

# CITY OF JOONDALUP

## MINUTES OF BUDGET COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 25 MAY 2004 AND THURSDAY 27 MAY 2004

### ATTENDANCE AND APOLOGIES

CMR J PATERSON – Chairman	<i>Absent from 2107 hrs to 2109 hrs</i>
CMR M ANDERSON	<i>Absent from 2145 hrs to 2147 hrs</i>
CMR A DRAKE-BROCKMAN	<i>Absent from 1955 hrs to 2002 hrs</i>
CMR S SMITH	
CMR A FOX	<i>from 2005 hrs</i>

### Officers:

Acting Chief Executive Officer:	D DJULBIC
Director, Corporate Services & Resource Management:	P SCHNEIDER
Acting Director, Planning and Community Development:	C TERELINCK
Manager Audit and Executive Services:	K ROBINSON
Manager Community Development Services:	G HALL
Manager Infrastructure Management and Ranger Services:	P PIKOR
Manager Strategic and Sustainable Development:	R HARDY
Manager, Financial Services:	A SCOTT
Manager, Assets & Commissioning:	C SMITH
Management Accountant:	S RYAN
Statutory Accountant:	J ROBERTS
Team Leader, Organisational Policy & Planning:	G BLAKE
Committee Clerk:	J HARRISON

The Chairman declared the meeting open at 1832 hrs.

### Apologies:

Apology for late attendance:	Cmr A Fox
Leave of absence:	Mr Clayton Higham, Acting Chief Executive Officer

## **DECLARATIONS OF FINANCIAL INTEREST/INTEREST AFFECTING IMPARTIALITY**

Cmr Smith declared an interest that may affect her impartiality in all Budget items that relate to the suburbs of Currambine and Padbury as her daughters live in those suburbs.

Cmr Fox declared an interest that may affect her impartiality in all Budget items that relate to the suburb of Padbury as she lives in that suburb.

## **CONFIRMATION OF MINUTES**

### MINUTES OF THE BUDGET COMMITTEE MEETING HELD ON 11 MAY 2004

**MOVED Cmr Anderson SECONDED Cmr Drake-Brockman that the minutes of the Budget Committee meeting held on 11 May 2004 be confirmed as a true and correct record.**

**The Motion was Put and**

**CARRIED (4/0)**

## **ITEMS OF BUSINESS**

### **ITEM 1 PRINCIPAL ACTIVITIES PLAN**

The Acting Chief Executive Officer advised that a memorandum had been provided to Commissioners in response to queries raised in relation to the 2004/05 Budget.

A powerpoint presentation of the draft 2002/05 Budget was made to the Commissioners – Appendix 1 refers.

Cmr Anderson queried whether the opportunity existed for Commissioners to be presented with a workshop on any community response received on the Principal Activities Plan. It was advised that, depending on the timeframe, this may be able to be submitted to a future Strategy Session or Budget Committee meeting.

A memorandum outlining the proposed budget timetable was presented to Commissioners. Discussion ensued on proposed dates and timeframe, with preference given to the second option with the minor change that a Special Council meeting be held on Wednesday 2 June 2004 instead of 1 June 2004.

The following comments were raised in relation to the Principal Activities Plan:

### **Joondalup Works Depot**

Cmr Smith queried wording in the Principal Activities Plan regarding the project cost for the Joondalup Works Depot and was advised that the budget of \$11 million included the cost of the land. This information will be further defined within the document.

Concern was raised at the agenda documentation provided to Commissioners and their inability to make a decision in relation to the Works Depot at this Committee meeting in the absence of full documentation. A further set of documentation was provided to Commissioners.

It was suggested that the Committee reconvene at 8.00 pm on Thursday 27 May 2004 to consider the Works Depot. Cmr Smith requested to be provided with the relevant background information prior to that time.

### **Joondalup Regional Performing Arts Facility**

Cmr Smith stated she would like the \$1.2 million listed for the Performing Arts Facility to be deleted and included in next year's budget. It was advised that this amount comprised three components being purchase of the site, 50% contribution for the road and the development of the Great Lawn, and as the majority of funds are already committed this amount could not be deleted. Cmr Smith asked that the wording with the Principal Activities Plan be amended to reflect this information.

