a general responsibility for administration of the Bush Fires Act 1954.

Section 6.8 of the *Local Government Act 1995* refers to expenditure from the municipal fund not included in the annual budget.

RELEVANT PLANS AND POLICIES

The City's Bush Fire Strategic Plan was adopted in 2005 and is the overarching plan for the City's management of bush fire issues.

FINANCIAL IMPLICATIONS

The provision of a fire shed for the Ambergate Fire Brigade is considered necessary as the fire appliance for the Ambergate Brigade is currently housed on private property. However, the location

of the fire shed has not been determined and it is recommended that a request be submitted to the Bush Fire Services Capital Grants Committee to roll forward the grant to the 2016/17 financial year, to allow time for Council to finalise the location of the Ambergate Fire Shed. This report recommends that Council accept the LGGs grant of \$123,307, with this amount to be considered further as a submission to the City's 2016/17 Draft Budget.

In order to maintain the integrity of Council's financial reporting, this report recommends an amendment to Council's 2015/2016 Budget to include the LGGs capital grant funding for the construction of training/amenity room additions to the Wilyabrup Bush Fire Brigade with this work to be completed in the 2015/16 financial year.

Revenue and corresponding expenditure for the works associated with the Wilyabrup Bush Fire Brigade training/amenity room additions is as follows:

Description	Account String	2015/2016 Adopted Budget	2015/2016 Amended Budget (Proposed)
Revenue			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-1215	0	(77,273)
Expenditure			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-3280	0	77,273
Net Exp/Rev		0	0

Long-term Financial Plan Implications

Nil

STRATEGIC COMMUNITY OBJECTIVES

Consideration of this matter is consistent with Community Objective 6.3 - An organisation that is managed effectively and achieves positive outcomes for the community – of the City of Busselton Strategic Community Plan 2013.

RISK ASSESSMENT

An assessment of the potential implications of implementing the officer recommendations has been undertaken using the City's risk assessment framework. The assessment identifies 'downside' risks only, rather than 'upside' risks as well. There were no risks identified rated as medium or greater.

CONSULTATION

The City prepares the LGGs capital grant applications in consultation with the City's Bush Fire Brigades and the DFES South West region district officer.

In May 2012, DFES Planning and LGGs allocation branch also undertook a project to confirm the current housing arrangement and future requirements for LGGs funded appliances/vehicles for Bush Fire Brigades in consultation with the City and Bush Fire Brigades. The provision of a fire shed for the Ambergate Bush Fire Brigade was identified as one of a number of funding priorities.

OFFICER COMMENT

Capital grant funds are provided under the LGGs to enhance the Bush Fire Brigades defence/offence capacity to manage and respond to bushfires and provide greater community protection through improved facilities.

The capital grant offer for the construction of a training room and amenities for the Wilyabrup Bush Fire Brigade is part of the ESL funding procedures under the LGGs for the ongoing improvement of Bush Fire Brigade facilities and these additions can be completed in the current financial year. Therefore, an amendment to the 2015/16 Budget is required if the additions to the Wilyabrup fire shed is to be undertaken in the current financial year.

The provision of a new fire shed for Ambergate is also necessary as the Ambergate Fire Brigade appliance are currently housed on private land. While the development of a new fire shed in Ambergate is considered a priority there has been some delay in receiving funding as a location for the fire shed has not been confirmed.

Now that a LGGs funding offer has been received an investigation of suitable sites will be undertaken and a future report will be provided to Council on this matter. DFES are aware of the need to determine a site and have indicated that the LGGs funding allocated for the new Ambergate fire shed be rolled over to the 2016/17 financial year and pending determination of the sheds location.

CONCLUSION

This report recommends that Council accepts the LGGs capital grant funds and amends the 2015/16 Budget to enable construction of training/amenity room additions to the Wilyabrup Bush Fire Brigade in the current financial year, with the funding for a new fire shed at Ambergate to be considered as part of the 2016/17 Budget preparations.

OPTIONS

The Council may determine to not endorse the proposed amendment to the 2015/2016 budget to undertake the construction of training/amenity room additions to the Wilyabrup Bush Fire Brigade fire shed.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the Officer Recommendation be endorsed, an amendment to the 2015/2016 adopted budget will be processed by the 31 March 2016.

Committee Recommendation and Officer Recommendation**F1603/012**

Moved Councillor G Bleachmore, seconded Councillor P Carter

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Council

1. Accept the capital grant funding allocated under the Local Government Grants Scheme to fund the construction of a new fire shed at Ambergate and for additions to the Wilyabrup fire shed to enhance the City's volunteer bushfire brigade.
2. Endorses an amendment to the 2015/2016 adopted budget on the following basis:

Description	Account String	2015/2016 Adopted Budget	2015/2016 Amended Budget (Proposed)
Revenue			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-1215	0	(77,273)
Expenditure			
Wilyabrup Bush Fire Brigade shed modifications	441-B9104-3280	0	77,273
Net Exp/Rev		0	0

3. Accept the LGGS grant of \$123,307, with this amount to be considered further as a submission to the City's 2016/17 Draft Budget.

