



AGENDA

CORPORATE SERVICES AND FINANCE COMMITTEE MEETING

8 March 2016

6.00pm

City of Albany Council Chambers

**CITY OF ALBANY
COMMUNITY STRATEGIC PLAN (ALBANY 2023)**

VISION

Western Australia's most sought after and unique regional city to live, work and visit.

VALUES

All Councillors, Staff and Volunteers at the City of Albany will be...

Focused: on community outcomes

This means we will listen and pay attention to our community. We will consult widely and set clear direction for action. We will do what we say we will do to ensure that if it's good for Albany, we get it done.

United: by working and learning together

This means we will work as a team, sharing knowledge and skills. We will build strong relationships internally and externally through effective communication. We will support people to help them reach their full potential by encouraging loyalty, trust, innovation and high performance.

Accountable: for our actions

This means we will act professionally using resources responsibly; (people, skills and physical assets as well as money). We will be fair and consistent when allocating these resources and look for opportunities to work jointly with other directorates and with our partners. We will commit to a culture of continuous improvement.

Proud: of our people and our community

This means we will earn respect and build trust between ourselves, and the residents of Albany through the honesty of what we say and do and in what we achieve together. We will be transparent in our decision making and committed to serving the diverse needs of the community while recognising we can't be all things to all people.

TERMS OF REFERENCE

(1) Function:

The Corporate Services and Finance Committee will monitor and comment on the financial health and strategies of Council and will be responsible for the delivery of the following Civic Leadership Objectives contained in the City of Albany Strategic Plan:

- (a) To establish and maintain sound governance structures;
- (b) To provide strong, accountable leadership supported by a skilled and professional workforce;
- (c) To engage effectively with our community.

(2) It will achieve this by:

- (a) Monitoring and commenting on the financial health and strategies of Council;
- (b) Developing policies and strategies;
- (c) Establishing ways to measure progress;
- (d) Receiving progress reports;
- (e) Considering officer advice;
- (f) Debating topical issues;
- (g) Providing advice on effective ways to engage and report progress to the Community; and
- (h) Making recommendations to Council.

(3) Chairperson: *Councillor Elect*

(4) Membership: *Mayor Wellington, Councillor Goode, Councillor Stocks, Councillor Mulcahy, Councillor Hollingworth, Councillor Shanhun, Councillor Hammond, Councillor Terry, Councillor Dowling, Councillor Price, Councillor Smith*

(5) Meeting Schedule: 2ND Tuesday of the Month

(6) Meeting Location: Council Chambers

(7) Executive Officer: Executive Director Corporate Services

(8) Delegated Authority: None

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1. DECLARATION OF OPENING

2. PRAYER AND ACKNOWLEDGEMENT OF TRADITIONAL LAND OWNERS

“Heavenly Father, we thank you for the peace and beauty of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

“We would like to acknowledge the Noongar people who are the Traditional Custodians of the Land.

We would also like to pay respect to Elders both past and present”.

3. RECORD OF APOLOGIES AND LEAVE OF ABSENCE

Mayor

D Wellington

Councillors:

Member

G Stocks (Chair)

Member

A Goode JP (Deputy Chair)

Member

P Terry

Member

S Smith

Member

B Hollingworth

Member

J Shanhun

Member

R Hammond

Member

J Price

Member

N Mulcahy

Member

C Dowling

Staff:

Chief Executive Officer

A Sharpe

Executive Director Corporate Services

M Cole

Manager Finance

D Olde

Business Analyst/Management Accountant

D Harrison

Meeting Secretary

H Bell

Apologies:

4. DISCLOSURES OF INTEREST

Name	Committee/Report Item Number	Nature of Interest

5. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

6. PUBLIC QUESTION TIME

7. PETITIONS AND DEPUTATIONS

8. CONFIRMATION OF MINUTES

DRAFT MOTION

THAT the minutes of the Corporate Services and Finance Meeting held on 9 February 2016, as previously distributed, be CONFIRMED as a true and accurate record of proceedings.

9. PRESENTATIONS

10. UNRESOLVED BUSINESS FROM PREVIOUS MEETINGS

CSF224: FINANCIAL ACTIVITY STATEMENT – JANUARY 2016

Proponent : City of Albany
Report Prepared by : Manager Finance (D Olde)
Responsible Officer : Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:



RECOMMENDATION

CSF224: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council RECEIVE the Financial Activity Statement for the period ending 31 January 2016.