### **Craigie Leisure Centre**

Discussion ensued in relation to the provision of a 50 metre pool at Craigie Leisure Centre. Cmr Smith believed this item should be moved to the 2006/07 year. Cmr Anderson stated he was not convinced a 50 metre pool should be built at Craigie and believed the City needed to look at future demand and consider other locations.

Discussion ensued in relation to the geothermal heating component.

**MOVED Cmr Smith SECONDED Cmr Anderson that it be recommended that the amount of \$3.5 million for a 50 metre pool be deferred to 2006/07.**

**The Motion was Put and**

**CARRIED (4/0)**

### **Mullaloo Beach Development**

Discussion ensued. Cmr Smith requested that information be included in the Principal Activities Plan to reflect that additional lighting for Tom Simpson Park has been included in the Capital Works Programme.

### **Currabine Community Centre**

It was advised that this development was dependent on grant funding from the Department for Community Development and Lotteries West. Cmr Anderson believed that the City may need to initiate community consultation if the funding was not forthcoming.

**ITEM 2        UPDATED CAPITAL WORKS PROGRAMME**

The Manager Infrastructure Management and Ranger Services outlined the additions and adjustments made to the Capital Works Programme since the Budget Committee meeting held on 11 May 2004. Discussion ensued.

**ITEM 3        REVISED FIVE YEAR FINANCIAL FORECAST**

The Director Corporate Services and Resource Management outlined the revised five year financial forecast.

Discussion ensued in relation to staff time being costed within projects. Cmr Anderson believed that submissions to Council should outline direct and indirect costs as this would assist in understanding all costs involved in projects.

**ITEM 4        OPERATING BUDGET**

The Manager Financial Services outlined the operating budget, including variances to the 2003/04 Budget and longer term contingencies not factored into the 5 year operating forecasts.

*Cmr Drake-Brockman left the Room at 1955 hrs and returned at 2002 hrs.*

At this point, the Commissioners resumed discussion in relation to **Item 1 – Principal Activities Plan.**

**50 metre pool for the City of Joondalup**

**MOVED Cmr Anderson, SECONDED Cmr Smith** that it be recommended that a 50 metre pool for the City of Joondalup be listed as a separate line item for 2006/07.

Discussion ensued in relation to the 50 metre pool, with the suggestion made that reference to ‘Craigie Leisure Centre Stage 2’ be removed from the line item for a 50 metre pool to enable other locations to be considered for the pool. Commissioners were advised that the costs shown for the pool were calculated on the basis of it being located at Craigie Leisure Centre.

*Cmr Fox entered the Room at this Point, the time being 2005 hrs.*

The Acting Chief Executive Officer suggested that a separate feasibility study would need to be undertaken if the 50 metre pool were to be built at a location other than the Craigie Leisure Centre.

Cmr Anderson, with the approval of Cmr Smith as Seconder, advised he wished to have the Motion **WITHDRAWN**

**MOVED Cmr Anderson SECONDED Cmr Drake-Brockman that it be recommended that at an appropriate time, an investigation be undertaken into whether a 50 metre pool should be located at Craigie Leisure Centre or at an alternative location.**

**The Motion was Put and**

**CARRIED (4/1)**

**In favour of the Motion:** Cmrs Paterson, Anderson, Drake-Brockman and Smith **Against the Motion:** Cmr Fox

### **Major projects**

Cmr Drake-Brockman requested that Commissioners be provided with copies of Council decisions which under-pinned the major projects. This information will be provided to Commissioners.

### **Joondalup Regional Performing Arts Facility**

Discussion ensued in relation to funding for the facility. It was requested that the Principal Activities Plan be amended to reflect the Joondalup Regional Performing Arts 'Facility' and not 'Centre'.

At this point, the Commissioners resumed discussion in relation to **Item 4 – Operating Budget**.

### **Consultancy Costs**

Cmr Anderson requested to be provided with information regarding costs of on-going consultancies, how many are expected to be rolled-over and whether there are any escalation costs.

This information will be provided to Commissioners.

