



Finance Committee

25 February 2015

MINUTES



MINUTES OF FINANCE COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON WEDNESDAY, 25 FEBRUARY 2015 COMMENCING AT 6.50PM

INDEX

- F1. OPENING OF MEETING**
- F2. ELECTION OF PRESIDING MEMBER**
- F3. ACKNOWLEDGEMENT OF COUNTRY**
- F4. WELCOME TO GALLERY**
- F5. APOLOGIES**
- F6. PUBLIC QUESTION TIME**
- F7. CONFIRMATION OF MINUTES**
 - F7.1 Finance Committee Meeting – 3 September 2014*
- F8. CORRESPONDENCE (LATE RELATING TO ITEMS IN AGENDA)**
- F9. BUSINESS**
 - F9.1 2014/2015 Half Year Budget Review*
- F10. NOTICE OF MOTION FOR CONSIDERATION AT THE FOLLOWING MEETING**
- F11. URGENT BUSINESS WITHOUT NOTICE BY PERMISSION OF THE MEETING**
- F12. CLOSURE OF MEETING**

**25 February 2015****MINUTES****MINUTES OF A FINANCE COMMITTEE MEETING, HELD IN THE COMMITTEE MEETING ROOM, ON WEDNESDAY, 25 FEBRUARY 2015, COMMENCING AT 6.50PM.****F1. OPENING OF MEETING**

The Executive Manager Finance & Administration, Mr Les Mainwaring, opened the meeting and advised that as Cr McPhail was an apology for this evening's meeting, nominations would be called for Presiding Member.

F1.1 Present

Mayor O'Neill

Cr S Martin

Cr M Rico

Cr A Watkins

Mr L Mainwaring

Executive Manager Finance & Administration

F2. ELECTION OF PRESIDING MEMBER

The Executive Manager Finance & Administration, called for nominations for the position of Presiding Member in the absence of Cr McPhail.

Cr Martin nominated Mayor O'Neill who accepted the nomination. The nomination was seconded by Cr Watkins.

Mayor O'Neill assumed the chair.

F3. ACKNOWLEDGEMENT OF COUNTRY

"On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place."

F4. WELCOME TO GALLERY

There were no members of the public present.

F5. APOLOGIES

Cr McPhail

Cr Amor

F6. PUBLIC QUESTION TIME

Nil.

F7. CONFIRMATION OF MINUTES**F7.1 Finance Committee Meeting – 3 September 2014**

Mayor O'Neill – Cr Watkins

That the Minutes of the Finance Committee held on 3 September 2014 and adopted at the Council Meeting held on 16 September 2014 be confirmed. CARRIED 4:0

F8. CORRESPONDENCE (LATE RELATING TO ITEMS IN AGENDA)

Nil.

F9. BUSINESS**F9.1 2014/2015 Half Year Budget Review**

By Les Mainwaring Executive Manager Finance & Administration, on 20 February 2015

PURPOSE



A half yearly review of the Town's operations including forward estimates and budget recommendations to 30th June 2015.

BACKGROUND

Local Governments are required to conduct a budget review between 1 January and 31 March each financial year in accordance with Regulation 33A of the Local Government (Financial Management) Regulations 1996 (as amended). The results of the budget review are to be submitted to Council within 30 days of the review [FM Regulation 33A (2) and (3).] A copy of the review and Council's recommendations are to be forwarded to the Department of Local Government within 30 days of the Council meeting (Financial Regulation 33A(4)).

The Department of Local Government also advises that any budget amendments prior to the review should be included as part of the half yearly budget review.

Council has previously considered five (5) amendments to the original budget.

This half yearly report provides commentary on operations by statutory program in addition to information already provided in regular monthly financial activity reporting, with the intent of specifically analysing forecast variations and providing recommendations for budgetary revisions.

REPORT

The following are the key organisational indicators taken from the December Monthly Financial Activity Report YTD Actuals against the Original Budget as at 31 December 2014. This is a slightly different view compared to our monthly year to date budget view taken in the regular monthly Financial Activity Reports, it also allows a comparative performance to last year.

Budget Year elapsed 50%

Total Operating Expenditure 50% (Last Year 52%)

Operating expenditure is in line with the half yearly original budget and 2% lower by comparison to last year, which is very close to expectations at this time of year.

Total Operating Revenue 87% (Last Year 89%)

Operating revenue at 87% is influenced by the early collection of rates and rubbish services, however comparative signs are that income is 2% lower than the same time last year, which is also close to expectations at this time of year.

