

CITY OF JOONDALUP

MINUTES OF MEETING OF THE BUDGET COMMITTEE HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON THURSDAY 5 JULY 2001.

ATTENDANCE AND APOLOGIES

Mayor

J BOMBAK, JP - Chairman

Elected Members:

Cr P KADAK	Lakeside Ward	<i>absent from 2015 hrs to 2017 hrs; and from 2202 hrs to 2204 hrs</i>
Cr P KIMBER	Lakeside Ward	
Cr D S CARLOS	Marina Ward	<i>To 2258 hrs; absent from 2016 hrs to 2019 hrs</i>
Cr C BAKER	Marina Ward	<i>Absent from 2130 hrs to 2152 hrs</i>
Cr J F HOLLYWOOD, JP	North Coastal Ward	<i>To 2258 hrs</i>
Cr A WALKER	Pinnaroo Ward	<i>From 1937 hrs to 2130 hrs; absent from 2016 hrs to 2019 hrs</i>
Cr M O'BRIEN, JP	South Ward	
Cr A L PATTERSON	South Coastal Ward	<i>To 2130 hrs; absent from 2043 hrs to 2047 hrs</i>
Cr G KENWORTHY	South Coastal Ward	<i>Absent from 2022 hrs to 2024 hrs</i>
Cr J HURST	Whitfords Ward	<i>Absent from 2044 hrs to 2046 hrs; and from 2250 hrs to 2251 hrs</i>
Cr C MACKINTOSH	Whitfords Ward	<i>Absent from 2120 hrs to 2125 hrs; and from 2240 hrs to 2243 hrs</i>

Officers:

Chief Executive Officer:	L O DELAHAUNTY	
Director, Resource Management:	J TURKINGTON	
Director, Planning & Development:	C HIGHAM	
Director, Infrastructure Management:	D DJULBIC	
Director, Community Development:	C HALL	
Executive Manager, Strategic Planning:	R FISCHER	
Manager, Corporate Finance:	A SCOTT	
Manager, Organisation and Strategic Development:	J KIRTON	<i>to 2255 hrs</i>
Coordinator Community Safety and Security:	L CLACK	<i>to 2255 hrs</i>
Manager, Operation Services:	D CLUNING	
Coordinator, Waste Management and Environmental Services:	P HOAR	
Committee Clerk:	J AUSTIN	

The Chief Executive Officer declared the meeting open at 1930 hrs.

Apologies:

Cr A Nixon
Cr T Barnett
Cr P Rowlands

ELECTION OF CHAIRMAN

Section 5.12 of the Local Government Act 1995 requires a committee appointed by a local government, to appoint a presiding member as the first item of business at its first meeting. Schedule 2.3 of the Act requires the Chief Executive Officer to preside. Nominations for the position of chairperson were requested to be given to the Chief Executive Officer in writing, with the vote to be conducted by ballot.

Cr Baker nominated Mayor John Bombak for the position of Chairman. Cr Mackintosh seconded the nomination. Mayor Bombak accepted the nomination.

Cr Hollywood nominated Cr Patterson for the position of Chairman. Cr Carlos seconded the nomination. Cr Patterson declined the nomination.

Cr O'Brien nominated Cr Kenworthy for the position of Chairman. Cr Kenworthy declined the nomination.

There being one nomination for the position of Chairman, the Chief Executive Officer declared Mayor Bombak elected as Chairman. Mayor Bombak assumed the Chair at this point, the time being 1932 hrs.

ELECTION OF DEPUTY CHAIRMAN

Mayor Bombak called for nominations for the position of Deputy Chairman. Cr Baker nominated Cr Kenworthy for the position of Deputy Chairman. Cr Mackintosh seconded the nomination. Cr Kenworthy accepted the nomination.

There being no further nomination, Cr Kenworthy was declared elected as Deputy Chairman.

DECLARATION OF FINANCIAL/NON FINANCIAL INTEREST

Cr M O'Brien declared a non-financial interest in "Expenditure on Website/New Projects – Electronic Gateways" as his son has a commercial interest in the IT industry.

ITEMS OF BUSINESS**1 2001/2002 FIVE YEAR CAPITAL WORKS PROGRAMME – [50266]****WARD - All****SUMMARY**

This matter was discussed at the Budget Workshop Number 1 on 28 May 2001. Following a presentation by the Director of Infrastructure Management, the Manager Infrastructure Management Services and the Manager Operations services, it was agreed that:-

The amended Draft 2001/2002 Five-Year Capital Works Program be presented for adoption as part of the 2001/2002 budget.

BACKGROUND

This matter was considered at the Budget Workshop Number 1 on Thursday 28 May 2001 where the Director of Infrastructure Management, the Manager Infrastructure Management Services and the Manager Operations Services presented the Draft 2001/2002 Five Year Capital Works Programme.

The meeting was presented with the Draft 2001/2002 Five Year Capital Works Program showing total Capital Works at \$13,382,657 for the 2001/2002 budget year. Following discussions on the programme, a number of adjustments to the scope and timing of various projects were proposed.

Amendments have subsequently been made to the Draft 2001/2002 Five Year Capital Works Programme in accordance with Councillors' wishes. The Overview of the Five Year Draft Capital Works Programme following all adjustments is appended as Attachment 1.

