

# CITY OF JOONDALUP

## MINUTES OF STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 3 MAY 2005

### ATTENDANCE AND APOLOGIES

CMR J PATERSON	<i>Absent from 2012 hrs to 2014 hrs</i>
CMR P CLOUGH	
CMR M ANDERSON	
CMR A FOX	<i>from 1848 hrs; absent from 2005 hrs to 2008 hrs</i>
CMR S SMITH	<i>from 1841 hrs</i>

### Officers:

Chief Executive Officer:	G HUNT
Director, Corporate Services and Resource Management:	P SCHNEIDER
Director, Planning and Community Development:	C HIGHAM
Director, Infrastructure and Operations:	D DJULBIC
Manager Financial Services:	A SCOTT
Team Leader, Organisational Policy and Planning:	G BLAKE
Committee Clerk:	J HARRISON

The Chairman declared the meeting open at 1838 hrs.

### ATTENDANCES AND APOLOGIES

Nil.

### DECLARATIONS OF FINANCIAL INTEREST/INTEREST AFFECTING IMPARTIALITY

During discussion on Item 1, Cmr Smith declared an interest that may affect her impartiality in all items relating to Currambine, as her daughter lives in that suburb.

### CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE HELD  
ON 5 APRIL 2005

**MOVED** Cmr Anderson, **SECONDED** Cmr Clough that the minutes of the meeting of the Strategic Financial Management Committee held on 5 April 2005 be confirmed as a true and correct record.

The Motion was Put and

**CARRIED (3/0)**

## **ITEM 1                      STRATEGIC FINANCIAL PLAN 2005/06 - 2008/09 – [38532]**

**WARD:** All

**RESPONSIBLE** Mr Peter Schneider  
**DIRECTOR:** Director Corporate Services and Resource Management

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### **PURPOSE**

To seek approval from the Strategic Financial Management Committee to present the draft Strategic Financial Plan 2005/06 to 2008/09 to Council for endorsement to proceed to public advertising of the Plan.

### **EXECUTIVE SUMMARY**

The Strategic Financial Plan replaces the former Principal Activities Plan that Council was required to produce each year. The *Local Government Act 1995* has been recently amended and the requirement for the Principal Activities Plan has been deleted. Councils will, instead, be required to 'plan for the future' and to consult with the community during the development of that plan for the future. The new regulations do not apply to the 2005/06 planning and budget cycle however the City of Joondalup has produced the Strategic Financial Plan 2005/06 - 2008/09 (formerly Principal Activities Plan) in order to provide the community with an opportunity to provide comment on the City's proposed activities.

It is proposed that the draft Strategic Financial Plan 2005/06 to 2008/09, following Council endorsement, will be made available for a period of 30 days (21 May 2005 to 20 June 2005). Members of the community will be invited to make submissions. Once all submissions have been considered, the Strategic Financial Plan 2005/06 to 2008/09 will be adopted with or without modification and will then be made available to the public.

*It is recommended that the Strategic Financial Management Committee:*

1. *ENDORSES the draft Strategic Financial Plan 2005/06 – 2008/09 shown as attachment 1;*
2. *DIRECTS that a report be prepared for the Council meeting to be held on May 17 2005 recommending that the Strategic Financial Plan 2005/06 – 2008/09 be advertised for public comment for a period of 30 days, 21 May to 20 June 2005 inclusive.*

### **BACKGROUND**

The Local Government Act 1995 has, in the past, required all local governments to produce a Principal Activities Plan annually and accordingly the City has done so since 1999.

In 2003 the State Department of Local Government and Regional Development undertook a major review of the *Local Government Act 1995* and associated regulations. This was the first comprehensive review since 1996.

On 5 April 2005 a report was presented to Council which provided information on proposed amendments to the Local Government Act 1995 in relation to the Principal Activities Plan and to seek Council endorsement, upon proclamation of such amendments, for a 30-day public comment period for the Strategic Financial Plan (formerly Principal Activities Plan). Council approved a 30-day public comment period following proclamation of the Local Government Amendment Act 2004. (*Item CJ045 – 04/05 refers*) The Local Government Amendment Act 2004 was proclaimed on 31 March 2005.