BACKGROUND

1. The Statement of Financial Activity for the period ending 31 January 2016 has been prepared and is attached.
2. In addition to the statutory requirement to provide Council with a Statement of Financial Activity, the City provides Council with a monthly investment summary to ensure the performance of the investment portfolio is in accordance with anticipated returns and complies with the Investment of Surplus Funds Policy.

DISCUSSION

3. In accordance with section 34(1) of the *Local Government (Financial Management) Regulations 1996*, the City of Albany is required to prepare each month a Statement of Financial Activity reporting on the revenue and expenditure of the local authority.
4. The requirement for local governments to produce a Statement of Financial Activity was gazetted in March 2005 to provide elected members with a greater insight in relation to the ongoing financial performance of the local government.
5. Additionally, each year a local government is to adopt a percentage or value to be used in Statements of Financial Activity for reporting material variances. Variations in excess of \$50,000 are reported to Council.
6. These financial statements are still subject to further yearend adjustments and have not been audited by the appointed auditor.

“Please note that rounding errors may occur when whole numbers are used, as they are in the reports that follow. The ‘errors’ may be \$1 or \$2 when adding sets of numbers. This does not mean that the underlying figures are incorrect.”

STATUTORY IMPLICATIONS

- 7. Section 34 of the *Local Government (Financial Management) Regulations 1996* provides:
 - I. A local government is to prepare each month a statement of financial activity reporting on the source and application of funds, as set out in the annual budget under regulation 22 (1)(d), for that month in the following detail –
 - a. annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);
 - b. budget estimates to the end of the month to which the statement relates;
 - c. actual amounts of expenditure, revenue and income to the end of the month to which the statement relate
 - d. material variances between the comparable amounts referred to in paragraphs (b) and (c); and
 - e. the net current assets at the end of the month to which the statement relates.
 - II. Each statement of financial activity is to be accompanied by documents containing –
 - a. an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
 - b. an explanation of each of the material variances referred to in sub regulation (1)(d); and
 - c. such other supporting information as is considered relevant by the local government.
 - III. The information in a statement of financial activity may be shown –
 - a. according to nature and type classification;
 - b. by program; or
 - c. by business unit
 - IV. A statement of financial activity, and the accompanying documents referred to in sub regulation (2), are to be –
 - a. presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
 - b. recorded in the minutes of the meeting at which it is presented.

POLICY IMPLICATIONS

- 8. The City's 2015/16 Annual Budget provides a set of parameters that guides the City's financial practices.
- 9. The Investment of Surplus Funds Policy stipulates that the status and performance of the investment portfolio is to be reported monthly to Council.

FINANCIAL IMPLICATIONS

- 10. Expenditure for the period ending 31 January 2016 has been incurred in accordance with the 2015/16 proposed budget parameters. Details of any budget variation in excess of \$50,000 (year to date) follow. There are no other known events which may result in a material non recoverable financial loss or financial loss arising from an uninsured event.

File Number (Name of Ward)	FM.FIR.2 - All Wards
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CSF225: LIST OF ACCOUNTS FOR PAYMENT – FEBRUARY 2016

Proponent : City of Albany
Attachments : List of Accounts for Payment
Report Prepared by : Financial Accountant (S Beech)
Responsible Officer : Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:

RECOMMENDATION

CSF225: RESPONSIBLE OFFICER RECOMMENDATION

That Council receive the list of accounts authorised for payment under delegated authority to the Chief Executive Officer for the period ending 15 FEBRUARY 2016 totalling \$4,654,993.09.

BACKGROUND

- Council has delegated to the Chief Executive Officer the exercise of its power to make payments from the City's municipal and trust funds. In accordance with Regulation 13 of the *Local Government (Financial Management) Regulations 1996*, a list of accounts paid by the Chief Executive Officer is to be provided to Council.

DISCUSSION

- The table below summarises the payments drawn from the municipal fund for the period ending 15 February 2016. Please refer to the Attachment to this report.