COMMENT/FUNDING

The amended Draft 2001/2002 Five Year Capital Works Program is shown as follows:

	2001/02	2002/03	2003/04	2004/05	2005/06
Total Cost	\$ 13,421,745	\$ 16,019,016	\$ 19,835,646	\$ 29,682,727	\$ 27,010,345
Funding from Grants/ Reserves/ Contributions	\$ 8,046,416	\$ 9,736,614	\$ 14,853,913	\$ 24,398,064	\$ 21,047,547
Funding from Municipal Funds	\$ 5,375,328	\$ 6,282,402	\$ 4,981,733	\$ 5,284,663	\$ 5,962,798

OFFICER'S RECOMMENDATION That Council ADOPTS the amended 2001/2002 Five Year Capital Works Programme as part of the 2001/2002 budget as detailed in Attachment 1.

Discussion ensued in relation to items discussed at previous Budget Workshops and the ability for elected members to make changes to the Draft 2001-02 Five Year Capital Works Programme. Elected members believed a decision was required on what was to be achieved from this year's budget.

Cr Walker entered the Room at 1937 hrs.

MOVED Cr O'Brien, SECONDED Cr Patterson that it be recommended that Council IMPOSES a zero rate increase for the 2001/2002 financial year.

Discussion ensued in relation to the impact of a zero rate increase, and CPI movements.

Following a question from Cr Baker, Director Resource Management will provide information to elected members on increases in revenue in the last two years.

The Motion was Put and

CARRIED

Cr Kadak left the Room at 2015 hrs and returned at 2017 hrs.

Following a question from Cr Carlos, Director Resource Management will provide information to elected members on the date of the last CPI increase to minimum rate.

Cr Walker and Carlos left the Room at 2016 hrs.

Cr Baker raised concern at the decisions made at the workshops in relation to the Draft 2001-2002 Five Year Capital Works Programme and believed this Committee should again consider each line item. Having sought the views of elected members present, Mayor Bombak advised that it was the consensus of the meeting that this action was not required.

Cr Walker and Carlos entered the Room at 2019 hrs.

Paths – Page 41

MOVED Cr Mackintosh, SECONDED Cr Hurst that it be recommended that:

- 1 Project DUP103 Dual Use Path – Mullaloo Foreshore (\$36,720) be MOVED from 2001/02 to 2002/03;**
- 2 Project DUP203 Dual Use Path – Angove Drive, Hillarys (\$35,190) be MOVED from 2002/03 to 2001/02.**

Cr Mackintosh provided justification for the transfer of these two project items.

Cr Kenworthy left the Room at 2022 hrs and returned at 2024 hrs.

The Motion was Put and

CARRIED

Dry Park Development – Page 4

MOVED Cr Baker, SECONDED Cr Kenworthy that it be recommended that Project DPD018 Balanus Park, Heathridge - Installation of Bore and Reticulation (\$42,417) be **MOVED** from 2004/05 to 2001/02.

Discussion ensued in relation to the role of the Dry Parks, Median and Verge Committee in prioritising works of this nature.

The Motion was Put and

LOST

It was RESOLVED that installation of Bore and Reticulation to Balanus Park, Heathridge be REFERRED to the Dry Parks, Median and Verge Committee for further consideration.

Park Sporting Facility – Page 9

Following a query from Cr Baker, information was provided on the funding allocation for rugby goal posts and the requirements for replacement of damaged goal posts for various sports.

Cr Hurst left the Room at 2044 hrs and returned at 2046 hrs.

MOVED Cr Baker, SECONDED Cr Kenworthy that it be recommended that **Project PSF007 – Goal Posts – Replacement and additional posts – Rugby (\$4,000) be DELETED and such funds allocated towards development of additional floodlighting at Iluka Open Space.**

Cr Patterson left the Room at 2043 hrs and returned at 2047 hrs.

Director Community Development outlined the request from Beaumaris Sports Association seeking a budget allocation towards additional floodlighting at Iluka Open Space and stated that the Association would need to develop and submit plans for the floodlighting for approval by Council, and may need to conduct community consultation as part of this process.

The Motion was Put and

CARRIED

Directional Sign – Joondalup Business Park

Following a request from Cr Baker for a directional sign to be installed at the southern entrance of Joondalup Business Park, Mayor Bombak suggested this request should be presented by the Joondalup Business Association to enable a report to be submitted for consideration by Council.

Paths - Page 44

MOVED Cr Baker, SECONDED Cr Kimber that it be recommended that Project FPN305 – Janthina Crescent, Heathridge (\$7,088) be **MOVED** from 2003/04 to 2001/02.

Discussion ensued.

The Motion was Put and

CARRIED

Paths – Page 45 - Construction of Footpath – Fernlea Street, Warwick

Cr O'Brien referred to the petition received from Warwick residents requesting construction of a footpath on the western side of Fernlea Street, Warwick.

MOVED Cr O'Brien, SECONDED Cr Baker that it be recommended that the installation of a footpath in Fernlea Street, Warwick be included as a high priority within Project FPR102 – Various Streets, Greenwood Stage 1.

The Motion was Put and

CARRIED

Parks Construction Works – Proposals Program - Page 280

MOVED Cr Kenworthy, SECONDED Cr Baker that it be recommended that an amount of \$20,600 be allocated in the 2001/02 Budget for cricket practice net and tennis wall at Braden Park, Marmion.