## DETAILS

The Local Government Amendment Act 1994 requires Councils to 'plan for the future' and to consult with the community during the development of that plan. The new regulations do not apply to the 2005/06 planning and budget cycle however Council has produced a Strategic Financial Plan 2005/06 to 2008/09 in order to provide the community with an opportunity to provide comment on the City's proposed activities for the duration of the Plan.

The Strategic Financial Plan 2005/06 to 2008/09 replaces the former Principal Activities Plan that Council was previously required to produce. The draft Strategic Financial Plan 2005/06 to 2008/09 provides a broad strategic overview of the major projects and programmes that Council proposes to undertake over the next 4 years, links the City's financial capacity with the strategic direction detailed in the City's Strategic Plan 2003 to 2008, and allocates indicative sums of money to potential projects to ascertain whether the City has the capacity to fund them when required. The Plan also details the performance indicators that will be used to measure the City's success in delivering these services to the community in an efficient and effective manner.

The draft Plan will, following Council endorsement, be made available to the community for a period of thirty days to enable them to make submissions in relation to the proposals contained within the Plan.

It is proposed that a report be presented to Council on 17 May 2005 seeking endorsement of the draft Plan and approval for public distribution of the draft Strategic Financial Plan 2005/06 to 2008/09 for a period of thirty (30) days commencing on 21 May 2005 and ending on 20 June 2005.

A further report will then be presented to the Strategic Financial Management Committee following the public comment period requesting that the Committee considers all submissions received and that the Committee recommends that Council adopt the Strategic Financial Plan 2005/06 to 2008/09 with or without modification.

For the purposes of this Plan the following criteria have been used to define a major activity:

- A program or activity which is likely to cost a significant amount of the total annual expenditure; and
- A service or project considered to be of significant interest to the community.

The Major Activities chosen for the City of Joondalup, in accordance with these criteria are:

- Ocean Reef Boat Harbour Development
- Joondalup Works Depot
- Currambine Community Centre
- Mullaloo Development
- Sorrento Beach Development
- Cultural Facilities
- Craigie Leisure Centre
- Approvals, Planning and Environmental Services
- Library and Information Services
- Community Development Services
- Infrastructure Management and Ranger Services
- Environmental Waste Management Services
- Operations Services

#### **Link to Strategic Plan:**

Key Focus Area 4 – Organisational Development

*4.1 To manage the business in a responsible and accountable manner*

*4.1.1 Ensure financial viability and alignment to plan*

#### **Legislation – Statutory Provisions:**

The Local Government Amendment Act 1994 was proclaimed on 31 March 2005. Section 42 amends the Act to remove the current detailed requirements for principal activity planning. Sections 5.56, 5.57 and 5.58 are repealed and in their place, a new section 5.56 is included which provides a more general obligation to “plan for the future”, and

The regulations do not require the development of a plan for the financial year commencing 1 July 2005. The contents for a plan for the future for the 2005/06 financial year has been left for individual local governments to determine. It can be the continuation of a principal activity plan or such other plan as may be developed. The Local Government Amendment Act 2004 (Clause 42) does not stipulate a public comment period but does require councils to consult with the electors and ratepayers in the development of the ‘plan for the future’.

For 2005/06 Council has taken a decision to proceed with the production of a Principal Activities Plan for the 2005/06 financial year although the Plan has been renamed the “*Strategic Financial Plan*” to better reflect the function the Plan has in linking the City’s financial capacity with the strategic directions set by Council.

**Policy implications:**

Council's general policy directions are guided by six principles: community focus, sustainability, best value, leadership through partnerships and networks, flexibility in service delivery, and people management. These principles commit Council to the development of a well-informed community that is able to participate in the democratic processes.

