

CITY OF JOONDALUP

MINUTES OF BUDGET COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 27 JULY 2004

ATTENDANCE AND APOLOGIES

CMR J PATERSON – Chairman	<i>Absent from 2044 to 2045 hrs</i>
CMR P CLOUGH	<i>Absent from 2045 to 2046 hrs</i>
CMR M ANDERSON	
CMR S SMITH	<i>Absent from 2034 to 2037 hrs</i>
CMR A FOX	<i>from 2010 hrs</i>

Officers:

Acting Chief Executive Officer:	C HIGHAM	
Director, Corporate Services		
& Resource Management:	P SCHNEIDER	
Director, Infrastructure and Operations:	D DJULBIC	
Acting Director, Planning and Community Development:	G HALL	
Manager Operations Services:	D CLUNING	<i>to 2037 hrs</i>
Manager Audit and Executive Services:	K ROBINSON	
Manager Infrastructure Management and Ranger Services:	P PIKOR	
Manager Financial Services:	A SCOTT	
Manager Strategic and Sustainable Development:	R HARDY	
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 1835 hrs.

Apologies:

Nil.

DECLARATIONS OF FINANCIAL INTEREST/INTEREST AFFECTING IMPARTIALITY

Cmr Smith declared an interest that may affect her impartiality in all Budget items that relate to:

- Currambine, as her daughter lives in that suburb;
- Padbury, as her husband owns property in that suburb.

Cmr Smith advised she would declare a financial interest in relation to Padbury if the need arose.

Cmr Clough declared an interest that may affect his impartiality in all Budget items that relate to:

- Woodvale, as he lives in that suburb;
- Kingsley, as he owns property in that suburb.

CONFIRMATION OF MINUTES**MINUTES OF THE BUDGET COMMITTEE HELD ON 14 JULY 2004**

MOVED Cmr Smith **SECONDED** Cmr Clough that the Minutes of the Meeting of the Budget Committee held on 14 July 2004 be confirmed as a true and correct record, subject to the following correction:

Page 4: Motion shown as “Moved by Cmr Smith and Seconded by Cmr Anderson”: The seconder of this motion to be amended to read “Cmr Fox”.

The Motion was Put and

CARRIED (4/0)

ITEMS OF BUSINESS

The Director Corporate Services and Resource Management advised that the draft budget had been prepared based on the information provided at the last Budget Committee meeting. Tenders have now closed for the upgrade to Craigie Leisure Centre and the tenders received have exceeded the anticipated \$9 million for the project. The Director Corporate Services and Resource Management advised that this will potentially impact on the figures in the draft budget and the Principal Activities Plan, and the Committee’s guidance will be sought in this regard.

ITEM 1 2004/05 DRAFT BUDGET

This item was considered later in the meeting.

ITEM 2 DRAFT 2004/05 FIVE YEAR CAPITAL WORKS PROGRAMME

The Manager Infrastructure Management and Ranger Services provided an overview of revisions to the Capital Works Programme (CWP).

Cmr Smith sought clarification as to how savings had been achieved. The Director Infrastructure and Operations advised that at the previous presentation on the CWP a commitment was given to reduce the deficit over the five year period, and cut back by \$1 million in the 2nd, 3rd, 4th and 5th years, and this has been achieved, with the relevant items shown in the 'comment' areas within the document. It was advised that due to extra income in the 2004/05 year, the nett effect is nil. Discussion ensued on strategies put in place to provide a balanced budget. The Director Corporate Services and Resource Management advised that the balanced budget was prepared taking into account borrowings, repayment of principal and interest, rate increase and transfer of Reserves.

Cmr Smith raised concern that 50% of ratepayers have a rate increase of over 7% and that the Committee had not been fully aware of this fact.