Discussion ensued.

The Motion was Put and

LOST

MOVED Cr Mackintosh, SECONDED Cr Kadak that it be recommended that Council **ADOPTS** the amended 2001/2002 Five Year Capital Works Programme as part of the 2001/2002 budget as detailed in Attachment 1.

The Motion was Put and

CARRIED

Appendix 1 refers.

2 DRAFT 2001/02 "PROPOSALS" – [50266]

WARD - All

SUMMARY

The draft 2001/02 proposals were considered by Elected Members at the Budget Workshop Number 2 held on 7 June 2001. At the various Workshops Councillors sought additional information and at Budget Workshop Number 3 Councillor Kenworthy indicated that he had a list of Proposal items on which he required more detail.

This information is provided as Attachment I.

To progress the budget compilation requires that the Budget Committee considers and gives direction on the matters in this Attachment.

BACKGROUND

Elected Members will be aware that the Draft 2001/02 Proposals were considered at the Budget Workshop Number 2 conducted on 7 June 2001. At that Workshop various matters were raised where more information was required. Further, at Budget Workshop Number 3 Councillor Kenworthy advised that he had a list of items on which he required more information. Subsequent to that meeting Councillor Kenworthy met with the Director of Resource Management and detailed the items and his concerns. The items raised were classified into two categories:-

- more information required;
- items to be deleted.

COMMENT/FUNDING

The matters have been addressed in Attachment 1. For convenience and ease of reading this has been dissected into two segments:-

- Action Required from Budget Workshops (blue sheets)
- Councillor Kenworthy's items (yellow sheets)

This additional information is to be read in conjunction with the matters in the Capital Works Programme Booklet and Proposals Booklet as appropriate.

To enable the 2001/02 Budget to be constructed direction is required in relation to these matters in particular the items relating to the Proposals.

OFFICER'S RECOMMENDATION That the Budget Committee gives consideration and direction in relation to each of the items in Attachment I.

The Committee gave consideration to items listed in attachment 1 to this report.

6 Warwick Bowling Club

Following a query from Cr O'Brien regarding funding for Warwick Bowling Club, Director Community Development advised that an application would need to be assessed as part of the CSRFF process and a report submitted to Council for consideration of a one-third contribution.

1 Park and Local Road Landscape Enhancement Works – Pages 16 to 18

The figure of \$10,000 to be amended to \$15,000.

7 Traffic Management – Pages 22 to 32

Discussion ensued regarding the location of the road extension and the need for the roundabout at Constellation Drive.

Director Planning and Development advised that the developer is to provide written information in relation to the road extensions.

Cr Mackintosh left the Room at 2120 hrs and returned at 2125 hrs.

Director Infrastructure Management outlined State Blackspot funding.

The Meeting ADJOURNED at 2130 hrs.

The Meeting RESUMED at 2145 hrs, the following committee members being present at this point:

J BOMBAK, JP - Chairman
Cr P KADAK
Cr P KIMBER
Cr D S CARLOS
Cr J F HOLLYWOOD, JP
Cr M O'BRIEN, JP
Cr G KENWORTHY
Cr J HURST
Cr C MACKINTOSH

Expenditure on Website/New Projects – Electronic Gateways

Executive Manager Strategic Planning outlined the proposed projects and extended an invitation to meet with interested elected members and to provide additional information on this item.

Cr Baker entered the Room at 2152 hrs.

Cr O'Brien declared a non-financial interest in this item as his son has a commercial interest in the IT industry.

Windows 2000 Pilot Project – Proposals Program - Page 202

MOVED Cr Kimber, SECONDED Cr Carlos that it be recommended that Council DELETES Item F167 – Windows 2000 Pilot Project (\$15,000).

Discussion ensued. Chief Executive Officer to provide information to elected members on the impact to the organisation should this item be deleted.

Cr Kadak left the Room at 2202 hrs and returned at 2204 hrs.

Pending provision of this information, the Motion was NOT PURSUED.

26 Property Surveillance and Security Program

Following a query from Cr Carlos, Director Resource Management advised this item was to be considered as item 4 on this agenda.

MOVED Mayor Bombak, SECONDED Cr Kadak that consideration of items in Attachment 1 to Report on Draft 2001/02 “Proposals” be DEFERRED to the next meeting of the Budget Committee.

The Motion was Put and

CARRIED

Appendix 2 refers

3 WASTE MANAGEMENT BUDGET AND FEES 2001/02 - [50266, 59272]

WARD - All

SUMMARY

This matter was discussed at the Budget Workshop Number 3 on 13 June 2001. Following a presentation by the Director of Infrastructure Management and the Co-ordinator for Waste Management & Environmental Services, it was agreed that:-

1. A mid-week greens service would not be introduced in 2001/2002.
2. The 2001/2002 refuse collection/disposal charge be set at \$122 however this was subsequently changed to \$119 on a show of hands.

As the compilation of the 2001/2002 Waste Management budget and overall budget is contingent on this matter being resolved it is presented to the Budget Committee for a decision.

BACKGROUND

This matter was considered at the Budget Workshop Number 3 on Wednesday 13 June 2001 where the Director Infrastructure Management & the Co-ordinator for Waste Management and Environmental Services presented proposals for the 2001/2002 Waste Management Budget. The meeting was presented with a benchmark of other Council refuse charges with a similar service.