Council's Public Participation Policy 2.6.3 has a stated objective to enhance the capacity of the community to actively participate in decision-making and strategic direction setting.

**Sustainability implications:**

The City of Joondalup has a responsibility to serve the community by endeavouring to meet the needs of the present generation while respecting the ability of future generations to meet their needs and aspirations.

The goal of sustainability therefore underpins all Council's decisions and activities, particularly those that define, or have an impact on, the City's future. This involves making decisions about protecting and enhancing the well-being and quality of life of its citizens, the health of the environment, and the capacity of the economy to support the community.

The development of a Strategic Financial Plan will establish a sustainable financial plan for the future through the provision of sufficient funds to allow capital projects and new initiatives to be implemented, ensure the City's infrastructure is maintained, and ensure Council has the financial flexibility to respond to community needs now and into the future.

**Consultation:**

The draft Strategic Financial Plan 2005/06 to 2008/09 will be made available through the City's libraries, at the City's Customer Service Centres, on the City's web site, and upon request for a period of 30 days (21 May 2005 to 20 June 2005). The community will be invited to make submissions. Once all submissions have been considered, the Strategic Financial Plan 2005/06 to 2008/09 will be adopted with or without modification and will then be made available to the community.

**COMMENT**

The new regulations (for the Local Government Amendment Act 1994) do not apply until the 2006/07 financial year. Council has determined that it will proceed with the development of the draft Strategic Financial Plan 2005/06 – 2008/09, which replaces the Principal Activity Plan. The draft Plan provides an overview of the major projects and programmes, and funding options that may be considered by Council over the period of the Plan and will provide the community with opportunities to provide comment on the major projects and programmes the City intends to undertake for the period of the Plan, and the performance indicators, which will measure the City's success in delivering these services.

It is proposed that the draft Strategic Financial Plan 2005/06 – 2008/09 be presented to Council at the 17 May meeting with the recommendation that the Plan be made available for public inspection and comment for thirty (30) days in order to enable the community to present submissions in relation to the activities specified within this

document. The comment period will commence on 21 May 2005 and close on 20 June 2005.

## ATTACHMENTS

### Attachment 1      Draft Strategic Financial Plan 2005/06 – 2008/09

The CEO advised that the former Principal Activities Plan has been redeveloped and comments were sought from the Committee to enable the Strategic Financial Plan to be submitted to the next meeting of Council for approval to advertise.

The Committee was advised of the amendments that had been made to the budget parameters model since the last meeting.

Discussion ensued. The key points raised by the Committee are outlined below:

- Cultural facility:
  - This project should be removed from the plan, unless there is reason to believe a cultural facility will be required in the next 5 years.
  - Other projects have higher priority.
  - Consideration of a cultural facility should be in the context of a regional facility.
- Ocean Reef Boat Harbour: A query was raised as to why the cost of this project had reduced. **This question was taken on notice.**
- Transfers to reserves.
  - Concern was raised on borrowing funds to place into Reserve.
  - It was believed a strategic approach was needed.
  - It was considered that funds should only be put aside at the time a project is progressed.
- Currumbine community centre: A feasibility study and business case is required.
- Council projects:
  - The possibility of providing a timeframe for Council projects was raised. In relation to Ocean Reef Boat Harbour Development, it was considered appropriate that information be provided that this is part of a more complex project that might extend over 10-20 years.
  - The CEO advised that Council projects are all subject to further assessment and determination, and considered that comment should be made in the Strategic Financial Plan outlining that further review would be undertaken.
  - A number of projects relate to infrastructure. Some are previous propositions that would need to show a return on investment before being supported further.

- Parking:
  - It was considered appropriate that funds be set aside for parking infrastructure requirements in support of future City development.
  - The Committee was advised that a parking strategy is under consideration, also a review of cash-in-lieu valuation.
- 50 metre pool:
  - Other projects have higher priority.
  - a 50-metre pool should be considered in the context of a regional facility.
  - It would be appropriate to remove the funds this year and point out that a business case will be prepared in the future for a 50 metre pool.
- Sorrento Beach Development. A query was raised as to the impact of deferring this project for one financial year.
- Capital Works Programme. A query was raised on possible savings.
- Borrowing: The preference of the Committee was to only borrow funds for a specific project, as required.