CARRIED 5/0

10.00am At this time the Manager Community Services and the Recreation Facilities Coordinator entered the meeting.

6.5 BUDGET AMENDMENT - FORESHORE WEST LANDSCAPING AND BEACH ACCESS RAMP

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Engineering and Facilities Services; Operations Se
ACTIVITY UNIT:	Engineering and Works Services
REPORTING OFFICER:	Engineering Management Accountant - Stephen Wesley
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A Initial Project Site Layout Attachment B First Letter to WAPC - Gale Street Contribution Attachment C Project Concept Plan - Beach Access Ramp Attachment D Second Letter to the WAPC - Jolliffe Street Contribution Attachment E Cash-in-Lieu of Public Open Space - Planning Bulletin No.21 April 1997

PRÉCIS

This report seeks to amend the capital budget pursuant to the project titled "Foreshore West Landscaping - King Street Area" (C3138)

BACKGROUND

A project was recorded against the 2015/16 budget to complete landscaping and to provide a formalised beach access way at the far Western end of the Foreshore West development located at the northern end of Gale Street. **See Attachment A.** Unfortunately due to a mix up between various projects being considered at the time the project name included an erroneous reference to the "King Street Area" instead of to the correct reference as to the "Gale Street Area".

These works were to be funded from a Cash-In-Lieu of Public Open Space Development Contribution collected from a housing development in Gale Street. The projects preliminary scope of works was to include the following three aspects;

- a) Construct a beach access ramp (compliant with disability access regulation if feasible) with associated path tie-in to the existing pathway.
- b) Basic landscaping of the traffic islands along Geographe Bay road between Gale and High streets and,
- c) Some minor dune restoration including bollard type fencing and plantings.

In September a letter was sent to the West Australian Planning Commission (WAPC) seeking approval to undertake these works. **See Attachment B.**

Unfortunately, the city was notified that cash in lieu of public open space contributions could not be used within a Road Reserve and thus the landscaping of the traffic islands could not be funded from this source, and to a lesser extent it limited some anticipated sand dune rehabilitation works.

With regards to the ramp, from the detailed design phase, a combination of excessive cost, space availability (not impeding on the existing vehicle access way) and the gradient (fall) from the top of the ramp to the beach, meant the only sensible option would be to construct a simple ramp without switchbacks. **See Attachment C.** This would mean that the ramp would unfortunately not comply with all aspects of the disability access regulation requirements, mostly associated with recommended gradients. This said, the ramp being proposed will be constructed from mod wood for

greater longevity and durability and can be considered a big improvement for easier beach access, especially for the elderly, based on what exists presently.

Due to the above mentioned matters combined with a delay in making a conclusive decision the initial WAPC request was withdrawn.

In January a second letter was sent to the WAPC, See **Attachment D** this time seeking approval to use a Cash-In-Lieu of Public Open Space Development Contribution from a housing development in Jolliffe Street. This was deemed more appropriate for two main reasons,

1. The contribution totaled \$70,000 being more closely aligned with the estimated funding required, now exclusive of the landscaping.
2. The Gale Street contribution of \$102,000 is better placed to be applied to a future undertaking at the foreshore such as a specific element within the soon to be redeveloped Central Core.

Subsequent to the submission to the WAPC there was some concern that a portion of the path-tie-in to the beach access ramp would fall within the road reserve. See **Attachment E**. It has been estimated that approximately 35% of the exposed aggregate area would be within the road reserve and as such the City has agreed that the cost of this, estimated at approximately \$1,800 will be paid for by the City. This can be achieved as either;

- a) an over expenditure against the project or,
- b) via a journal to the footpath maintenance budget, or
- c) by a reduced draw down from the restricted funds account upon completion of the project.

STATUTORY ENVIRONMENT

Section 6.8 of the Local Government Act refers to expenditure from the municipal fund that is not included in the annual budget. In the context of this report, where no budget allocation exists, expenditure is not to be incurred until such time as it is authorised in advance, by an absolute majority decision of the Council.

Town Planning and Development Act 1928, Section 20C outlines the purposes for which cash-in-lieu of public open space may be expended

RELEVANT PLANS AND POLICIES

Planning Bulletin No.21 April 1997, **Attachment E** - Cash-in-Lieu of Public Open Space
Policy DC 2.3 Public Open Space in Residential Areas

FINANCIAL IMPLICATIONS

This report seeks to reduce the budget against; Foreshore West Landscaping - King Street Area (to be adjusted to Gale Street Area) from \$108,000 to \$70,000 to reflect a change to the Cash in Lieu Contribution being applied to fund the allowable proposed works.

This budget adjustment will have no financial implications on the City's overall financial position, and have no impact on net municipal funds.

STRATEGIC COMMUNITY OBJECTIVES

Well Planned, Vibrant and Active Places

Item 2.1; A City where the community has access to quality cultural, recreation and leisure facilities and services.

This project will enhance the amenity of the popular Western End of the existing Foreshore West development.

Caring and Inclusive Community

Item 1.3; A community that supports healthy, active ageing and services to enhance quality of life as we age.