The sequence of events & options at this meeting were:-

- 3 various funding proposals were presented -
 - \$119 per service
 - \$122 per service
 - \$125 per service
- Discussions centred on whether a mid-week greens service at a cost of \$60,000 should be introduced. Following discussion it was agreed not to introduce this service.
- It was agreed on Mayor Bombak's recommendation that the refuse collection disposal charge be set at \$122 for the 2001/02 year.
- Following discussion it was agreed (on a show of hands) that the refuse collection disposal charge be set at \$119 not \$122.

COMMENT/FUNDING

Since the budget workshop number 3, a revised CPI rate for March 2001 has since been provided by the City of Wanneroo, Environmental Waste Services and the Mindarie Regional Council has revised its anticipated 2001/02 surplus distributions. These amendments are now reflected in the budget.

The following table shows the revised transfer to reserves under the various rubbish rates:

\$119	\$240,012
\$122	\$396,612
\$125	\$553,212

Council, at its meeting on 19 December 2000 agreed to a joint upgrade of the Materials Recovery Facility, Motivation Drive, Wangara.

Work has progressed to the extent the building has been modified and a tender for the equipment and work has closed.

This tender was well over the estimates provided by Environmental Waste Services due to:

- Only two tenders were received, both by the mining industry who have indicated that the equipment was designed for the heavy mining industry
- Majority of the equipment was to be designed, developed and built from the grass roots. Discussion with the tenderers indicated that they had not been involved in designing and constructing light weight equipment for the recycling industry.

- There is a lack of good expertise in the recycling industry and those who have good knowledge are too busy to provide the service.

The operational team is currently working on an action plan to resolve this issue which may involve managing the MRF modifications utilising inhouse expertise from the participating Councils.

This will mean the MRF will be operational under the new Service Level Agreement by February 2002. The current MRF will be able to sort and package the recyclable materials collected within the City until the regional MRF is operational.

Based upon this timeline, the operating budget under the new Joint Service Level Agreement as compared to the current Service Level Agreement will mean a saving of approximately \$90,000.

MOVED Cr Baker, SECONDED Cr Kimber that it be recommended that Council SETS the 2001/2002 Refuse Charge at \$119.

Director Infrastructure Management advised that Council has previously approved entering into a tripartite agreement with the Cities of Wanneroo and Swan for the purpose of modifying the Badgerup MRF from a split facility to a co-mingled facility. Each Council contributed \$175,000 as an upfront capital contribution for the purposes of modifying the MRF. The modification works consist of the following phases:

- 1 – shed modification works;
- 2 – purchasing a paper bailer;
- 3 – purchasing and installing trommels, platforms and conveyors;
- 4 – installation of an electrical control unit.

Director Infrastructure Management stated that Phases 1 and 2 were undertaken within the budget. Phases 3 and 4 have just gone to tender and the lowest tender price was \$553,323. The available budget for this work is \$170,000; therefore the additional cost is approximately \$383,323. A review of the tenders suggests that those prices are well over the estimated costs of \$290,000 if the work is done in-house. If done in-house, it is anticipated that the over-expenditure will be approximately \$120,000 to \$150,000. Therefore the increased upfront capital contribution is anticipated to be an additional \$40,000 to \$50,000 for each Council. It is noted that the initial capital contribution will be recovered over the five year life of the agreement out of the revenue generated from the MRF operations.

The additional cost could be funded from the Waste Management Service Budget. The impact on transfer to reserves will be a reduction of approximately \$40,000 to \$50,000 for the various services as follows:

\$119	\$200,000 approx
\$122	\$355,000 approx
\$125	\$510,000 approx

Director Infrastructure Management advised that a detailed report on this matter will be presented to Council.

Discussion ensued. Cr Carlos believed this matter should be deferred pending a report on the points raised by Director Infrastructure Management.

The Motion was Put and

CARRIED

Cr O'Brien dissented.

4 SAFER COMMUNITY PROGRAM BUDGET - OPTIONS

WARD - All

SUMMARY

Council recently undertook a Referendum in relation to the City Watch Service and the funding of the service. The referendum results showed 68% support for the continuation of the service. For the question relating to the funding of the service, the City received responses from 24,123 voters. 68.91% of voters indicated a preference for the program to be funded from General Rates instead of a Property Surveillance and Security Charge.

The referendum results were presented to Council on 22 May 2001 [CJ136-05/01, Referendum 2001, 55262] and Council NOTED that the funding of the City Watch Service would be considered further as part of the 2001/2002 budget process.

There are essentially three ways of funding the Safer Community Program

1. Flat Service Charge
2. Funding via the general rates, and,
3. A mix of funding from the charge and the general rates.

Financial options presented in the details section of this report show the impact of each of the projected options and detail the issues with each.

BACKGROUND

The City has included the Safer Community Program as a principal activity within the City's Draft Principal Activities Plan 2001/02 – 2005/06.

The proposed draft budget for the Safer Community Program 2001/2002 is \$2,054,178. The draft budget includes funding for the program as Property Surveillance and Security Charge at \$27 per property contributing \$1,499,958, Grants totaling \$60,000, and the balance to be funded from General Rates.