*During discussion:*

*Cmr Smith entered the Room at 1841 hrs.*

*Cmr Fox entered the Room at 1848 hrs.*

*Cmr Fox left the Room at 2005 hrs and returned at 2008 hrs.*

*Cmr Paterson left the Room at 2012 hrs and returned at 2014 hrs.*

## **OFFICER'S RECOMMENDATION**

That the Strategic Financial Management Committee:

- 1 ENDORSES the draft Strategic Financial Plan 2005/06 – 2008/09 shown as attachment 1;
- 2 DIRECTS that a report be prepared for the Council meeting to be held on 17 May 2005 recommending that the Strategic Financial Plan 2005/06 – 2008/09 be advertised for public comment for a period of 30 days, 21 May to 20 June 2005 inclusive.

## **MOVED Cmr Smith SECONDED Cmr Anderson that the Strategic Financial Management Committee:**

- 1 **ENDORSES the draft Strategic Financial Plan 2005/06 – 2008/09 shown as attachment 1, subject to the following modifications:**
  - (a) **deletion of Cultural Facility project and Craigie Leisure Centre project;**

(b) funding for Stage 2 Sorrento Beach Development and future shortfalls to be by way of:

- borrowings;
- use of Reserve Funds;
- savings; or
- a combination of these strategies;

2 DIRECTS that a report be prepared for the Council meeting to be held on 17 May 2005 recommending that the Strategic Financial Plan 2005/06 – 2008/09 be advertised for public comment for a period of 30 days, 21 May to 20 June 2005 inclusive.

The Motion was Put and

CARRIED (5/0)

MOVED Cmr Smith SECONDED Cmr Anderson that the Strategic Financial Management Committee REQUESTS that a report be submitted to Council in due course on a long-term strategy and financial plan for parking in the Joondalup CBD.

The Motion was Put and

CARRIED (5/0)

Discussion continued. The key points raised by the Committee are outlined below:

- Capital works projects: Strategic Financial Plan to make reference to the benefit of partnership with the community.
- Lottery West funding for Currambine Community Centre: It was requested that the funding be clarified as a new application may be required.
- A query was raised as to whether the development of an amphitheatre on the Cultural facility land may require a separate business plan. The CEO advised that this would be given consideration at the design stage.
- Number of Reserve funds: The CEO advised that consideration would be given in reducing the number of Reserve Funds.

## ITEM 2 RESERVE ACCOUNTS - [80566]

WARD: All

RESPONSIBLE  
DIRECTOR: Mr Peter Schneider  
Director Corporate Services and Resource Management

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### PURPOSE

The purpose of this report is to present the Strategic Financial Management Committee (SFMC) with a summary of the purpose for each of the City's reserve accounts.



## **EXECUTIVE SUMMARY**

The information contained within this report and attachment, details the purpose of each reserve account and the projected movements within the accounts for the 2005/06 to 2008/09 financial years.

## **BACKGROUND**

At its meeting of 5 April 2005, the SFMC requested a summary of reserve accounts contained within the revised 2005/06 Budget Parameters Model.

## **DETAILS**

Reserve accounts are created, in accordance with Section 6.11 of the Local Government Act 1995, where a local government wishes to set aside money for use for a purpose in a future financial year.

Some reserves are restricted by legislation from being used for any other purpose than that for which they were created (e.g specified area rate reserves and service charge reserves).

In general terms though, non-restricted reserves are able to be used for another purpose as long as the local government gives one month's local public notice or the change of purpose is disclosed in the annual budget. This has been the case in the last couple of years' budgets where Council has moved money between reserves, in order of priority, for the purpose of deferring borrowings for capital projects until absolutely necessary.