### **Legal expenses**

Cmr Anderson requested to be provided with information regarding legal costs for the last year and the year to date. Cmr Drake-Brockman also requested that the information include the average hourly rates paid and state whether accounts are itemised.

This information will be provided to Commissioners.

### **Motor vehicles**

Following a query from Cmr Anderson, it was advised that the City is gradually increasing its purchase of gas powered vehicles.

**MOVED Cmr Anderson SECONDED Cmr Smith that it be recommended that the City INVESTIGATES the option of hybrid vehicles for use by all officers.**

**The Motion was Put and**

**CARRIED UNANIMOUSLY (5/0)**

At this point, the Commissioners resumed discussion in relation to **Item 1 – Principal Activities Plan**

### **Inflation**

Discussion ensued in relation to the comment in the Principal Activities Plan that project figures do not include inflationary increases. It was advised that operational costs allow for inflation.

Cmr Fox believed that CPI should be factored in to enable costs given for forward projects to be realistic. Cmr Smith requested that the Principal Activities Plan be amended to indicate where inflation has been factored in.

## **ITEM 5 ADDRESSING BUDGET SHORTFALL - FUNDING**

The Director Corporate Services and Resource Management outlined in detail the two options provided to Commissioners to address the budget shortfall.

Cmr Smith queried whether the funding for the Works Depot could be split over a two year period

Cmr Anderson queried whether adequate provision has been made for maintenance of ageing infrastructure. The Director Corporate Services and Resource Management advised that the programme has been increased this year to deal with the highest priority buildings but confirmed that there may not be adequate provision for future years. He advised that the City is undertaking a Strategic Asset Management Plan which amongst other things will assist in addressing this issue.

*Cmr Paterson left the Room at 2107 hrs and returned at 2109 hrs.*

**MOVED Cmr Anderson SECONDED Cmr Fox that it be recommended that the Principal Activities Plan incorporate reference to the City's intention to undertake a Strategic Asset Management Plan, as it relates to its building and infrastructure assets.**

**The Motion was Put and**

**CARRIED UNANIMOUSLY (5/0)**

Extensive discussion ensued in relation to the budget shortfall. Cmr Smith raised concern that the draft Budget had been presented outlining a 5% rate increase, and requested that revised figures be presented to Commissioners on Thursday 27 May 2004 showing a 4% increase in line with Council's previous decision, and outlining where savings could be made.

The Director Corporate Services and Resource Management sought an indication from Commissioners on their preferred funding strategy options.

Commissioners were generally in support of a 4% rate increase and external borrowing and requested that consideration be given to funding the Works Depot over a two year period. The Director Corporate Services and Resource Management stated that revised figures would be prepared for presentation to Commissioners.

The Acting Chief Executive Officer advised that the Principal Activities Plan would be further considered at the resumption of the Budget Committee meeting on Thursday 27 May 2004.

Cmr Smith raised concern at the Principal Activities Plan being advertised in its current format and believed it should specifically outline the Council's intention in relation to the 2004/05 budget. The Acting Chief Executive Officer stated that this information is currently provided within the narrative of the Principal Activities Plan in a general sense, however more detail can be incorporated once the Commissioners have ascertained the appropriate funding strategy.

*Cmr Anderson left the Room at 2145 hrs and returned at 2147 hrs.*

#### **ADJOURNMENT OF MEETING**

**MOVED Cmr Anderson, SECONDED Cmr Smith that the meeting be ADJOURNED to 8.00 pm on Thursday 27 May 2004.**

**The Motion was Put and**

**CARRIED UNANIMOUSLY (5/0)**

The Meeting **ADJOURNED** at this point, the time being 2152 hrs.