The Committee raised the following queries regarding the CWP:

- Cmr Anderson queried project PLR501 – It was advised that this related to Yellagonga Regional Park, which was a duplication and has been deleted.
- Cmr Clough referred to community comments received on the Principal Activities Plan which asked for cutbacks on spending, and sought information in this regard. It was advised that the majority of comments received related to corporate projects, and these projects are reported separately to the CWP.
- Cmr Anderson believed the City should give consideration to zero based budgeting, with all budget items being reprioritised each year.

MOVED Cmr Smith SECONDED Cmr Anderson that the Budget Committee ACCEPTS the Draft 2004/05 Five Year Capital Works Programme and CONGRATULATES the staff on the presentation and the documentation, particularly in relation to years 2, 3, 4 and 5.

The Motion was Put and

CARRIED (4/0)

ITEM 1 2004/05 DRAFT BUDGET

The Acting Director Planning and Community Development advised that three tenders had been received for the Craigie Leisure Centre project which ranged from \$8,925,263 to \$10,305,938. It was advised that the tender specification included a number of separable items within the project which were required to be individually priced.

The Committee was advised that \$9 million has been allocated in the budget for this project and therefore there was the potential for a shortfall of \$1.3 million. Discussion ensued on the possibility of removal of certain items of works from the project. It was noted that the specification had been set on the community's needs, and that reductions may impact on the use of the facility and the income generated. Discussion ensued in relation to potential funding options and the installation of the geothermal heating component.

It was considered appropriate that the project be undertaken as a whole and the Committee requested that the administration report back on funding options.

MOVED Cmr Smith SECONDED Cmr Paterson that the Budget Committee requests a report on options to fund Craigie Leisure Centre, in light of new information and the results of the tenders, to an amount of \$10.3 million, with such options not to include an increase in the rate in the dollar.

Discussion ensued. Cmr Clough requested that funding options not include a significant reduction in the anticipated surplus to Reserves.

The Motion was Put and

CARRIED (4/0)

Cmr Anderson advised of concerns raised with him by the Conservation Advisory Committee. The Conservation Advisory Committee is concerned that, as a result of unexpended funds in the CWP and operating expenses, seasonal activities will not be undertaken. The Director Infrastructure and Operations believed this concern related to the Foreshore Natural Areas Management, and advised that works are within the CWP and will be carried forward.

ITEM 3 FINANCIAL HARDSHIP POLICY

This item was considered later in the meeting.

ITEM 4 TRANSFER OF SURPLUS FUNDS TO RESERVE

The Director Corporate Services and Resource Management provided an overview of the report.

MOVED Cmr Clough SECONDED Cmr Anderson that it be recommended that Council:

- 1 ESTABLISHES a Strategic Asset Management Reserve Account to assist with financing the creation, acquisition, maintenance, rehabilitation, replacement and disposal of assets in the most effective manner at the required level of service for present and future requirements;**
- 2 TRANSERS any 2003/04 surpluses, over and above a balanced budget position, to the Strategic Asset Management Reserve.**

Discussion ensued.

AMENDMENT MOVED Cmr Smith SECONDED Cmr Anderson that the words “creation, acquisition” be DELETED from the motion.

The Amendment was Put and

CARRIED (4/0)

The original motion, as amended, being:

That it be recommended that Council:

- 1 ESTABLISHES a Strategic Asset Management Reserve Account to assist with financing the maintenance, rehabilitation, replacement and disposal of assets in the most effective manner at the required level of service for present and future requirements;**
- 2 TRANSERS any 2003/04 surpluses, over and above a balanced budget position, to the Strategic Asset Management Reserve.**

Was Put and

CARRIED (4/0)

The Director Corporate Services and Resource Management advised that the Executive Management Team had discussed the possibility of creation of reserves for each of the corporate projects, and sought the opinion of the Committee in this regard. Discussion ensued with no objection being raised to this suggestion.

Cmr Fox entered the Room at 2010 hrs.

Discussion ensued in relation to the *Notes to and forming part of the Budget* – blue pages, with the following changes required:

- 11 – Commissioners Fees and Allowances: The figure of \$70,000 for telecommunication allowance should read “total allowance” and requires to be amended.
- 12 – Members fees and allowances: A notation to be included outlining that the dates shown are an assumption only and subject to the completion of the Inquiry.