The purpose of the City's reserve accounts contained within the 2005/06 Budget Parameters Model is as outlined below:-

### **Cash Backed Reserves**

#### **Asset Replacement Reserve**

Created in 1986/87 to assist with financing various essential assets including a works depot. Transfers from accumulated surplus include interest.

Additions to this reserve are through specific budget allocation and an allocation of interest. Funding from this reserve is to undertake construction of the depot facility.

At this stage there is no identified purpose for this reserve beyond funding the Works Depot Project.

#### **Cash in Lieu of Parking Reserve (Restricted)**

Created in 1993/94 by the former City of Wanneroo as a consequence of AAS 27 with funds previously held in Trust Fund. Represents funds received from developers in lieu of providing car parking.

Funds transferred from the reserve will be utilised to fund future car parking requirements.

### **Cash in Lieu of Public Open Space Reserve (Restricted)**

Created in 1993/94 by the former City of Wanneroo as a consequence of AAS 27 with funds previously held in Trust Fund. Represents funds received from developers in lieu of providing public open space.

Funds transferred from the reserve will be utilised to fund future public open space requirements.

### **Community Facilities Reserve**

Created in 2004/05 for the purpose of funding the construction, development and maintenance of community facilities.

The reserve was established with funds previously carried forward in respect to the construction of the Currambine community facility.

Funds transferred from the reserve are to undertake preliminary work for the Currambine community facility.

At this stage there is no identified purpose for this reserve beyond funding the Currambine Community Facility.

### **Domestic Cart - Refuse Collection Reserve**

Created in 1990/91 by the former City of Wanneroo to provide for additional plant and equipment used specifically for the provision of the domestic cart refuse collection service.

This reserve is maintained by an annual allocation equivalent to the operating surplus achieved by the waste management service. Transfers from accumulated surplus include interest and the repayment of funds previously advanced to the City of Wanneroo for the secondary treatment plant and through a surplus of funds raised by way of annual charge less amounts expended on this activity during the year. An amount of \$200,000 was budgeted in 04/05 to be transferred to Accumulated Surplus as a contribution toward the Joondalup Works Depot facility in recognition of the costs of establishing areas associated with this activity.

In 2003/04 \$504,575 was transferred from this reserve account in order to fund the former CEO's termination payment.

### **Heavy Vehicles Replacement Reserve**

Created in 1996/97 by the former City of Wanneroo to provide for the replacement of Council's fleet of vehicles.

This reserve is maintained by an annual allocation of an amount equivalent to the 'capital' charge, which would be charged against all Council works and services on which the vehicles are used. Transfers from accumulated surplus include interest and for the 'capital charge'. Transfers from this reserve are to undertake purchases during the year. Additions to this reserve are by a

capital charge based on the utilisation of the vehicle. The reserve accounts build up and are used when the items are due for replacement. The amounts required annually are reflected in the motor vehicle & plant replacement programme.

### **Hodges Drive Drainage Reserve (Restricted)**

Created in 1988/89 by the former City of Wanneroo to finance the provision of drainage at Hodges Drive.

Maintained by equal annual allocations from municipal fund over the years 1989/90 to 1994/95.

As part of the 2004/05 half year budget review Council agreed to apply \$196,000.00 from this reserve to part fund the Ocean Reef Road Extension.

### **Joondalup City Centre Public Parking Reserve (Restricted)**

Created in 1995/96 by the former City of Wanneroo to accumulate funds received from developers within the Joondalup central business district in lieu of providing car parking and will be utilised to fund future car parking requirements.

Funds transferred from the reserve are to undertake car park works during the year.

### **Joondalup Normalisation Agreement Reserve**

Created in 2004/05 to undertake works not completed by Landcorp.

The City budgeted to receive \$2,800,000 from Landcorp during 2004/05 and this to be transferred to the reserve. \$2,800,000 will be transferred to the Asset Replacement Reserve to be applied against the Works Depot Project.