Municipal Fund	
Trust	\$44,441.00
Credit Cards	\$11,642.54
Payroll	\$1,197,085.57
Cheques	\$205,598.04
Electronic Funds Transfer	\$3,196,225.94
TOTAL	<u>\$4,654,993.09</u>

- As at 15 February 2016, the total outstanding creditors, stands at \$509,547.44 and made up as follows:-

Current	\$245,365.35
30 Days	\$265,228.49
60 Days	\$460.82
90 Days	-\$1,507.22
TOTAL	<u>\$509,547.44</u>

Cancelled cheques – nil

STATUTORY IMPLICATIONS

4. Regulation 12(1)(a) of the *Local Government (Financial Management) Regulations 1996*, provides that payment may only be made from the municipal fund or a trust fund if the Local Government has delegated this function to the Chief Executive Officer or alternatively authorises payment in advance.
5. The Chief Executive Officer has delegated authority to make payments from the municipal and trust fund.
6. Regulation 13 of the *Local Government (Financial Management) Regulations 1996* provides that if the function of authorising payments is delegated to the Chief Executive Officer, then a list of payments must be presented to Council and recorded in the minutes.

POLICY IMPLICATIONS

7. Expenditure for the period to 15 February 2016 has been incurred in accordance with the 2015/2016 budget parameters.

FINANCIAL IMPLICATIONS

8. Expenditure for the period to 15 February 2016 has been incurred in accordance with the 2015/2016 budget parameters.

SUMMARY CONCLUSION

9. That list of accounts have been authorised for payment under delegated authority.
10. It is requested that any questions on specific payments are submitted to the Executive Director Corporate Services by 4pm of the day prior to the scheduled meeting time. All answers to submitted questions will be provided at the Committee meeting. This allows a detailed response to be given to the Committee in a timely manner.

File Number (Name of Ward)	:	FM.FIR.2 - All Wards
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CSF226: DELEGATED AUTHORITY REPORTS

Proponent : City of Albany
Attachments : Executed Document and Common Seal Report
Report Prepared by : Personal Assistant to the ED Corporate Services (H Bell)
Responsible Officer : Chief Executive Officer (A Sharpe)

Responsible Officer's Signature:



RECOMMENDATION

CSF226: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council RECEIVE the Delegated Authority Reports 16 January 2016 to 15 February 2016.

CSF227: NEW COMMERCIAL LEASE AND LICENCE – REGIONAL EXPRESS PTY LTD – PORTION OF ALBANY REGIONAL AIRPORT

Land Description	: Lot 5643 on Deposited Plan 157458 and Lot 4861 on Plan 157338, the subject of Certificate of Title Volume 2088 Folio 492 at 35615 Albany Highway, Drome
Proponent	: Regional Express Pty Ltd. ACN 101 325 642
Owner	: City of Albany
Attachment	: Copy of resolution of Council 15/12/2015 item ED029
Report Prepared by	: Property Officer – (C Srodzinski)
Responsible Officer	: Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2023 and Corporate Business Plan 2014-2018:
 - a. **Key Theme:** Civic Leadership
 - b. **Strategic Objective:** 5.1 To establish and maintain sound business and governance structures.
 - c. **Strategy:** 5.1.2 Develop informed and transparent decision making processes that meet our legal obligations.

Maps and Diagrams:



IN BRIEF

- Council is requested to consider a new lease and non-exclusive licence to Regional Express Pty Ltd (Rex) for the purpose of airline reception, transfer terminal baggage handling and associated operations within the Albany Regional Airport terminal.
- WA State Government awarded Rex the Perth to Albany Regular Passenger Transport (RPT) air service route effective 28 February 2016, for a 5 year period.
- The proposed lease will be conditional on Rex continuing to hold the sole rights to operate Regulated Regular Public Transport (RPT) Air Services to Albany under an agreement with the WA State Government Department of Transport (DoT).
- The proposed lease area is approx. 25.54m², licence area approx. 260m²; both areas are located within the Albany Regional Airport terminal building.
- Rex have occupied the site since 28 February 2016 under a letter of agreement interim arrangement with the City of Albany.
- The recommendation proposes that Council approve the new lease and licence to formalise the current arrangement.