The City is providing a safer beach access option for a large number of elderly residents who are known to frequent the beach at this location.

RISK ASSESSMENT

There is a small risk to the City, as there is with all projects undertaken, that the final cost of the works could exceed budget. Based on the relatively simple nature of the works involved and preliminary quotes received to date this is deemed to be unlikely. If funding allows a bike rake maybe installed at this location.

CONSULTATION

City Officers have liaised with WAPC Officers in regards to securing approval to undertake the proposed works.

OFFICER COMMENT

Nil

CONCLUSION

City Officers seek Councils approval to amend the budget accordingly, in order that works can be arranged and completed by the 30 June 2016.

OPTIONS

The Council could decide not to go ahead to construct a Beach Access Way at this location, and leave the amenity as it is. In this way, the contribution will not be applied and will remain as restricted monies to be used at a future date for an alternative purpose.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the Officer Recommendation be endorsed, the associated budget amendment will be processed within a month of being approved.

Committee Recommendation and Officer Recommendation

F1603/013

Moved Councillor P Carter, seconded Councillor T Best

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That Council endorses the following amendments to the 2015/16 budget:

Budget Account Number	Section	Description	2015/16 adopted budget	2015/16 proposed budget	Difference
545-C3138-1280-0000	Developer Contributions	Cash in Lieu of P.O.S.	-\$108,000.00	\$0.00	\$108,000.00
545-C3138-3280-0000	Foreshore West Landscaping - King Street Area	Contractors	\$108,000.00	\$0.00	-\$108,000.00
545-New-1280-0000	Developer Contributions	Cash in Lieu of P.O.S.	\$0.00	-\$70,000.00	-\$70,000.00
545-New-3280-0000	Foreshore West Access Ramp - Gale Street Area	Contractors	\$0.00	\$70,000.00	\$70,000.00
TOTAL			\$0.00	\$0.00	\$0.00

CARRIED 5/0

- 10.05am At this time the Rates Coordinator entered the meeting.
- 10.07am At this time the Manager Community Services and the Recreation Facilities Coordinator left the meeting.
- 10.11am At this time the Director, Community and Commercial Services entered the meeting.

6.6 ASSET MANAGEMENT UPDATE

SUBJECT INDEX:	Asset Management
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Asset Management
REPORTING OFFICER:	Asset Coordinator - Dan Hall
AUTHORISING OFFICER:	Director, Engineering and Works Services - Oliver Darby
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

The purpose of this report is to provide an overview of the linkage between asset management plans expenditure and the Long Term Financial Plan (LTFP) and how the various infrastructure expenditure figures within the LTFP have been determined and the purpose for these amounts in the short, medium and long term.

BACKGROUND

The Government of Western Australia's Integrated Planning Framework (implemented in 2013) required local governments to develop a strategic community plan and corporate business plan by 30 June 2013.

The intention of the Integrated Planning process is to make councils more focussed on community aspirations and priorities, through increased and targeted community engagement and also to ensure a consistent "whole of organisation" approach to strategic and long term financial planning.

The corporate business plan is to integrate matters relating to resources, including asset management. With this ultimate goal in mind, asset management plans are required to be formulated outlining relevant information about each asset class such as location, size, value, condition and timing and cost of replacements /renewals of existing infrastructure.

The Integrated Planning Framework, brought about the need for the City to implement asset management plans for infrastructure assets – in particular Roads, Buildings and Parks and Gardens, which were considered to be the most critical to the City in terms of effective service delivery. These were adopted by the Council in June 2013, as per the requirements of Integrated Planning. The asset renewal expenditure for the ten years (2013/14 – 2022/23) recommended within the asset management plans were then used as the basis for the initial long term financial plan (2013/14 – 2022/23).

The Asset Management Plans for Roads, Buildings and Parks and Gardens provided the ten year renewal expenditure figures which were used in the LTFP. The figures in the initial LTFP associated with the remaining assets were based on asset management assessments of varying complexity dependent on the type and criticality of the asset.

The most notable outcome from the initial round of asset management planning in 2013, was the implementation of a specific rate increase for the purpose of road renewal. This involved a one per cent rate increase per year over a period of six years (2013/14 – 2018/19). This was to rectify the fifty year funding gap for the renewal of roads.

At the conclusion of year six the one per cent per year rate increase will cease, however the funds generated will remain quarantined for the express use initially of funding the renewal requirements for roads, with some money over time to assist with major upgrades and new infrastructure

The effects of this additional funding over the shorter term (ten years) are that the current backlog of works that have built up over time can be cleared. This will eliminate the worst condition roads (Condition eight, nine and ten, with 1 being as new and ten being end of life) from the prioritised projects list by Year ten. The ongoing effects of this being that intervention on poor condition roads can be undertaken earlier (at condition seven) at a reduced cost to the City.

Following the implementation of the initial LTFP, In 2014; the Council also adopted Asset Management Plans for Drainage and Footpaths and Cycle ways. These plans did not recommend any increase in the annual allocation over and above what was already allocated within the LTFP.