Total Capital Expenditure 40% (Last Year 10%)

The progress of capital programs shows a marked increase in comparison to the same time last year, mainly where infrastructure has been 43% completed and the Plant Replacement program 100% completed.

Total Sale of Asset Revenue 128% (Last Year 44%)

Sale of asset revenue of 128% indicates that the planned plant replacement program has been completed with better than expected sale prices for assets.

Methodology

This review is in two sections;

- Operating Budget by Program – budget amendments recommended
- Capital Budgets by Asset Classification – budget amendments recommended

The review methodology compares the original budget position to forecast actual values and recommends budget amendments where appropriate based on forecasts to the 30 June 2015. The threshold of reporting on material exceptions is guided by the materiality threshold in financial reporting at each program level, of either the greater of 10% or \$10,000 as set at the Special Council Meeting 12 August 2014.



Variations to non-cash items such as depreciation, profit or loss on sale of assets and secondary allocation items are excluded as they have no cash impact on Council's forecast cash position.

Any budget revisions from this report will be considered for inclusion and reported as amendments in the next available Monthly Financial Activity Report.

Executive Summary

The net result of all half yearly review material forecast estimates is a forecast deficit movement of \$144,700. When added to the current forecast surplus of \$164,948, the net effect of this budget review will leave a projected end of year forecast surplus of \$20,248.

Given the projected surplus, finance staff will closely monitor results and trends during the remainder of the financial year with the intent of maintaining a balanced budget result or surplus.

Prior Budget Amendments

OCM 21 October 2014

\$20,000 I12091 Additional revenue from Trust Recovery
\$10,000 E04270 Additional sponsorship Future Freo Project.
\$ 7,500 I03055 Bus Shelter disability upgrade Canning Hwy

OCM 18 November 2014

\$50,000 344 Transfer from Restricted Cash Reserve
\$50,000 E11246 Return of unspent grant.

Summary of amendments equalled a surplus of \$2,500.

OCM 10 December 2014

\$162,448 additional carried forward surplus unallocated

Operating Budgets by Program

Budget amendments are recommended for:

General Purpose Funding – Favourable \$10,000

Income

\$10,000 I03051 increased income in Interim Rates from a greater level of interims than expected

Governance – Unfavourable \$425,000

Income

\$11,000 I4086 increased income from members dividend of LGIS Scheme

Expenditure

\$24,000 E04254 increased election expenses from amalgamation poll and proposed extraordinary election

\$50,000 E04257 savings from cessation of reform activities

\$492,000 E04201 increased expenditure for annual leave cover, accrued annual leave and long service leave and contract settlement.

\$30,000 E04203 savings from visioning program

Education and Welfare – Favourable \$0

Income

\$27,000 I08088 increased grant income for growth

Expenditure

\$27,000 E08210 increased expenditure from service growth

Community Amenities – Unfavourable \$60,000Income

\$35,000 I10088 reduced income from lower than expected development applications

Expenditure

\$37,000 E10227 increased expenditure on higher volumes of Waste Composting Facility weekly tonnages 4 tonne above estimates which represents 6.5%

\$12,000 E10239 savings from strategic urban plan project deferred to 2015/16.

Recreation and Culture – Favourable \$70,000Income

\$30,000 I11177 increased income from successful grant for Swan River Foreshore plan.

Expenditure

\$17,000 E11246 savings from East Fremantle Oval master plan reduction in activity

\$28,000 E11249 savings in library shared services with City of Fremantle due to lower than expected cost of operations budget.

\$13,000 E11228 savings in the community events budget with less than expected forecast expenditure to offset additional festival activities

\$18,000 E11263 increased East Fremantle Festival expenditure from greater than expected event plan.

Transport – Unfavourable \$147,000Income

\$136,000 I12087 reduced income from deferral of capital expenditure on Plympton Parking Plan.

\$25,000 I12181 reduced income from lower estimate of paid parking fees

Expenditure

\$14,000 E12237 savings in kerbing maintenance for redirection into additional capital expenditure.

Other Property and Services – Favourable \$10,000Expenditure

\$10,000 E14304 savings on mobile plant insurance due to competitive rates.

Capital Budgets by Asset Classification

All capital activities are funded from Reserves, therefore any variations to capital projects are recommended to be funded to and from Reserves, as the case may be, in preference to impacting the projected carried forward operating position. In this instance the favourable result from Infrastructure Assets is \$111,300, less \$136,000 loss of Transport revenue, requiring a funding balance of \$24,500. This has been made up from operating savings of \$14,000 in kerbing maintenance and \$10,000 in reduced mobile plant insurance.