#### **RESUMPTION OF MEETING**

**MOVED Cmr Smith SECONDED Cmr Anderson that the Budget Committee meeting RESUME at this point, being 2000 hrs on Thursday 27 May 2004.**

**The Motion was Put and**

**CARRIED UNANIMOUSLY (5/0)**

#### **ATTENDANCE**

CMR J PATERSON – Chairman

CMR M ANDERSON

CMR A DRAKE-BROCKMAN *Absent 2053 hrs to 2055 hrs*

CMR S SMITH

CMR A FOX

**Officers:**

Acting Chief Executive Officer:	D DJULBIC	
Director, Corporate Services & Resource Management:	P SCHNEIDER	
Acting Director, Planning and Community Development:	C TERELINCK	
Manager Audit and Executive Services:	K ROBINSON	<i>from 1959 hrs</i>
Manager Infrastructure Management and Ranger Services:	P PIKOR	
Manager Strategic and Sustainable Development:	R HARDY	
Manager Operation Services:	D CLUNING	<i>from 2031 hrs</i>
Manager, Financial Services:	A SCOTT	
Manager, Assets & Commissioning:	C SMITH	<i>from 2031 hrs</i>
Management Accountant:	S RYAN	
Statutory Accountant:	J ROBERTS	
Team Leader, Organisational Policy & Planning:	G BLAKE	
Committee Clerk:	J HARRISON	

**In attendance**

Mr Clayton Higham

**PRINCIPAL ACTIVITIES PLAN**

Commissioners were provided with additional information in relation to the revised Works Depot report – Appendix 2 refers.

A number of questions were raised in relation to the revised Works Depot report. Cmr Anderson advised he would prefer the public comment period to be held prior to the concept design stage. The Commissioners were advised that the public comment period could be undertaken on the concept design, however the City is not obliged to advertise for planning reasons.

Cmr Smith requested that Commissioners be provided with documentation which confirms that the Council was notified that the Works Depot project was proposed at \$10.85 million.

The Director Corporate Services and Resource Management gave a powerpoint presentation to Commissioners in relation to the five year forecasts – Appendix 3 refers – which had been revised in accordance with the request of Commissioners to provide alternative funding strategies that limited the rate increase in 2004/05 to 4%.

The Director Corporate Services and Resource Management advised that changes had been made not only to the first year of the forecast but also to subsequent years, in order to demonstrate how the overall position might be improved.

The Director Corporate Services and Resource Management outlined the three alternative funding strategies that had been presented to Commissioners. Extensive discussion ensued, with Commissioners giving their views on preferred strategies.

*Cmr Drake-Brockman left the Room at 2053 hrs and returned at 2055 hrs.*

The Director Corporate Services and Resource Management provided his professional opinion that a 5% rate increase was a responsible decision for the Council to make. He stated that the administration had considered a number of strategies and, based purely on financial considerations, alternative 2 (ie borrow \$3 million in 2005/06) presented the lowest deficit position over the period of the 5 year plan. A number of alternative short and long term funding considerations were discussed before the Commissioners decided on the matter.

**MOVED Cmr Smith SECONDED Cmr Drake-Brockman that it be recommended that Council implements a funding strategy for Craigie Leisure Centre that involves borrowing \$3 million (Three Million Dollars) in the 2004/05 year and a rate increase of 4.5%.**

**The Motion was Put and**

**CARRIED UNANIMOUSLY (5/0)**

**MOVED Cmr Smith SECONDED Cmr Drake-Brockman that it be recommended that Council adopts the Principal Activities Plan subject to it reflecting:**

- 1 the borrowing strategy as recommended by the Budget Committee;**
- 2 the Works Depot project being funded over the 2004/05 and 2005/06 years at an anticipated budget of \$11 million (Eleven Million Dollars) as recommended by the Budget Committee;**
- 3 the narrative of the Principal Activities Plan to indicate that the matters outlined in items 1 and 2 above may be subject to review.**

**The Motion was Put and**

**CARRIED UNANIMOUSLY (5/0)**

Commissioners were advised that it was intended that a Special Meeting of Council be held on Wednesday 2 June 2004 to adopt the draft Principal Activities Plan.

The Director Corporate Services and Resource Management discussed the option of progressing the budget using a forecast 2003/04 surplus or waiting for an actual result. The Commissioners suggested that this information might be covered in a separate report for further consideration.

#### **DATE OF NEXT MEETING**

The date of the next meeting of the Budget Committee is to be advised.

**CLOSURE**

There being no further business, the Chairman declared the Meeting closed at 2126 hrs; the following Commissioners being present at that time:

CMR J PATERSON  
CMR M ANDERSON  
CMR A DRAKE-BROCKMAN  
CMR S SMITH  
CMR A FOX