This shows a strategic approach by the Council in terms of balancing required works against affordability over the course of the ten years. The backlog will not be cleared over the course of one or two years; but it will be cleared in an effective and appropriate manner.

Other assets have since received various levels of assessment depending on the need and criticality of the asset. The amounts that are currently allocated through the LTFP for these assets are considered to be sufficient, as a minimum amount; to renew the assets over time on a like for like basis. Any large upgrades or large scale renewal of these assets would require any increase in funding for these areas.

Also through the Asset Management Plan process, where the need has become evident; funding policies have been developed to ensure the appropriate ongoing level of renewal for the relevant assets. Funding Policies have been developed for Roads and Footpaths and Cycleways. These policies have a bearing on long term planning as they place some parameters on the LTFP expenditure for these assets.

The purpose of the Footpaths and Cycle Ways Funding Policy is to provide a framework for the ongoing provision of Footpaths and Cycle Ways for the City of Busselton. The intention of this Policy is to outline the overall funds required to be directed towards footpaths and cycleways over a period of fifty years; the required split between new and renewal expenditure and timeframes for the construction of required new paths.

To accommodate the short and mid-term expenditure requirements for footpaths and cycle ways, the Council has committed to set aside a portion of Long Term financial Plan (LTFP) funds for the express use of renewal of footpaths and cycleways ; and an amount for construction of new paths and cycleways. This split will be administered through the annual budget process has been determined as seventy per cent new and thirty percent renewal. This split will be in place for the period 2015/16 – 2036/37.

At the conclusion of the 2036/37 financial year, the funds will revert to 100% renewal based.

In light of the fact that large funding gaps (based on existing levels of expenditure) are not expected to appear until around 2050, any additional income can be planned for in subsequent reviews of the paths and cycle ways asset management plan.

The current draft LTFP reflects the requirements of the Policy for the total pool of funds. Renewal is predominately allocated to footpaths in 2016/17 as these are seen as most critical based on current condition.

The intention of the Road Funding Policy is to ensure that all funds generated by the asset renewal rate increase as per the Council's Long Term financial Plan, plus any surplus of Council's existing own source renewal funding are transferred to and from the Road Asset Renewal Reserve. This will provide a clear understanding of the amount of funds generated and where they are spent and also allow for longer term planning of works to take place.

To address the roads funding gap, the Council has committed to an additional one per cent (1%) asset renewal rate increase to be generated annually over six (6) years commencing 2013/14.

From year seven (2019/20) and beyond the funds generated in 2018/19 will continue in perpetuity and will be allocated, on an annual basis; to the Roads Asset Renewal Reserve for the use of funding the renewal requirements for roads.

The funds allocated from year seven (2019/20) onwards will continue to compound on a yearly basis, based on the nominated rate increase for the given year as a percentage increase to the previous year's additional funding amount.

The "1% asset renewal rate increase" referred to in this policy relates to an increase on the 'base rate' from the previous financial year. This one per cent rate increase is to be utilized specifically for asset management, which is therefore over and above any other Council imposed increases between 2013/14 and 2018/19.

It is also in addition to any external State or Federal Government Funding as well as the Council's own source funding.

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 LTFP and in this way informs the Corporate Business Plan and Annual Budget.

FINANCIAL IMPLICATIONS

Asset 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 is 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.

Some modelling undertaken within the Asset Management Plans has shown that no immediate increase in income is required for these assets. There is however, a need to increase the levels of renewal expenditure within existing expenditure levels as a priority over and above new and major upgrade expenditure.

This demonstrates instances where improvements can be made through changes in existing practices rather than increasing overall income. This has been the case for the majority of assets that have received asset management planning up to this point. This has been brought about by a conservative approach whereby extra funds are only requested when all other avenues have been exhausted and there is absolute certainty that this is the best course of action.

The Roads modelling has shown a funding gap for which the Council has made provision to fund, as outlined within this report. A considered approach was undertaken on the way to making this

decision, whereby officers undertook a series of workshops and presentations with the Council outlining what was causing the funding gaps and the options for rectifying these funding gaps.

The eventual course of action was to reduce this gap over time (ten years) as opposed to trying to reduce it over a shorter period of time. The ten year timeframe was chosen to minimise any resource bourdons in actually delivering the works on the ground.

With this in mind, the initial ten year period is in its third year and is achieving the initial reductions in backlog as planned. The challenge now is to ensure that the funds allocated for road renewal in 2013, maintain as such for the foreseeable future.

Long-term Financial Plan Implications

The infrastructure renewal figures presented within the various asset management plans (subsequently reflected in the LTFP) are all there for a specific purpose and any moving of money between assets or to other areas, will cause a ripple effect that will reduce the effectiveness of the city's asset management planning.

The use of allocated renewal funding for New or major upgrade needs to be kept to a minimum also so as not to dilute the funds spent on renewal over the ten years. Within major upgrade projects however, there can be an element of renewal of the existing assets within the project. From time to time Asset Management funding is utilized for this purpose.