### **Leisure Centres Capital Replacement Reserve**

Created in 2001/02 with the outsourcing of the Craigie leisure centre, Ocean Ridge recreation centre and Sorrento/Duncraig recreation centre to the RANS Management Group to undertake future refurbishment works.

Transfers from the reserve are to undertake works associated with the upgrade of facilities at the Craigie Leisure Centre.

At this state there is no identified purpose for this reserve beyond funding the Craigie Leisure Centre Redevelopment.

### **Library Literacy Program Reserve**

Created in 2003/04 with proceeds from the sale of donated and surplus library books with such funds to be used for the development of literacy programs to be held at the City's libraries in future years.

Transfers from accumulated surplus includes funds from the sale of donated and surplus library books.

**Light Vehicles Replacement Reserve**

Created in 1996/97 by the former City of Wanneroo to provide for the replacement of Council's fleet of light vehicles.

This reserve is maintained by an annual allocation of an amount equivalent to the 'capital' charge, which would be charged against all Council works and services on which the vehicles are used. Transfers from accumulated surplus includes interest and for the 'capital charge'. Transfers from this reserve are to undertake purchases during the year. The amount required from year to year varies significantly as reflected in the motor vehicle & plant replacement programme.

**Mullaloo Beach Foreshore Enhancement Reserve**

Created in 2004/05 for the purpose of completing works relating to the Mullaloo Beach Foreshore Enhancement corporate project.

Transfers from the reserve is to complete works relating to the Mullaloo Beach Foreshore Enhancement project.

**Ocean Reef Boat Launching Facility Reserve (Restricted)**

Created in 1998/99 for the purpose of planning, developing and managing the Ocean Reef boat launching facility precinct, generally comprising the launching facility and the adjacent foreshore lands.

Additions to this reserve are by specific budget allocation. Transfers from the reserve is to undertake preliminary works to assess the future development of the Ocean Reef boat launching facility.

**Performing Arts Facility Reserve**

Created in 2000/2001 to assist with the design and development of a regional performing arts facility in the Joondalup city centre.

Transfers from accumulated surplus include interest. Additions to this Reserve are by a specific budget allocation. An amount of \$1,250,000 will be used to purchase land and undertake development of land associated with the Joondalup Cultural Facility.

Beyond this, funds will be transferred from accumulated surpluses as part of a savings strategy for the future Cultural Facility.

**Plant Replacement Reserve**

Created in 1996/97 to assist with financing of Council's plant and equipment.

This reserve is maintained by an annual allocation of an amount equivalent to the 'capital' charge that would be charged against all Council works on which plant is used. Transfers from accumulated surplus includes interest and for the 'capital charge'. Transfers from this reserve are to undertake purchases during the year. The amounts required from year to year vary significantly as reflected in the motor vehicle & plant replacement programme.

**Rate Revaluation Reserve**

Created in 2003/04 to assist with financing the costs associated with the triennial general property revaluation undertaken by the Valuer General.

This reserve is maintained by an annual allocation.

**Section 20A Land Reserve (Restricted)**

Created in 1993/94 by the former City of Wanneroo to comply with the Department of Land Administration guidelines on the sale of unwanted Section 20A “Public Recreation” reserve land that requires that the proceeds be applied to capital improvements on other recreation reserves in the general locality.

**Sorrento Beach Foreshore Enhancement Reserve**

Created in 2004/05 for the purpose of completing works relating to the Sorrento Beach Foreshore Enhancement Council project.

**Specified Area Rating – Harbour Rise Reserve**

The reserve was created in 2002/03 to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. Transfers are to fund works undertaken in the specified area Harbour Rise.

**Specified Area Rating – Iluka Reserve**

The reserve was created in 1999/2000 to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area.

Transfers are to fund works undertaken in the specified area Iluka.

**Strategic Asset Management Reserve**

Created in 2004/05 for the purposes of funding the maintenance, refurbishment, replacement and disposal of assets in the most effective manner, at the required level of service for future and present requirements.