There are three possible ways of funding the City Watch Service:

1. Flat service charge
2. Funding via the general rates
3. A mixture of funding from general rates and charge

DETAILS

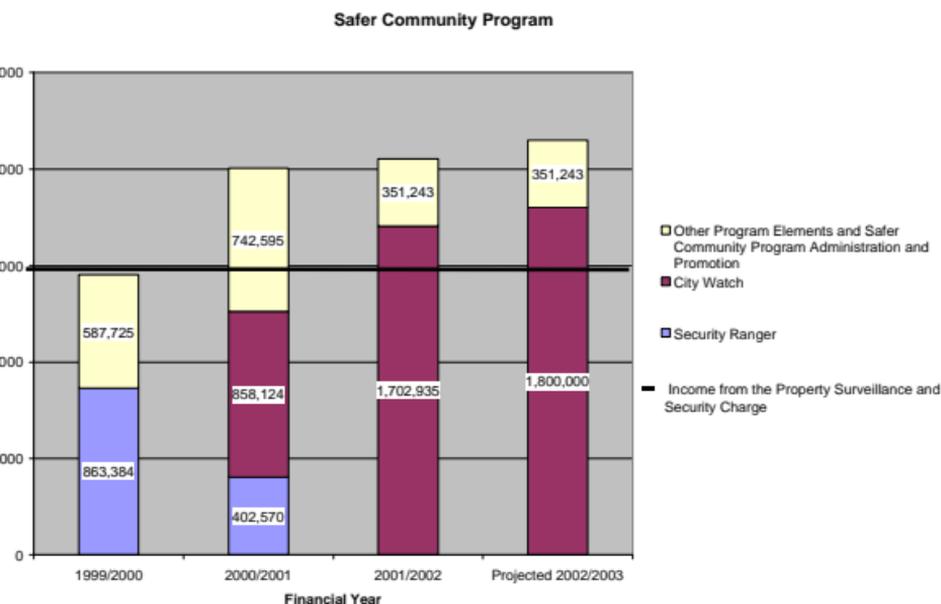
The cost of the Safer Community program for 2001/2002 including the City Watch Service of six (6) zones x twenty-four (24) hours x seven (7) days is as follows:

Safer Community Program – 2001/2002

		Total
EXPENSES		
Security Patrols:		
Chubb Security Patrols	930,260	1,702,935
City Watch	729,304	
Plus – Award Adjustment not included in draft budget papers	43,371	
Other Elements:		
Community Connections	21,000	269,380
Constable Care	20,000	
Environmental Design	70,000	
Graffiti	89,350	
Mural Arts	43,430	
Neighbourhood Watch	13,000	
Safety House	5,000	
Stop Burglary	2,600	
Youth & Public Open Space	5,000	
Administration Costs		
Total Cost of Program		2,054,178

COMPOSITION OF SAFER COMMUNITY PROGRAM COSTS

The following costs relate to the provision of the Safer Community Program



The graphical representation above shows the associated costs of the various elements of the Safer Community program. The line at 1,500,000 indicates the current \$27 charge revenue level compared with the program cost.

FUNDING ISSUES FOR CONSIDERATION:

The following information should be considered as part of the options below.

1. *Safer WA funding:* The current subsidy for Local Government Community Security Patrols offers up to a ten percent (10%) subsidy for the cost of running the patrols annually. After the recent change in State Government, the Safer WA funding arrangement is being evaluated, and it is likely that the funding will no longer be available after the 2001/2002 financial year.

The City received \$60,000 from Safer WA funding for the 2000/2001 financial year, and is expecting the same for 2001/2002.

2. *Unspent monies carried forward:* It is expected that as at 30 June 2001, \$260,000 will remain unspent and will be carried forward to undertake the program in 2001/2002. Carry forward funding has been excluded from funding for future periods.
3. *Differential charges / rating system:* At the budget workshop held the 12 June 2001, information was sought on raising a differential or charges or rating area in order to reduce the impost on business. Advice received by the City clearly states that if the service (City Watch) is to apply to the whole district, the charge will apply equally to each land owner within the district that the service is provided. Based on this information, it is not possible for a differential system to be developed as the City Watch service is provided to the whole of the City of Joondalup.

4. *Pensioner discounts on the service charge:* The City does have the ability to offer a pensioner discount on the service charge, the shortfall will need to be met in either an increase in the charge or from municipal funds. If this is offered, the qualification criteria needs to be decided. The number of pension cardholders and self-retirees in the City in the next financial year is unknown at this stage, and as a result the impact cannot be calculated.

FUNDING OPTIONS

In the information included, the 2000/2001 carry forward of \$260,000, and the 2001/2002 Safer WA grant of \$60,000 are detailed, which reduces the cost of the service in the first year. Funding options are shown for the 2001/2002 financial year and 2002/2003 financial years onwards.

1. FUNDING VIA SERVICE CHARGE

Option 1: 2001/2002 financial year: Service charge \$31.22 per property, 2002/2003 onwards: \$36.98 per property.

Safer Community Program – 2001/2002

		Total
FUNDING		\$
Property Surveillance and Security Charge		1,734,178
Grant – Safer WA		60,000
<i>Projected carry forward ****</i>		<i>260,000</i>
	Total	2,054,178
EXPENSES		
Security Patrols:		1,702,935
Other Elements:		269,380
Administration Costs		81,863
	Total Cost of Program	2,054,178

This option represents the cost of providing the entire Safer Community Program under a service charge. Based upon the results of the referendum, this option is not recommended.