ITEM 5 2004/05 PRINCIPAL ACTIVITIES PLAN

The Committee was advised that the report referred to 164 submissions being received. This figure required to be amended to 424, as the City’s records had now confirmed that many submissions were multiple signatures.

Cmr Clough queried:

- what is the process if the Committee is to make changes to the budget process; and
- how does the Committee respond to the comments from the community.

In response to these queries, the Committee was advised that Council is required to accept the Principal Activities Plan before the adoption of the budget. In the event that significant changes are made, there may be a requirement to readvertise the Principal Activities Plan for a period of 42 days. If this was to occur, an application would require to be made to the Minister to extend the timeframe for the adoption of the budget. The Committee was further advised that it was the officers’ opinion that none of the submissions received had materially altered the Principal Activities Plan.

Discussion ensued in relation to various projects listed within the Principal Activities Plan.

Cmr Smith left the Room at 2034 hrs.

Discussion ensued on the Performing Arts Centre. Commissioners will be provided with a report on the background to this project.

Cmr Paterson advised that no decision could be made on the Principal Activities Plan at this stage, due to the need to identify an additional funding source for the Craigie Leisure Centre project.

Cmr Smith entered the Room at 2037 hrs.

The following comments were made in relation to submissions received:

- Ocean Reef Boat Harbour: The officer's comment states the City is keen to see the redevelopment of this facility. Cmr Smith queried whether this view is supported by a Council resolution.

This information will be provided to Commissioners.

- Burns Beach Residents, Ratepayers and Community Recreation Association – request to stabilise the existing groyne: The officer's comment states that no funds have been allocated for 04/05. Cmr Smith believed this comment could lead to confusion and requested that a more definite response be given which states the project is not included in the 5 year plan.
- Burns Beach Residents, Ratepayers and Community Recreation Association – solar lighting: Cmr Smith believed the officer's comment was confusing as it referred to 'major coastal upgrade' and requested this be reworded.

Cmr Paterson left the Room at 2044 hrs.

- Submissions from S Magyar and S Hart - Major projects:
 - Cmr Smith queried the accuracy of the officer's comment that "The City's 2003/04 budget *deferred* external borrowings to utilise existing internal reserve funds before undertaking external debt". This wording will be clarified and amended if appropriate.
 - It was requested that specific officer's comments be provided to the submissions relating to Sorrento Beach Development and Mullaloo Beach Development.
 - Performing Arts Centre: Cmr Smith queried the wording "staged approach".

Cmr Paterson entered the Room at 2045 hrs.

Cmr Clough left the Room at 2045 hrs and returned at 2046 hrs.

ITEM 3 FINANCIAL HARDSHIP POLICY

The Director Corporate Services and Resource Management provided an overview of the proposed policy.

Cmr Fox asked that guiding principles be established, on which the Financial Counsellor would base his decisions. Cmr Fox advised she would give some thought to providing suggested wording. Cmr Smith felt the draft policy as provided was in fact an operational statement, and believed the guiding principles should form the basis of the policy.

Discussion ensued in relation to the draft policy. The Director Corporate Services and Resource Management advised that working principles will be developed and a further report submitted to the Commissioners.

The Committee raised concern at the guidance provided during the budget process and stated their preference to have been involved in a strategic process. Cmr Anderson advised he will recommend that the City implements zero based budgeting for next year's budget process. Cmr Anderson referred to a suggestion made previously that the Budget Committee be disbanded and replaced by a Strategic Management Committee.

DATE OF NEXT MEETING

The next meeting of the Budget Committee will be held at 6.30 pm on Thursday 5 August 2004.

CLOSURE

There being no further business, the Chairman declared the Meeting closed at 2130 hrs; the following Commissioners being present at that time:

CMR J PATERSON
CMR M ANDERSON
CMR P CLOUGH
CMR S SMITH
CMR A FOX