Transfers to the reserve are by specific allocations from municipal funds.

**Town Planning Scheme No 10 (Revoked) Reserve - (Restricted)**

Created in 1993/94 by the former City of Wanneroo as a consequence of AAS 27 with funds previously held in Trust Fund. Represents residual funds from Town Planning Scheme No 10 (Revoked) and will be utilised on the provision of facilities generally within or in close proximity of the scheme area. This reserve is restricted as the money can only be spent in the Town Planning Scheme No 10 area (Kingsley) or repaid to the payee.

Transfers to accumulated surplus are to undertake capital works within the area during the year.

**Wanneroo Bicentennial Trust Reserve (Restricted)**

Created in 1993/94 by the former City of Wanneroo as a consequence of AAS 27 with funds previously held in Trust Fund. The Trust was established in 1988 to perpetuate the spirit of Australia's bicentennial celebrations by serving as a source of encouragement of residents of the community who would not otherwise have the resources to progress in their chosen field of endeavour. The award of a grant by the Trust assisted these people in realising their goals and developing their talents to the benefit of the community. The Trust was administered by a Board of Trustees, and supported by staff of the City.

The Trust was dissolved during 2000/01. The final distribution is still to occur and is expected to be to the Carine Rotary Club for its Dolphin Wishing Well project.

The projected movements between the aforementioned reserve accounts are detailed in attachment 1.

**ATTACHMENTS**

Reserves Summary 2005/06 – 2008/09.

**OFFICER'S RECOMMENDATION**

That the Strategic Financial Management Committee NOTES the Reserve Account information contained within this Report and attachment 1 thereof.

**MOVED Cmr Clough SECONDED Cmr Anderson that the Strategic Financial Management Committee ENDORSES the following modifications to the Reserve Schedule Summary 2005/06 to 2008/09 by:**

- 1 DELETING:**
  - (a) the Cultural Facilities Reserve Fund allocation of \$3.5 million;**
  - (b) the Craigie Leisure Centre Reserve Fund allocation of \$3.5 million;**
- 2 DISBURSING the interest allocation of \$2 million across the appropriate Reserve Funds;**
- 3 TRANSFERRING the sum of \$567,000 for the 2008/09 year to the Combined – Light, Heavy and Plant Replacement Reserve Fund and including reference to this allocation in the Strategic Financial Plan for 2005/06 to 2008/09.**

The Motion was Put and

**CARRIED (5/0)**

## **ITEM 3                    2004/2005 BUDGET PROPOSALS – [80566]**

**WARD:**                    All

**RESPONSIBLE**        Mr Peter Schneider  
**DIRECTOR:**        Director Corporate Services and Resource Management

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### **PURPOSE**

The purpose of this report is to present the Strategic Financial Management Committee (SFMC) with an update of 2004/05 Budget Proposals.

### **EXECUTIVE SUMMARY**

At its meeting of 1 March 2005, the SFMC requested the CEO to produce a report on the forecast closing position of 2004/05 projects/proposals.

The information relating to Council projects was presented on 22 March 2005 and the information relating to proposals is detailed in attachment 1 of this report.

### **BACKGROUND**

At the SFMC meeting held on 1 March 2005 the committee resolved as follows:

"That the Chief Executive Officer be requested to provide a report to the Strategic Financial Management Committee on the status of budget projects for 2004/05 that have not commenced or are not completed at this time, with an indication of their capacity and probability of their completion in this financial year, and the impact this will have on the end result in this financial year."

The information relating to Council projects was presented at the SFMC meeting held on 22 March 2005.

### **DETAILS**

The 2004/05 Budget provided for proposals to the value of \$3,399,164 with a further \$113,000 for the Learning City Project included as a corporate project bringing the total of all proposals to \$3,512,164.

A forecast closing position for 2004/05 proposals is provided in attachment 1 of this report.