The impact on the charge is as follows:

FUNDING VIA CHARGE

Year	Amount to raise	Current charge	New charge	Increase/decrease
Year one (2001/2002)	\$1,734,178	\$27	\$31.22	\$4.22
Year two (2002/2003) onwards	\$2,054,178	\$27	\$36.98	\$9.98

** Year one amount subsidised by the 2000/2001 carry forward of \$260,000 and \$60,000 grant.

2. FUNDING VIA GENERAL RATES**Option 2: Safer Community program totally from general rates**

Safer Community Program - 2001/2002

		Total
FUNDING VIA RATES		\$
	Total	2,054,178
EXPENSES		
Security Patrols:		1,702,935
Other Elements:		269,380
Administration Costs		81,863
	Total Cost of Program	2,054,178

FUNDING FROM GENERAL RATES SHOWING IMPACT ON GRV PROPERTIES

Year	Amount to raise	Current Rate (cents in the dollar)	New rate with security (cents in the dollar)	Increase (cents in the dollar)
Year one (2001/2002)	\$1,734,178	6.8693	7.2142	0.3449
Year two (2002/2003) onwards	\$2,054,178	6.8693	7.2778	0.4085

** Year one amount subsidised by the 2000/2001 carry forward of \$260,000 and \$60,000 grant.

This option will meet the community expectations following the referendum.

3. FUNDING VIA A MIXTURE OF SERVICE CHARGE AND GENERAL RATES**Option 3: Maintain \$27 charge, balance to be funded from the general rates (Status quo).**

Safer Community Program – 2001/2002

		Total
FUNDING		\$
Property Surveillance and Security Charge		1,499,958
Grant – Safer WA		60,000
<i>Projected carry forward ****</i>		260,000
General Rates		234,220
	Total	2,054,178
EXPENSES		
Security Patrols:		1,702,935
Other Elements:		269,380
Administration Costs		81,863
	Total Cost of Program	2,054,178

This option represents the current budgeted situation. Note that the carry forward of \$200,000, in addition to the \$60,000 Safer WA grant are applicable only to 2001/2002

The Property Surveillance and Security Charge of \$27 per property will raise \$1,499,958. The impact upon the rates for raising the remainder of the funds in this option is as follows:

PART FUNDING FROM GENERAL RATES SHOWING IMPACT ON GRV PROPERTIES

Year	Amount to raise	Current Rate (cents in the dollar)	New rate with security (cents in the dollar)	Increase (cents in the dollar)
Year one (2001/2002)	\$234,220	6.8693	6.9159	0.0466
Year two (2002/2003) onwards	\$554,220	6.8693	6.9795	0.1102

** Year one amount subsidised by the 2000/2001 carry forward of \$260,000 and \$60,000 grant.

Option 4: Service charge to cover patrols only, balance funded through general rates. 2001/2002 financial year: \$24.89 per property, 2002/2003 onwards: \$30.65 per property, balance funded through municipal funds.

Safer Community Program - 2001/2002

		Total
FUNDING		\$
Property Surveillance and Security Charge		1,382,935
Grant – Safer WA		60,000
Projected carry forward ****		260,000
General rates		351,243
	Total	2,054,178
EXPENSES		
Security Patrols:		1,702,935
Other Elements:		269,380
Administration Costs		81,863
	Total Cost of Program	2,054,178

The issue with this option is that the charge will need to be set annually, and based upon current service estimates, will be higher than the current \$27. The 2000/2001 carry forward and the Safer WA grant will only be available in the first year.

The funds raised by the charge will be as follows

PART FUNDING VIA CHARGE

Year	Amount to raise	Current charge	New charge	Increase / decrease
Year one (2001/2002)	\$1,382,938	\$27	\$24.89	\$-2.11
Year two (2002/2003) onwards	\$1,702,935	\$27	\$30.65	\$3.65

** Year one amount subsidised by carry forward of \$260,000 and \$60,000 grant.

The impact upon the rates in this option is as follows

PART FUNDING FROM GENERAL RATES SHOWING IMPACT ON GRV PROPERTIES

Year	Amount to raise	Current Rate (cents in the dollar)	New rate with security (cents in the dollar)	Increase (cents in the dollar)
Year one (2001/2002)	\$351,243	6.8693	6.9391	0.0698
Year two (2002/2003) onwards	\$351,243	6.8693	6.9391	0.0698

Option 5: \$20 flat charge, remainder funded through general rates.

Safer Community Program - 2001/2002

		Total
FUNDING		\$
Property Surveillance and Security Charge		1,111,080
Grant – Safer WA		60,000
<i>Projected carry forward ****</i>		260,000
General Rates		623,098
	Total	2,054,178
EXPENSES		
Security Patrols:		1,702,935
Other Elements:		269,380
Administration Costs		81,863
	Total Cost of Program	2,054,178

This is a split option, therefore reducing the impost of either option on different sections of the City of Joondalup Community. The funds raised by the charge will only be used for the purposes of providing Community Security Patrols. The 2000/2001 carry forward and Safer WA grant is available in the first year only.