RECOMMENDATION

CSF229: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council APPROVE a new lease and a non-exclusive licence to Regional Express Pty Ltd over allocated areas within the Albany Regional Airport terminal, subject to:

- a) Notes its previous resolution (OCM 15/12/2015 – Item ED029).**
- b) Lease purpose being “Airline reception, office space and associated airline operations”.**
- c) Licence purpose being “transfer terminal baggage handling and associated airline operations” to accommodate the Albany Regular Passenger Transport air service.**
- d) Lease is conditional upon the lessee continuing to hold the sole rights to operate the Perth to Albany Regulated Regular Public Transport Air Services.**
- e) Lease will align with the Deed of Agreement between Department of Transport and Rex.**
- f) Lease area being approximately 25.54m².**
- g) Licence area being approximately 260m².**
- h) Lease rent being \$1 on demand.**
- i) Lease term being 5 years commencing on 28 February 2016 in line with the Deed of Agreement with the Department of Transport.**
- j) All costs associated with the development, preparation, execution and completion of the lease and licence are payable by the City of Albany.**
- k) All costs associated with the ongoing operations of the lease and licence area being payable by the lessee.**

BACKGROUND

2. The City of Albany owns and operates the Albany Regional Airport located at 35615 Albany Highway, Drome Western Australia.
3. The Perth to Albany Regular Passenger Transport (RPT) air service was previously operated by Virgin Australia Regional Airlines Pty Ltd (Virgin Australia) under a service agreement

with the WA State Government Department of Transport (DoT) which expired on the 27 February 2016.

4. On Friday 13 November 2015, after conducting a competitive tender process, the WA State Government announced Regional Express Pty Ltd (Rex) will operate on the Perth to Albany Regular Passenger Transport (RPT) air service route effective 28 February 2016, for a 5 year period.
5. On 9 December 2015 City of Albany was formally advised and details of the deed between DoT and Rex were clarified.
6. At Ordinary Council Meeting on 15 December 2015, Council was advised that Rex airlines was appointed by the State Government to operate the Perth to Albany RPT route. At this meeting Council approved the existing terminal lease fee to be waived for Rex.
7. Virgin Australia terminated the lease agreement with the City of Albany effective 27 February 2016 for the allocated leased areas within the airport terminal, in accordance with the lease.

DISCUSSION

8. Rex commenced air services from the Albany Regional Airport 28 February 2016.
9. Occupation of the airline reception lease areas, and baggage carrier licence areas previously tenanted by Virgin Australia commenced from this date.
10. Pending determination of lease matters and due to time restraints, to protect both parties the City entered into an interim arrangement through a letter of agreement with Rex airlines on the 28 February 2016 allowing for Rex to occupy the allocated lease and licence areas prior to a Deed of Lease and Licence being formalised.
11. The proposed deed of lease will align with the Deed of Agreement between DoT and Rex for a term of 5 years as governed by the Agreement.
12. A special condition will be noted within the lease agreement detailing that the lease will be conditional upon the lessee continuing to hold the sole rights to operate the Perth to Albany Regulated Regular Public Transport Air Service.
13. The lease area consists of airline reception area with two counter customer service desks, an office space and an exit gate counter.
14. The licence area consists of the incoming and outgoing baggage handling areas and conveyor belt located within the terminal building.
15. Staff employed by Rex are to comply with all legislation, regulations and procedures applicable to air transport and related operations and in accordance with best industry practice and any requisitions of authorities.
16. Council's Property Management - Leases and Licences Policy provides that rent for commercial leases be determined by market valuation provided by a Licensed Valuer. Council approved to relax this provision at OCM 15 December 2015 Item ED029.
17. The Licence term will run concurrent with the lease term and will always expire at the same time as the lease.

GOVERNMENT & PUBLIC CONSULTATION

18. No Government consultation is required as lease area is located within City of Albany owned freehold land.
19. Section 3.58 of the *Local Government Act 1995* outlines the requirements for the disposal of property, including leased/licensed land and buildings. The Act requires the following:
 - a. A local government must give local public notice of the proposed lease/licence inviting submissions from the public, for a period of two weeks.
 - b. Any submissions are to be considered by Council and their decision with regard to those submissions, to be recorded in the minutes.
 - c. A local government can then proceed with the lease/licence.
20. The proposed new lease and licence will be advertised to comply with the requirements of Section 3.58 of the *Local Government Act 1995*.

STATUTORY IMPLICATIONS

21. Section 3.58 of the *Local Government Act 1995* defines the requirements for the disposal of property, including leased/licensed land and buildings including advertising requirements.
22. The Western Australia Planning Commission (WAPC) has not been consulted with regard to the proposed new lease as per Section 136 of the *Planning and Development Act*, as no comment is required from WAPC when a lease term does not exceed twenty years.