Re-prioritizing of renewal works within the ten year plan has been undertaken and is simply undertaking some renewal activities before others. An example of this is the re-prioritizing of rural and urban works within the LTFP to increase the rate of renewal of narrow seal rural roads.

The proposed 60%/40% rural / urban funding split is set to begin in 2016/17 and has been recommended following a considered and detailed assessment of current and future road renewal requirements as set out by the Roads Asset Management Plan.

Renewal of the rural single lane seal roads is not intended to be undertaken at the expense of the worst condition urban roads and other minimum requirements for renewal, rather be undertaken in conjunction with these other required works.

This split will allow the city to expedite the renewal of the priority rural single lane seal roads over a period of five to seven years – with six years considered as the most appropriate timeframe.

Six years is considered to be the most appropriate timeframe as it provides and adequate balance between the rural single lane seal roads (60%) and the remaining minimum requirements works (40%). Although large groupings of works in urban areas will be reduced under this proposal, there will still be sufficient funds to renew the worst condition urban roads on an annual basis. As well as undertake other works such as gravel re-sheets and second coat seals.

The figures currently allocated within the LTFP are considered to be the minimum amount required to keep each of the asset classes in a serviceable to good condition and will allow the assets to be renewed in a staged manner over time.

It is important that the amounts allocated to each asset category for the purpose of renewing that asset, remain as such, so that the long term benefits of the planned renewals can be realized. Although in some instances (particularly for roads) there may be some to be large sums of money allocated, each dollar has a purpose and is part of a larger plan to reduce (over time) the amount of poor condition roads within the City and then maintain the network at an overall better condition.

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 implementing the officer recommendation has been undertaken using the City’s risk assessment framework. The assessment identifies ‘downside’ risks only, rather than ‘upside’ risks as well. Risks are only identified where the residual risk, once controls have been identified, is identified as ‘medium’ or greater. No such risks have been identified.

CONSULTATION

Nil

OFFICER COMMENT

In considering the current iteration of the LTFP, the Council needs to be mindful of all the elements that are associated or “sit behind” the asset renewal expenditure figures. These elements include asset management plans, funding policies and funds quarantined for a specific purpose.

The main elements to consider are as follows;

Footpaths and Cycle ways Funding Policy;

This policy provides a framework for the ongoing provision of Footpaths and Cycle Ways for the City of Busselton. The intention of this Policy is to outline the overall funds required to be directed towards footpaths and cycle ways over a period of fifty years; the required split between new and renewal expenditure and timeframes for the construction of required new paths.

The Renewal / new split has been set at seventy percent new and thirty percent renewal.

Roads Funding Policy;

This policy is to ensure that all funds generated by the asset renewal rate increase as per the Council’s Long Term financial Plan, plus any surplus of Council’s existing own source renewal funding are transferred to and from the Road Asset Renewal Reserve. This will provide a clear understanding of the amount of funds generated and where they are spent and also allow for longer term planning of works to take place.

Program to renew Rural Single Lane Seal Roads as a priority;

The proposed 60%/40% rural / urban funding split is set to begin in 2016/17 and has been recommended following a considered and detailed assessment of current and future road renewal requirements as set out by the Roads Asset Management Plan.

Existing LTFP figures considered as the minimum amount required to renew infrastructure assets on a ‘like for like’ basis over time.

All the documents, policies and previous Council decision essentially work together to set the direction for maintaining the city’s assets in the most cost effective and efficient manner.

CONCLUSION

As outlined within this report, there are many elements that make up the asset expenditure figures in the LTFP. These have been implemented through a considered approach and for the betterment of the cities infrastructure assets in the short, medium and long term.

The infrastructure renewal figures presented within the various asset management plans (subsequently reflected in the LTFP) are all there for a specific purpose and any moving of money between assets or to other areas, will cause a ripple effect that will reduce the effectiveness of the city's asset management planning.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The Council is only required to receive the officer's recommendation and as such, there is no timeframe for implementation of the officer's recommendation.

Committee Recommendation and Officer Recommendation

F1603/014 Moved Councillor G Henley, seconded Councillor G Bleechmore

That the Council:

1. Receive the Asset Management Update Report and note the linkage between current asset funding within the Long term Financial Plans and Asset Management Plans.

CARRIED 5/0

6.7 PORT GEOGRAPHE BANK GUARANTEE PAYOUT

SUBJECT INDEX:	Port Geographe
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Corporate Services; Finance
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

PRÉCIS

The City has entered into an agreement with the Administrators of Tallwood Nominees Pty Ltd, the former developer of the Port Geographe Development, for the payout of a number of bank guarantees relating to various stages of that development which have been handed over to the City. The purpose of this report is to allocate the monies which have been received by the City, which are unbudgeted, to various financial reserves held by the City for consideration for future expenditure when needed.

BACKGROUND

In the mid 1990's Tallwood Nominees Pty Ltd (Tallwood) purchased the Port Geographe Development which was then in its initial stages and has since then been the developer responsible for carrying out the Port Geographe Development on a staged basis until 4 August 2011 when Tallwood went into administration and PPB Advisory was appointed as Administrators. The Council has received numerous reports over the years regarding the progress of the Port Geographe Development, in relation to which there have been various issues, and the impact of the financial difficulties faced by Tallwood in progressing the development.