The \$20 Property Surveillance and Security Charge will raise \$1,111,080. The impact upon the rates to raise the remainder of the funds in this option is as follows:

PART FUNDING FROM GENERAL RATES SHOWING IMPACT ON GRV PROPERTIES

Year	Amount to raise	Current Rate (cents in the dollar)	New rate with security (cents in the dollar)	Increase (cents in the dollar)
Year one (2001/2002)	\$623,098	6.8693	6.9932	0.1239
Year two (2002/2003) onwards	\$943,098	6.8693	7.0568	0.1875

**** Year one amount subsidised by 2000/2001 carry forward of \$260,000 and 2001/2002 Safer WA \$60,000 grant.**

POLICY CONSIDERATIONS - CHARGE VS. GRV

The following information should be acknowledged in considering this matter:

- Crime figures in the area indicate that the majority of crime and anti social behaviour takes place either in homes (47%) or public places (10%), only 22% of the reported incidences occurred in commercial premises.
- The majority of commercial premises take significant steps towards providing additional security including alarms, additional private patrols and security guards. The insurance industry indicates that 90% of commercial premises take additional precautions in ensuring their safety, whilst the number of residences that take additional precautions are lower than 50% of residences (it should be noted that security screens have not been included as an additional precaution in this measure).
- The increase in general rates levied will have an added impact on local businesses. This increase may create an impost on businesses, especially in the case of large shopping centres, or small business in our CBD area.
- If totally funded through general rates, the majority of residents would pay marginally less than the current \$27 charge. Commercial premises however, along with high value residences may be paying significantly more. For example, a service station would pay approximately an additional \$300 per year if the Safer Community program was funded through the general rates. Whitfords City shopping centre would pay an additional \$50,000.
- Feedback from a number of residents since the referendum, especially from the Whitfords Ward have indicated a strong concern about any change in the funding of the service. The main issues of concern were:
 - 1 That the referendum was unbalanced as people are not going to vote to pay more than they have to, even if the method of the charge is more equitable.
 - 2 The same service is provided to everyone, so everyone should pay the same.
 - 3 That the GRV method penalises the people that are most likely to take additional measures for providing their own security.
 - 4 Residents citing Neighbourhood Watch figures claim that the higher GRV areas, are the lower crime rate areas, and therefore they should pay less if anything, not more.
 - 5 The impost of local business will be high, for example a 100 sq m. tenancy within Whitford City Shopping Centre will pay an additional \$100 per year, in addition to paying their contribution for the centres 24 hour security.
- The City of Joondalup has a responsibility to all aspects of its community, not just to its residential population. The potential impost of funding the Safer Community Program under the general rates rather than under a service charge to the business community must be carefully considered prior to implementing any change in the current funding arrangement.

COMMERCIAL PROPERTIES – THE POTENTIAL CHANGE IN EXPECTATIONS

If commercial properties are in effect, paying more for the service, the subsequent expectation may be for a higher level of service to be provided.

One of the issues faced by the service to date has been discouraging businesses from reducing their current provision of security services and instead relying on City Watch to provide that service. For example, many service stations or chemists currently employ a security provider to attend when they lock up at night. This service provider attends whilst cash registers are reconciled and then walk staff to their cars at the close of business. After the introduction of the City Watch Service, some small businesses dropped this service and called City Watch to fulfil this function, reducing their time on patrolling duties. The City has successfully argued to date that this is not part of their role, and that for a service charge of \$27, it is beyond the scope of service provision. Should commercial properties in effect start paying more under the general rates, the expectation in the level of service is likely to rise.

OTHER LOCAL GOVERNMENT AREAS

Of the nine local government areas currently providing community security patrols, three (3) are currently funding the service through the general rates and a further six (6) are funding the service via a flat property based charge.

COMMENT

REFERENDUM

Council recently undertook a Referendum in relation to the City Watch Service and the funding of the service. The referendum results showed 68% support for the continuation of the service. For the question relating to the funding of the service, the City received responses from 24,123 voters. 68.91% of voters indicated a preference for the program to be funded from General Rates instead of a Property Surveillance and Security Charge.

FUNDING

There are essentially three ways of funding the Safer Community Program

1. Flat Service Charge
2. Funding via the general rates, and,
3. A mix of funding from the charge and the general rates.

Financial options presented in the details section of this report show the impact of each of the projected options and detail the issues with each for the Councils consideration.

OFFICER'S RECOMMENDATION That the Committee **CONSIDERS** the presented information as part of the budget process 2001/2002.

Discussion ensued in relation to Option 2 – Funding Via General Rates and its likely impact on ratepayers

Cr Mackintosh left the Room at 2240 hrs and returned at 2243 hrs.

Director Resource Management to provide figures to elected members on the impact of funding the service via the general rate.

Cr Hurst left the Room at 2250 hrs and returned at 2251 hrs.

Cr Kimber believed elected members should be involved in the review of the service. He considered that at least two elected members should be on the Tender Review Committee and stated his interest in nominating for that committee. Elected members were advised that a report will be submitted to Council in this regard.

MOVED Cr Carlos, SECONDED Cr Kenworthy that it be recommended that Council FUNDS the Safer Community Program from general rates.

The Motion was Put and

CARRIED

Cr O'Brien dissented.