Budget amendments are recommended for:

Infrastructure Assets – Favourable \$111,300Capital Expenditure

\$15,500 E06630 savings from Ulrich Park playground replacement

\$36,500 E11364 increased expenditure on Plympton Steps as a result of the additional requirements for the retaining wall rehabilitation



- \$49,500 E11640 savings from John Tonkin Park playground replacement
- \$136,000 E12681 savings from Plympton Parking contingency
- \$20,000 E12733 savings from Locke Crescent resurfacing
- \$11,500 E12734 additional costs for Hubble Street resurfacing
- \$14,500 E12735 savings from Glyde Street footpath renewal
- \$53,500 E12736 savings from Duke Street footpath renewal
- \$23,400 E11690 new work for Stratford Street playground equipment and shade sails
- \$29,000 E11616 new work for Norm McKenzie Park playground equipment and shade sails
- \$23,000 E06630 new work for Ulrich Park shade sails
- \$34,300 E11673 new work for Glasson Park shade sails
- \$20,000 E12737 new work for No 4 Car Park lighting Riverside Road

Reserve Transfers – Favourable \$286,000

\$286,000 0480 additional transfer from Staff Leave Reserve for annual leave cover and accrued annual leave & long service leave.

Statutory Requirements

Local Government (Financial Management) Regulations 1996

33A. Review of budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must —*
 - (a) *consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *consider the local government's financial position as at the date of the review; and*
 - (c) *review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

Relevant Council Policies

The budget is based on the principles of the Strategic Plan and Plan for the Future.

Strategic Plan Implications

The budget review has been developed on existing strategic planning documents.

Financial/Resource/Budget Implications

The net result of all half yearly review material forecast estimates is a forecast deficit movement of \$144,700. When added to the current forecast surplus of \$164,948, the net effect of this budget review will leave a projected end of year forecast surplus of \$20,248.



Conclusion

The projected surplus position represents 0.2% of budgeted operating revenue, therefore it is not considered to be significant as a proportion of our business.

Given the projected surplus, finance staff will closely monitor results and trends during the remainder of the financial year with the intent of maintaining a balanced budget result or surplus.

Voting Requirements

Absolute Majority

RECOMMENDATION

That the Finance Committee recommends that Council:

1. receives the Half Yearly Budget Review report for the period ended 31 December 2014.
2. notes the budget amendments already adopted by Council during the period 1 July 2014 to 31 December 2014 adding a surplus of \$2,500.
 - \$20,000 I12091 Additional revenue from Trust Recovery
 - \$10,000 E04270 Additional sponsorship Future Freo Project.
 - \$ 7,500 I03055 Bus Shelter disability upgrade Canning Hwy
 - \$50,000 344 Transfer from Restricted Cash Reserve
 - \$50,000 E11246 Return of unspent grant
3. adopts the budget review recommendations with the following variations for the period 1 July 2014 to 31 December 2014 and amends the budget accordingly:
 - \$11,000 I4086 increased income from members dividend of LGIS Scheme
 - \$24,000 E04254 increased election expenses from poll and extraordinary election
 - \$50,000 E04257 savings from cessation of reform activities
 - \$492,000 E04201 increased expenditure for staff entitlements.
 - \$30,000 E04203 savings from visioning program
 - \$27,000 I08088 increased grant income for growth
 - \$27,000 E08210 increased expenditure from service growth
 - \$35,000 I10088 reduced income from development applications
 - \$37,000 E10227 increased expenditure on Waste Composting Facility
 - \$12,000 E10239 savings from strategic urban plan project
 - \$30,000 I11177 increased income from successful grant for Foreshore plan.
 - \$17,000 E11246 savings from East Fremantle Oval master plan reduction in activity
 - \$28,000 E11249 savings in library shared services
 - \$13,000 E11228 savings in the community events budget
 - \$18,000 E11263 increased East Fremantle Festival expenditure
 - \$136,000 I12087 reduced income from Plympton Parking Plan.
 - \$25,000 I12181 reduced income from paid parking fees
 - \$14,000 E12237 savings in kerbing maintenance
 - \$10,000 E14304 savings on mobile plant insurance
 - \$15,500 E06630 savings from Ulrich Park playground replacement
 - \$36,500 E11364 increased expenditure on Plympton Steps
 - \$49,500 E11640 savings from John Tonkin Park playground replacement
 - \$136,000 E12681 savings from Plympton Parking contingency
 - \$20,000 E12733 savings from Locke Crescent resurfacing
 - \$11,500 E12734 additional costs for Hubble Street resurfacing
 - \$14,500 E12735 savings from Glyde Street footpath renewal
 - \$53,500 E12736 savings from Duke Street footpath renewal
 - \$23,400 E11690 new work for Stratford Street playground equipment and shade
 - \$29,000 E11616 new work for Norm McKenzie playground equipment and shade
 - \$23,000 E06630 new work for Ulrich Park shade sails
 - \$34,300 E11673 new work for Glasson Park shade sails
 - \$20,000 E12737 new work for No 4 Car Park lighting Riverside Road
 - \$286,000 0480 additional transfer from Staff Leave Reserve for staff entitlements
 - \$144,700 decrease in closing funds