At the time Tallwood went into administration, Stages 3 and 4 of the Phase 2 of the Port Geographe Development were the stages that had been most recently completed. The City held the following bank guarantees in respect of the development:

Bank Guarantees	Purpose	Amount
St George Bank Bank Guarantee dated 17 March 2009	For public open space works and Stages 3 and 4 of Phase 2 of the Port Geographe Development.	\$1,200,000.00
St George Bank Bank Guarantee dated 17 March 2009	For outstanding civil and landscaping works for Stages 3 and 4 of the development (mainly drainage and streetscape works).	\$ 414,571.67
St George Bank Bank Guarantee dated 8 October 2008	In relation to dust management obligations throughout the whole Port Geographe Development	\$ 51,755.00
St George Bank Bank Guarantee dated 8 October 2008	In relation to various outstanding subdivisional works in Port Geographe primarily in Phase 1.	\$ 120,000.00
St George Bank Bank Guarantee dated 8 October 2008	For 24 month maintenance cost for landscaping works in Stages 1 and 2 of Phase 2 of the Port Geographe Development.	\$ 28,359.00
TOTAL		\$1,814,685.67

In the time that has passed since Tallwood went into administration, new agreements have been entered into with various parties to deal with remaining aspects of the Port Geographe Development including the management of the coastal structures and artificial waterways in Port Geographe and the transfer of the unsubdivided developable land in Port Geographe which was owned by Tallwood Nominees. These issues have been the subject of reports to Council and appropriate legal agreements and other arrangements.

The Administrators of Tallwood have been anxious to wrap up some remaining outstanding matters in relation to the Port Geographe Development. Thus the Administrators approached the City to consider entering into an agreement to resolve the outstanding bank guarantees for previously cleared stages of the Port Geographe Development.

The City indicated that it was prepared to enter into such an agreement, however, that it felt it would still need to rely on the vast majority of the monies held within those bank guarantees to pay for various outstanding works within the Port Geographe Development that had not been completed by Tallwood. Particular reference was made in this regard to the development and completion of public open space areas, drainage and streetscape works in Stages 3 and 4 of Phase 2 that were not completed at the time of clearance.

Ultimately the City and the Administrators of Tallwood entered into an agreement on 19 January 2016 whereby the City would claim upon the 5 bank guarantees listed above in full and in return for making a payment of \$100,000.00 to the Administrators, would be entitled to spend the remainder of the proceeds as the City saw fit. Thus soon after that agreement was entered into the City arranged to draw upon the bank guarantees referred to above and received a bank cheque for \$1,814,685.67 from St George Bank, and simultaneously made a payment of \$100,000.00 to PPB Advisory, the Administrators of Tallwood. Thus the City has in effect has \$1,714,685.67 in additional funds available to it to spend as the Council sees fit.

The agreement entered into between the City and the Administrators of Tallwood also involved the Western Australian Planning Commission (WAPC) as the WAPC held a separate bank guarantee in respect of certain matters relating to artificial waterways at Port Geographe. While the WAPC actually had the entitlement to the bank guarantee, it was in effect held by and regulated by the Department of Transport. The WAPC via the Department of Transport entered into a similar agreement in relation to their bank guarantee and received a net payment of \$230,000.00 in respect of that bank guarantee. The Department of Transport have requested the money be paid into the Port Geographe Waterways Management Reserve, seeing that as the most appropriate place to hold that money. Thus the Department have forwarded the \$230,000.00 to the City to be held in the Waterways Reserve.

Separately to this, the City also holds \$95,958.83 in Restricted Asset Accounts that relates to previously cleared stages of the Port Geographe Development. These monies are leftover amounts from bank guarantees that have previously been drawn down upon by the City for use for the completion of works in various previously cleared Port Geographe stages that have not been adequately completed by the developer. The biggest portion of this amount, \$67,560.00 relates to the bank guarantee that was drawn upon by the City to complete works on the Port Geographe Pedestrian Bridge. While there are still works that need to be completed on the bridge for which the bulk of this money will be required, this report is seen as an opportunity to “clean-up” the allocation of these monies which are held in restricted asset accounts and thus it is proposed that Council resolve to include these monies amongst the monies transferred to various Reserves for future works, primarily in the Port Geographe area.

STATUTORY ENVIRONMENT

Decisions relating to the receipt and expenditure, including reservation, of income outside of the City's Annual Budget process are dealt with under Section 6.8 (1) (b) of the Local Government Act 1995.

That section requires an Absolute Majority decision of Council for any proposed expenditure or allocations not included in the Annual Budget.

RELEVANT PLANS AND POLICIES

Not applicable.

FINANCIAL IMPLICATIONS

The net result of the proposals outlined in the Background section to this report is that the City will receive \$1,810,644.50 in unbudgeted income being the net result of the payout of the 5 bank guarantees listed in the Background section to the report, minus the \$100,000 paid to the Administrators of Tallwood Nominees and with the addition of the \$95,958.83 held in restricted asset accounts relating to previously paid out bank guarantees.