POLICY IMPLICATIONS

23. Council adopted a revised Property Management – Leases and Licences Policy in July 2015.
24. The Policy aims to ensure that all requests for leases and licences will be treated in a fair and equitable manner using open and accountable methodology and in line with statutory procedures.
25. The policy provides that any rent for commercial leases or licences will be determined by Market Valuation. Council at OCM 15 December 2015 approved to relax this provision.

RISK IDENTIFICATION & MITIGATION

26. The risk identification and categorisation relies on the City's Enterprise Risk Management Framework.

Risk	Likelihood	Consequence	Risk Rating	Mitigation
Reputation: new lease and licence are not approved.	Unlikely	Moderate	Medium	Seek to negotiate terms to Council satisfaction.
Reputation: new lease and licence not approved – Rex airline terminal services may be disrupted.	Unlikely	Moderate	Medium	Seek to negotiate terms to Council satisfaction.

FINANCIAL IMPLICATIONS

27. All costs associated with the development, execution and completion of the lease documentation will be met by the City. A quote of \$1200 to develop the deed has been provided by City lawyer.
28. All costs associated with the development and ongoing operations of the lease area will be met by Rex.
29. The fees and charges for RPT services were endorsed by Council at the December 2015 Ordinary Council Meeting.

LEGAL IMPLICATIONS

30. The Deed of Lease and Licence will be prepared by City's lawyers.
31. The licence does not grant any rights of exclusive use or occupation over the land or within the licensed areas.

ENVIRONMENTAL CONSIDERATIONS

32. There are no environmental considerations related to this report.

ALTERNATE OPTIONS

33. Council may:
 - a. Approve the lease and licence for a 5 year term; or
 - b. Decline the lease.
34. Should Council decline the lease, Rex will need to work with the City to find an alternate location within the terminal to allow Rex to continue to provide flight reception and baggage handling services for the Albany RPT flight services at the Albany Regional Airport. This may result in Rex being unable to deliver the airline terminal services required.

SUMMARY CONCLUSION

35. The WA State Government announced Regional Express Pty Ltd will operate on the Perth to Albany Regular Public Transport (RPT) route effective 28 February 2016.
36. An area within the airport terminal is required by Rex to facilitate airline reception and administration and baggage transfer handling facilities.
37. Rex has occupied the area since 28 February 2016 under a letter of agreement interim arrangement with the City.
38. To formalise this interim arrangement, it is recommended that the proposed new lease and licence to Regional Express Pty Ltd (Rex) at the Albany Regional Airport terminal for a 5 year term be supported.

Consulted References	:	<ul style="list-style-type: none">• Council Policy – Property Management (Leases and Licences)• <i>Local Government Act 1995</i>• <i>Planning and Development Act – Section 136</i>
File Number (Name of Ward)	:	PRO415, A160418 (Kalgan Ward)
Previous Reference	:	OCM 15.12.2015 Item ED029

CSF228: NEW COMMERCIAL LICENCE – VIRGIN AUSTRALIA REGIONAL AIRLINES PTY LTD – PORTION OF ALBANY REGIONAL AIRPORT

Land Description	: Lot 5643 on Deposited Plan 157458 and Lot 4861 on Plan 157338, the subject of Certificate of Title Volume 2088 Folio 492 at 35615 Albany Highway, Drome
Proponent	: Virgin Australia Regional Airlines Pty Ltd (ACN 008997662)
Owner	: City of Albany
Attachment	: Nil
Report Prepared by	: Property and Leasing Officer (C Srodzinski)
Responsible Officer	: Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2023 and Corporate Business Plan 2014-2018:
 - a. **Key Theme:** Civic Leadership
 - b. **Strategic Objective:** 5.1 To establish and maintain sound business and governance structures.
 - c. **Strategy:** 5.1.2 Develop informed and transparent decision making processes that meet our legal obligations.

Maps and Diagrams:



IN BRIEF

- Council is requested to consider a new non-exclusive licence to Virgin Australia Regional Airlines Pty Ltd (Virgin Australia) for the purpose of airline charter flight reception and baggage transfer terminal within the Albany Regional Airport terminal.
- Virgin Australia previously occupied counter, office and baggage transfer areas within the airport terminal under a lease agreement whilst operating the Albany to Perth Regular Passenger Transport service which terminated 27 February 2016.
- Virgin Australia continues to operate a weekly charter flight service from the airport.
- The proposed licence area is approx. 265m², located within the Albany Regional Airport terminal building which incorporates counter space of approx. 4.8m² and baggage handling areas.
- Virgin Australia have occupied the site since 27 February 2016 under a letter of agreement interim arrangement with the City of Albany.
- The recommendation proposes that Council approve the new licence to formalise the current arrangement.