5 RESERVE ACCOUNT ALLOCATIONS - [50266, 24458]

WARD - All

SUMMARY

The City maintains a number of Reserve Accounts to provide funding for specific works or services. While the City has discretion in relation to a number of these, in others it does not as legislation and other determining factors dictate the use of the funds held.

These reserves are an integral part of the formulation of the City's budget.

In particular the allocation to the Performing Arts Facility Reserve is in need of resolution. This report recommends an allocation of \$1m be made to this reserve for the 2001/02 financial year.

BACKGROUND

The City operates some 16 reserve accounts in which it has funds for specific purposes. The total held in these accounts is currently approximately \$12.5m. At 1 July 2000 the amount was \$11.3m.

The funds held in these accounts are for specific purposes and can only be used for those purposes unless the City resolves to change the purpose. Any change of purpose requires the City to advertise such change in purpose. It is to be noted that the funds held in several of these reserves (eg Property Surveillance and Security and Special Area Rating - Iluka) can only be used for the service for which they were raised. If the City were to discontinue the service these funds must be refunded. Likewise other reserves (eg Cash in Lieu of Parking, Cash in Lieu of Public Open Space, Joondalup City Centre Parking) are to be used for the purpose for which they were created and within the near vicinity of the individual developments from which the funds were derived.

The City also operates replacement reserves for its plant, heavy and light vehicle fleets. These reserves are maintained by monthly allocations equivalent to the depreciation of these vehicles. The charge is levied against all Council Works and Services on which the plant/vehicles are used. The former City of Wanneroo had maintained reserves of this nature for the replacement of its plant and fleet. These reserves were adequate to meet the future needs of its overall replacement programme. On dissolution of this local government and creation of the City of Joondalup and new City of Wanneroo the funds were however utilised for the creation and establishment of the new City of Wanneroo. This effectively meant that the City of Joondalup had to create new reserves "from the ground up".

On the division of the former City of Wanneroo's assets the City of Joondalup was granted funds for the creation of a Works Depot. The funds granted were insufficient for the purpose and are currently held in the Asset Replacement Reserve account.

Details of the purpose of each of the reserves are appended as Attachment 1.

COMMENT/FUNDING

In 2000/01 the City allocated \$1m to the Performing Arts Facility Reserve to assist with the design and development of a regional performing arts facility in the Joondalup City Centre. A similar amount has been allocated to this reserve in the Draft 2001/02 Budget.

Several Councillors have questioned the need for this facility and the associated funding allocations.

Due to the anticipated cost of providing such a facility (Stage 1 \$28m Stage 2 \$20m) the funding is of major importance. Funding the City's portion will undoubtedly require a fair degree of planning. This was commenced last year with the allocation of \$1m to the Performing Arts Facility Reserve, with a further \$1m currently allocated in the Draft 2001/02 Budget.

Councillors will be aware that significant research has been undertaken to investigate the feasibility for a Regional Performing Arts Complex at Joondalup. The research shows significant support from the professional, amateur and community sectors for the project. Discussions with Ministers, Politicians, Government officers, industry leaders revealed a high degree of support for the project. The challenge is, and always has been, sourcing the funds. A presentation of the Consultant's findings is proposed in the near future as is a bus trip to examine the theatre at Mandurah.

Councillors will also be aware the Minister for the Arts, the Hon Sheila McHale was invited by the Mayor to visit Joondalup later this year with a view to looking at the site for the performing arts and other developments in the City. It is considered the City should continue to build its reserve account so that it is in a stronger position to support the project and in its arguments for funding support from the Government.

As this allocation is fundamental to the structure and finalisation of this year's budget an immediate decision is required on whether such an allocation should be made.

While the finalisation of the City's 2001/02 Reserve Accounts is contingent upon the closure of the City's financial records and calculation of the closing balances in each reserve, a decision is required on the Performing Arts Complex allocation.

OFFICER'S RECOMMENDATION That Council allocates \$1m to the Performing Arts Facility Reserve Account for the 2001/02 financial year.

Director Resource Management provided an overview of the report

MOVED Cr Baker, **SECONDED** Cr Kenworthy that consideration of the allocation of \$1 m to the Performing Arts Facility Reserve Account for the 2001/02 financial year be **DEFERRED** pending consideration of the Notice of Motion submitted by Cr Kenworthy to the Council meeting to be held on 10 July 2001.

The Motion was Put and

CARRIED

Following a query from Mayor Bombak, Director Resource Management advised that within the budget process, changes may be made to a Reserve Account by an absolute majority decision of the Council. Where a change was required outside of the budget process, public advertising would be required.

Crs Carlos and Hollywood left the Room at 2258 hrs.

Chief Executive Officer stated that the Principal Activities Plan, currently being advertised, made reference to the Performing Arts Facility. Should this facility not proceed, he believed there would be an obligation to advise members of the public.

DATE OF NEXT MEETING

The next meeting of the **BUDGET COMMITTEE** is to be held on **MONDAY 9 JULY 2001** commencing at **6.00 pm**.

CLOSURE

There being no further business, the Chairman declared the Meeting closed at 2300 hrs; the following elected members being present at that time:

J BOMBAK, JP
P KADAK
P KIMBER
C BAKER
M O'BRIEN, JP
G KENWORTHY
J HURST
C MACKINTOSH