As discussed with the Finance Committee, there are various Port Geographe related needs to which some of these monies will need to be applied, particularly in Stages 3 and 4 of Phase 2 of the Port Geographe Development. However, there will still be considerable discretion for the Council as to the ultimate expenditure of a substantial portion of these monies.

The City holds two Financial Reserves in relation to Port Geographe. The Port Geographe Waterways Management Reserve primarily receives monies from the Specified Area Rate that is raised in relation to Port Geographe in order to pay for the waterway management costs associated with the artificial waterways in the development. Thus the purpose of that Reserve is solely to fund the City meeting its obligations under the Waterway Management Deed that relates to the Port Geographe subdivision area. The current balance of that Reserve is \$3, 407,082.

The Port Geographe Development Reserve has a purpose being to provide for costs associated with the Port Geographe Development. The current balance of that Reserve is \$575,635.

The City also two other Reserves that may be relevant in the context of this report. The Infrastructure Development Reserve has been set up for the purpose of setting aside funds to facilitate the identification, design and development of new infrastructure and other capital projects and has a current balance of \$2,339,588. The City also has a Legal Expenses Reserve to provide for any legal expenses or contingency involving the City and that has a current balance of \$312,668.

Long-term Financial Plan Implications

The receipt of untied monies has some potential to have a minor positive impact on the Long-term Financial Plan.

STRATEGIC COMMUNITY OBJECTIVES

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

The recommendations in this report are to put the monies referred to in this report into various Reserve accounts for consideration for future planned expenditure. In this way the recommendations seek to ensure the current and future needs associated with the Port Geographe Development are properly considered before any final decisions are made about expenditure of these monies and thus it is not seen that any medium or high level risks would arise from the recommendations contained in this report.

The fact that the City has entered into a binding legal agreement with the Administrators of Tallwood Nominees which contains a provision acknowledging that the expenditure of the monies drawn down from the Port Geographe bank guarantees is totally at the discretion of the City removes any legal or compliance risks to the City associated with the expenditure of those monies.

CONSULTATION

Not applicable, although it should be noted that the recommendation at this stage include the monies within various Reserves enables there to be future consultation regarding the ultimate expenditure of those monies if thought appropriate by the Council.

OFFICER COMMENT

The agreement which has been entered into between the City and the Administrators of Tallwood gives the City complete discretion as to the expenditure of the funds which the City has now received as a result of the draw down of various bank guarantees associated with the completed stages of the Port Geographe Development.

In discussions with the Council and the Finance Committee, it has been acknowledged on a number of occasions that considerable resources, primarily of a legal nature, have gone into the resolution of issues relating to the Port Geographe Development over the years. These resources include both considerable senior officer time as well as thousands of dollars of external legal expenses. These resources have been needed to ensure that the protection of the interests of the ratepayers of the City regarding the considerable expenses it could have been exposed to as a result of problems with the development. For these reasons it is seen as appropriate to use a portion of the monies which are now available to the City to replenish the Legal Expenses Reserve.

Based on previous experience, if the City was to be faced with a very large legal action which it had no choice but to become involved in and sought to rely on the Reserve for this purpose, it may well need to have around \$500,000 available to it. Thus it is proposed that \$210,644.50 of the monies which are now available to the City be paid into the Legal Expenses Reserve.

In discussion at the Finance Committee, it was acknowledged that there are still a number of outstanding matters in otherwise completed stages of the Port Geographe Development on which some expenditure will be required. This includes some drainage, streetscape and public open space works in Stages 3 and 4 of Phase 2 of the development as well as some more relatively minor works to the Port Geographe Pedestrian Bridge. In addition to this, there are a number of works suggested by the Port Geographe Landowners Association and other residents and groups within Port Geographe on which the money might be spent including various footpath and public open space works.

For these reasons, it is proposed that approximately two thirds of the remainder of the monies be put into the Port Geographe Development Reserve. This Reserve is the most appropriate place to hold monies that may be spent in the future for completion of outstanding works within the completed stages of the Port Geographe Development as well as other works associated with making

the development more functional and effective or otherwise improving the amenity of the area. Thus it is proposed \$1,066,000 be put into the Port Geographe Development Reserve.

It is proposed that the remainder of the monies, being \$534,000 be put into the Infrastructure Development Reserve. The Infrastructure Development Reserve has a broad purpose in setting aside funds for any future new infrastructure or other capital works project. Money contained in the Infrastructure Development Reserve could still be spent on new infrastructure in the Port Geographe area, however, it is not limited to being spent on costs associated with the Port Geographe Development. Thus this is seen as the most appropriate place in which to hold this portion of the bank guarantee funds.

Councillors are also requested to pass a Resolution in respect of the \$230,000 received from the Department of Transport, being the proceeds of the WAPC bank guarantee which the Department have requested be paid into the Port Geographe Waterways Management Reserve. The addition of \$230,000 of State Government monies to the Waterways Management Reserve is of course ultimately beneficial to the City, in that it means there is more money to provide for possible future costs associated with artificial waterway management.