RECOMMENDATION

CSF228: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council APPROVE a new non-exclusive licence to Virgin Australia Regional Airlines Pty Ltd over allocated areas within the Albany Regional Airport terminal, subject to:

- a) Licence purpose being “Airline reception, transfer terminal baggage handling and associated airline operations’.**
- b) Total licence area being approximately 265m², comprising approx. 4.8m² counter space and 260m² baggage handling areas.**
- c) Licence rent being \$1 on demand.**
- d) Licence term to be determined, to commence retrospective from 27 February 2016.**
- e) All costs associated with the development, preparation, execution and completion of the licence to be met by the City as a gesture of goodwill.**
- f) All costs associated with the ongoing operations of the licence area being payable by the licensee.**

BACKGROUND

2. The City of Albany owns and operates the Albany Regional Airport located at 35615 Albany Highway, Drome Western Australia.
3. The Perth to Albany Regular Passenger Transport (RPT) air service was previously operated by Virgin Australia Regional Airlines (Virgin Australia) under a service agreement with the WA State Government Department of Transport (DoT).
4. This agreement expired on the 27 February 2016. DoT conducted a competitive tender process for the airline carrier services for the Perth to Albany RPT; Virgin Australia did not submit a tender.
5. Virgin Australia occupied areas within the Airport terminal under a lease agreement for its reception and administrative requirements whilst undertaking the RPT services.

6. Virgin Australia terminated the lease agreement with the City of Albany effective 27 February 2016 in line with the former RPT agreement for the allocated leased areas within the airport terminal, in accordance with the lease.
7. The lease premises were vacated on the 26 February 2016 with the 'make good' lease provisions undertaken in accordance with the lease.

DISCUSSION

8. Virgin Australia operates a charter flight service from Albany, operating one day per week to service "fly in fly out" airline passengers; Virgin requires counter and baggage handling facilities within the Airport terminal to facilitate the service.
9. The proposed licence areas will consist of charter flight reception with a counter customer service desk, exit gate counter and incoming and outgoing baggage handling areas and conveyor belt located within the terminal building.
10. A Passenger Handling Fee is payable by airline carriers utilising Albany Airport facilities.
11. The Passenger Handling Fee payable by Virgin Airlines covers their use of Albany Airport facilities including the use and rental of non-exclusive licence areas.
12. Council's Property Management - Leases and Licences Policy provides that rent for commercial leases and licences be determined by market valuation provided by a Licensed Valuer. Council is requested to consider to relax this policy provision given Virgin Australia is paying the Passenger Handling Fee.
13. Virgin Australia will meet operating expenses incurred whilst occupying the licence areas.
14. Occupation of the licence areas commenced 27 February 2016.
15. Pending determination of licence matters and due to time restraints, the City entered into an interim arrangement through a letter of agreement with Virgin Australia on the 27 February 2016 allowing for Virgin Australia to occupy the allocated licence areas prior to a Deed of Licence being formalised.
16. Staff employed by Virgin Australia are to comply with all legislation, regulations and procedures applicable to air transport and related operations and in accordance with best industry practice and any requisitions of authorities.
17. It is the City's preferred option to formalise the arrangement under Licence provisions (in lieu of a lease and licence agreement) to allow for flexibility within the terminal building, should other airline carriers require counter space areas to operate charter flights. It is noted a Deed of Licence does not grant exclusive use over an area.
18. The proposed new licence will include a provision allowing for either the City or Virgin Australia to terminate the agreement giving 6 months' notice to allow further flexibility for both parties.

GOVERNMENT & PUBLIC CONSULTATION

19. Section 3.58 of the *Local Government Act 1995* outlines the requirements for the disposal of property, including leased/licensed land and buildings. The Act requires the following:
 - a. A local government must give local public notice of the proposed lease/licence inviting submissions from the public, for a period of two weeks.

- b. Any submissions are to be considered by Council and their decision with regard to those submissions, to be recorded in the minutes.
 - c. A local government can then proceed with the lease/licence.
20. The proposed new licence will be advertised to comply with the requirements of Section 3.58 of the *Local Government Act 1995*.
21. Rex Airlines has been consulted and has determined the charter services to be provided by Virgin Australia Regional Airlines Pty Ltd will not impact on the services provided by Rex.