**RECOMMENDATION TO COUNCIL**

Cr Martin – Cr Rico

That the Finance Committee recommends that Council:

1. receives the Half Yearly Budget Review report for the period ended 31 December 2014.
2. notes the budget amendments already adopted by Council during the period 1 July 2014 to 31 December 2014 adding a surplus of \$2,500.
 - \$20,000 I12091 Additional revenue from Trust Recovery
 - \$10,000 E04270 Additional sponsorship Future Freo Project.
 - \$ 7,500 I03055 Bus Shelter disability upgrade Canning Hwy
 - \$50,000 344 Transfer from Restricted Cash Reserve
 - \$50,000 E11246 Return of unspent grant
3. adopts the budget review recommendations with the following variations for the period 1 July 2014 to 31 December 2014 and amends the budget accordingly:
 - \$11,000 I4086 increased income from members dividend of LGIS Scheme
 - \$24,000 E04254 increased election expenses from poll and extraordinary election
 - \$50,000 E04257 savings from cessation of reform activities
 - \$492,000 E04201 increased expenditure for staff entitlements.
 - \$30,000 E04203 savings from visioning program
 - \$27,000 I08088 increased grant income for growth
 - \$27,000 E08210 increased expenditure from service growth
 - \$35,000 I10088 reduced income from development applications
 - \$37,000 E10227 increased expenditure on Waste Composting Facility
 - \$12,000 E10239 savings from strategic urban plan project
 - \$30,000 I11177 increased income from successful grant for Foreshore plan.
 - \$17,000 E11246 savings from East Fremantle Oval master plan reduction in activity
 - \$28,000 E11249 savings in library shared services
 - \$13,000 E11228 savings in the community events budget
 - \$18,000 E11263 increased East Fremantle Festival expenditure
 - \$136,000 I12087 reduced income from Plympton Parking Plan.
 - \$25,000 I12181 reduced income from paid parking fees
 - \$14,000 E12237 savings in kerbing maintenance
 - \$10,000 E14304 savings on mobile plant insurance
 - \$15,500 E06630 savings from Ulrich Park playground replacement
 - \$36,500 E11364 increased expenditure on Plympton Steps
 - \$49,500 E11640 savings from John Tonkin Park playground replacement
 - \$136,000 E12681 savings from Plympton Parking contingency
 - \$20,000 E12733 savings from Locke Crescent resurfacing
 - \$11,500 E12734 additional costs for Hubble Street resurfacing
 - \$14,500 E12735 savings from Glyde Street footpath renewal
 - \$53,500 E12736 savings from Duke Street footpath renewal
 - \$23,400 E11690 new work for Stratford Street playground equipment and shade
 - \$29,000 E11616 new work for Norm McKenzie playground equipment and shade
 - \$23,000 E06630 new work for Ulrich Park shade sails
 - \$34,300 E11673 new work for Glasson Park shade sails
 - \$20,000 E12737 new work for No 4 Car Park lighting Riverside Road
 - \$286,000 0480 additional transfer from Staff Leave Reserve for staff entitlements
 - \$144,700 decrease in closing funds.

CARRIED 4:0
ABSOLUTE MAJORITY



25 February 2015

MINUTES

F10. NOTICE OF MOTION FOR CONSIDERATION AT THE FOLLOWING MEETING

Nil.

F11. URGENT BUSINESS WITHOUT NOTICE BY PERMISSION OF THE MEETING

Nil.

F12. CLOSURE OF MEETING

There being no further business, the meeting closed at 7.25pm.

*I hereby certify that the Minutes of the meeting of the **Finance Committee** of the Town of East Fremantle, held on **25 February 2015**, Minute Book reference **F1. to F12.** were confirmed at the meeting of the Committee on*

.....

Presiding Member