CONCLUSION

The City is in receipt of \$1,810,644.50 in unbudgeted funds and it has complete discretion for the ultimate expenditure of those monies. It is proposed that those monies be put into various Reserves to enable future consideration of the most appropriate manner in which those monies should be spent. In addition to this, the Department of Transport has forwarded \$230,000 to the City which it wishes to be paid into the Port Geographe Waterways Management Reserve.

OPTIONS

In relation to the \$1,810,644.50 the City has complete discretion regarding the expenditure of money and thus an extensive range of options as to how that money could be spent. The Officer Recommendation, however, is considered most appropriate as it is simply proposing to hold the money in various Reserves for future expenditure consideration, noting that the Council would always have the discretion, by absolute majority decision, to alter the Reserves in which that money is held if it felt it necessary to do so in the future.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

All the necessary accounting transactions will be completed within 28 days of the Council resolution.

Committee Recommendation and Officer Recommendation

F1603/015

Moved Councillor P Carter, seconded Councillor G Bleechmore

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Council endorses the following amendments to the 2015/16 budget:

Budget Account Number	Section	Description	2015/16 adopted budget	2015/16 proposed budget	Difference
-					
200-11104-1751-0000	Port Geographe	Sundry Income	\$0.00	-\$1,814,685.67	-\$1,814,685.67
200-11104-1751-0000	Port Geographe	Sundry Income	\$0.00	-\$230,000.00	-\$230,000.00
200-11104-3676-0000	Port Geographe	Sundry Expenses	\$0.00	\$100,000.00	\$100,000.00
Equity Transfer	Restricted Assets / Contributions	Bank Account Internal Transfer	\$0.00	-\$95,958.83	-\$95,958.83
Equity Transfer (Res. 111)	Legal Expenses Reserve	Transfer to Reserves	\$9,084.00	\$219,728.50	\$210,644.50
Equity Transfer (Res. 122)	Port Geographe Development Reserve	Transfer to Reserves	\$16,278.00	\$1,082,278.00	\$1,066,000.00
Equity Transfer (Res. 123)	Port Geographe Waterways Management Reserve	Transfer to Reserves	\$255,033.00	\$485,033.00	\$230,000.00
Equity Transfer (Res. 127)	Infrastructure Development Reserve	Transfer to Reserves	\$200,252.00	\$734,252.00	\$534,000.00
TOTAL			\$480,647.00	\$480,647.00	\$0.00

CARRIED 5/0

10.25am At this time the Engineering Management Accountant left the meeting and did not return.

7. GENERAL DISCUSSION ITEMS

7.1 RULES APPLICABLE TO CHARITABLE EXEMPTIONS FROM RATES

SUBJECT INDEX:	Rates
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Information Technology
ACTIVITY UNIT:	Rates
REPORTING OFFICER:	Rates Coordinator - David Whitfield
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Matthew Smith
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

As requested at a recent Councillors' briefing session, a presentation was made relating to Charitable Exemptions from Rates.

The Rates Coordinator addressed the Committee in relation to the rules applicable, application process and the WALGA adopted Best Practice Guideline to Charitable Exemptions from Rates and how this currently effects the City's ratable income.

The Committee requested that a report is put to the next Finance Committee Meeting with further information on approved Charitable Exemptions and a review process.

10.31am At this time the Building Facilities Coordinator, Manager Community Services and the Recreation Facilities Coordinator entered the meeting.

10.41am At this time the Asset Management Officer entered the meeting.

7.2 INDIVIDUAL ASSET MANAGEMENT PLAN FOR THE GEOGRAPHE LEISURE CENTRE

10.57am At this time the Director, Community and Commercial Services left the meeting and did not return.

The Asset Coordinator addressed the Committee in relation to the Individual Asset Management Plan for the Geographe Leisure Centre. The plan will identify areas and equipment that will require renewal over the next 20 years.

The Manager Community Services, Recreation Facilities Coordinator, Building Facilities Coordinator and the Asset Management Officer also provided information on the current state of assets and how items would fit into the three sections of the plan, costed major renewals, predicted major renewals and predicted minor renewals.

The Committee was in support of producing the Individual Asset Management Plans for major City buildings.

11.28am At this time the Director, Engineering and Works Services, Manager Community Services, Asset Coordinator, Recreation Facilities Coordinator, Building Facilities Coordinator and the Asset Management Officer left the meeting and did not return.

7.3 MINIMUM RATES

The Rates Coordinator addressed the Committee in relation to the current minimum rate charges on vacant land and the potential to increase the rate across various categories to ensure a fair and equitable contribution for all properties.

12.04am At this time Councillor Best left the meeting and did not return.

The Committee was of the general consensus that the minimum rate be increased and requested that a report be put to the Finance Committee in April with a proposal.

8. NEXT MEETING DATE

Thursday, 14 April 2016

9. CLOSURE

The meeting closed at 12.10pm.

THESE MINUTES CONSISTING OF PAGES 1 TO 42 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 14 APRIL 2016.

DATE: _____ PRESIDING MEMBER: _____