STATUTORY IMPLICATIONS

22. Section 3.58 of the *Local Government Act 1995* defines the requirements for the disposal of property, including leased/licensed land and buildings including advertising requirements.
23. The Western Australia Planning Commission (WAPC) has not been consulted with regard to the proposed new licence as per Section 136 of the *Planning and Development Act*, as no comment is required from WAPC when a licence does not exceed twenty years.

POLICY IMPLICATIONS

24. Council adopted a revised Property Management – Leases and Licences Policy in July 2015.
25. The Policy aims to ensure that all requests for leases and licences will be treated in a fair and equitable manner using open and accountable methodology and in line with statutory procedures.
26. The recommendation is consistent with Council Policy Property Management (Leases and Licences).
27. It is recommended that Council relax the policy with regards to rental being determined by current market valuation. This is on the basis that the Passenger Handling Fee payable by Virgin Australia would include the non-exclusive licence areas occupied.

RISK IDENTIFICATION & MITIGATION

28. The risk identification and categorisation relies on the City’s Enterprise Risk Management Framework.

Risk	Likelihood	Consequence	Risk Rating	Mitigation
Reputation: new licence not approved.	Unlikely	Moderate	Medium	Seek to negotiate terms to Council satisfaction.
Reputation: new licence not approved – Virgin Australia airline terminal services may be disrupted.	Unlikely	Moderate	Medium	Seek to negotiate terms to Council satisfaction.
Reputation: Confusion of the services being delivered between Rex Airlines and Virgin Australia	Unlikely	Moderate	Medium	Clear publication of which airline is responsible for which service.

FINANCIAL IMPLICATIONS

29. All costs associated with the development, execution and completion of the licence documentation will be met by the City as a gesture of goodwill.
30. All costs associated with the development and ongoing operations of the licence area will be met by Virgin Australia.

LEGAL IMPLICATIONS

31. The Deed of Licence will be prepared by City's lawyers.
32. The licence does not grant any rights of exclusive use or occupation over the land or within the licensed areas.

ENVIRONMENTAL CONSIDERATIONS

33. There are no environmental considerations related to this report.

ALTERNATE OPTIONS

34. Council may:
 - a. Approve the licence; or
 - b. Decline the licence.
35. Should Council decline the licence, Virgin Australia will need to work with the City to find an alternate location for flight reception and baggage handling services for the charter flight services at the Albany Regional Airport. This may result in Virgin Australia being unable to deliver the airline terminal services required.

SUMMARY CONCLUSION

36. Virgin Australia ceased operating the Perth to Albany Regular Public Transport (RPT) route effective 27 February 2016 and terminated the Deed of Lease with the City for counter and baggage handling facilities located within the Airport terminal.
37. Virgin Australia continue to operate a charter flight service from the Albany Airport and require reduced counter space and baggage handling areas to facilitate these flights.
38. Virgin Australia has occupied the site since 27 February 2016 under a letter of agreement interim arrangement with the City.
39. It is recommended that Council consider relaxing the Property Management (Leases and Licences) Policy provision for the licence rental to be determined by current market rental valuation and grant the rental proposed of \$1.00 on demand, given Virgin Australia is paying the Passenger Handling Fee.
40. To formalise this arrangement, it is recommended that the proposed new licence to Virgin Australia Regional Airlines Pty Ltd at the Albany Regional Airport terminal be supported.

Consulted References	:	<ul style="list-style-type: none">• Council Policy – Property Management (Leases and Licences)• <i>Local Government Act 1995</i>• <i>Planning and Development Act</i>
File Number (Name of Ward)	:	PRO415, A160418 (Kalgan Ward)
Previous Reference	:	OCM 15.12.2015 Item ED029

**CSF229: ADOPTION OF THE BUDGET REVIEW FOR THE PERIOD ENDING
31 JANUARY 2016**

Proponent : City of Albany
Attachments : Budget Review for the period ending 31 January 2016
Report Prepared by : Business Analyst/Management Accountant (D Harrison)
Responsible Officer : Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2023 and Corporate Business Plan 2014 - 2018:
 - a. **Key Theme:** 5. Civic Leadership.
 - b. **Strategic Objective:** 5.1. To establish and maintain sound business and governance structures.
 - c. **Strategic Initiative:** 5.1.3 Integrated Planning Framework.

In Brief:

- Council is required to review and adopt the budget review for the period ending 31 January 2016.
- This review is for the period ending 31 January 2016.

RECOMMENDATION

**CSF229: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT Council:

- (i) **ADOPT the Budget Review for the period ending 31 January 2016.**

BACKGROUND

2. Local governments are required to conduct a budget review between 1 January and 31 March each financial year which is a requirement covered by regulation 33A of the *Local Government (Financial Management) Regulations 1996*.
3. The Department recommends a review of the budget early in the financial year to amend carry forward projects from forecast to actual.

DISCUSSION

4. Council adopted the 2015/2016 Budget on 28 July 2015. The total adopted budget of \$104.8 M comprised:
 - a. \$39.5 M capital works;
 - b. \$ 1.8 M debt reduction; and
 - c. \$63.5 M in operating expenditure.
5. This Budget Review identifies expenditure of \$4,847,956 for general works, variations and new projects.
6. The funding of \$4,847,956 inclusive of reduction in expenditures, adjustment of grant funding, additional revenue, reserve funding, non-cash adjustments and the movement opening funds has been identified in this review to maintain a surplus budget.
7. This budget review shows the 2015/2016 budget is in a surplus position of \$1,733.
8. A copy of the Budget Review for the period ending 31 January 2016 is attached.
9. Budget adjustments thereafter of an urgent nature will be brought to a Council Meeting as an item to be discussed when required and actioned outside of this review.

GOVERNMENT & PUBLIC CONSULTATION

10. Department of Local Government guidelines were reviewed in the preparation of this report.
11. City of Albany Executives, managers and officers with budget responsibility were consulted in the preparation of the Budget Review.

STATUTORY IMPLICATIONS

12. Under the *Local Government Act 1995*, section 6.8, a local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure:
 - a. is incurred in a financial year before the adoption of the annual budget by the local government
 - b. is authorised in advance by a resolution (absolute majority required) or;
 - c. is authorised in advance by the mayor in an emergency.

POLICY IMPLICATIONS

13. There are no policy implications related to this report.

RISK IDENTIFICATION & MITIGATION

14. The risk identification and categorisation relies on the City’s Enterprise Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
Reputation & Organisation’s Operations. None approval of the budget review, would result in significant delays to achieving deliverables.	Unlikely	Moderate	Medium	In the short term the existing Annual Budget would apply and proposed amendments would not apply. Adopt the Budget Review with amendments (as specified by Council).

FINANCIAL IMPLICATIONS

BUDGET REVIEW FOR THE PERIOD ENDING 31 JANUARY 2016

This Review Maintains Council's Budget in a Surplus Position

GENERAL WORKS/VARIATIONS. (Additional Funds Required)		\$
		(4 847 956)
FUNDED BY		
- Reduction in Expenditure	1 444 534	
- Adjustment in Grant/Contributions Funding	642 247	
- Adjustment in Revenue	298 106	
- Restricted Cash Adjustments	385 460	<u>2 770 347</u>
Balance		<u><u>(2 077 609)</u></u>
- Adjustment to opening funds from forecast to actual 30 June 2015 (Being adjustments at the conclusion of the annual Audit)	(121 359)	
- Less Non Cash Adjustments	2 007 099	
- Current 15/16 Budgeted closing funds	193 602	
- Amended 15/16 Budgeted closing funds		<u>1 733</u>

LEGAL IMPLICATIONS

15. Nil.

ENVIRONMENTAL CONSIDERATIONS

16. Nil.

ALTERNATE OPTIONS

17. For the period ending 31 January 2016, Council may consider to:
- a. Adopt the Budget Review as recommended; or
 - b. Adopt the Budget Review with amendments (as specified by Council); or

SUMMARY CONCLUSION

18. That the Responsible Officer's Recommendation to adopt the Budget Review for the period ending 31 January 2016 be supported.

Consulted References	:	Adopted Budget 2015/2016 Local Government Act 1995
File Number (Name of Ward)	:	FM.BUG.2
Previous Reference	:	Annual Budget – OCM 28/07/2015 Resolution CSF183

- 12. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF COUNCIL**
- 13. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
- 14. REPORTS OF CITY OFFICERS**
- 15. MEETING CLOSED TO THE PUBLIC**

- 16. CLOSURE**