### **ATTACHMENTS**

Attachment 1 - 2004/05 Non Operating Budgets and Capital Proposals

**OFFICER'S RECOMMENDATION**

That the Strategic Financial Management Committee RECEIVES the information contained within attachment 1 of this Report.

The Committee noted that no decision was required in relation to Item 3.

**DATE OF NEXT MEETING**

The next meeting of the Strategic Financial Management Committee is scheduled for 7.30 pm on Tuesday 24 May 2005.

**CLOSURE**

There being no further business, the Chairman declared the Meeting closed at 2107 hrs; the following Commissioners being present at that time:

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



# **CITY OF JOONDALUP**

## **MINUTES OF STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 5 JULY 2005**

### **ATTENDANCE AND APOLOGIES**

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

#### **Officers:**

Chief Executive Officer:	G HUNT
Director, Corporate Services and Resource Management:	P SCHNEIDER
Director, Planning and Community Development:	C HIGHAM
Director, Infrastructure and Operations:	D DJULBIC
Manager, Marketing Communications and Council Support:	M SMITH
Committee Clerk:	J HARRISON

#### In attendance:

Mr J Woodhouse, Watts and Woodhouse

The Chairman declared the meeting open at 1856 hrs.

### **ADJOURNMENT OF MEETING**

**MOVED** Cmr Anderson, **SECONDED** Cmr Clough that the meeting be **ADJOURNED**.

**The Motion was Put and**

**CARRIED (4/0)**

**The Meeting ADJOURNED at 1857 hrs.**

### **RESUMPTION OF MEETING**

**MOVED** Cmr Anderson, **SECONDED** Cmr Clough that the meeting be **RESUMED**.

**The Motion was Put and**

**CARRIED (4/0)**

**The Meeting RESUMED at 2023 hrs, the following persons being present:**

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

**Officers:**

Chief Executive Officer:	G HUNT
Director, Corporate Services and Resource Management:	P SCHNEIDER
Director, Planning and Community Development:	C HIGHAM
Director, Infrastructure and Operations:	D DJULBIC
Acting Manager Financial Services:	J ROBERTS
Team Leader, Organisation Policy and Planning:	G BLAKE
Management Accountant:	M JOHNSON
Committee Clerk:	J HARRISON

**APOLOGIES AND LEAVE OF ABSENCE**

Apology                                      Cmr Smith

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

Nil

**CONFIRMATION OF MINUTES**

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE HELD ON 3 MAY 2005

**MOVED** Cmr Anderson **SECONDED** Cmr Clough that the minutes of the meeting of the Strategic Financial Management Committee held on 3 May 2005 be confirmed as a true and correct record.

**The Motion was Put and**

**CARRIED (4/0)**

**ITEM 1                    STRATEGIC FINANCIAL PLAN 2005/06 TO 2008/09 –  
[14528, 38432]****WARD:**                    All**RESPONSIBLE**        Garry Hunt  
**DIRECTOR:**            Chief Executive Officer

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**PURPOSE**

For the Strategic Financial Management Committee to recommend the Strategic Financial Plan 2005/06 to 2008/09 to Council for adoption.

**EXECUTIVE SUMMARY**

The Local Government Amendment Act 2004 (section 42) removed the need for principal activity planning and replaced it with a requirement for a more general 'plan for the future'. Sections 5.56, 5.57 and 5.58 of the *Local Government Act 1995* have been repealed and replaced by a new section 5.56. The Local Government Amendment Act was proclaimed in March 2005.

Following the amendments made to the Local Government Act, Council resolved, in April 2005, to produce a Strategic Financial Plan (*CJ045 – 04/05*). On 17 May 2005, Council accepted the draft Strategic Financial Plan 2005/06 - 2008/09 (draft SFP 2005/06) and also endorsed a 30-day public consultation period on the draft SFP 2005/06 - 2008/09 (*CJ086 - 05/05*).

The draft SFP 2005/06 – 2008/09 was advertised for public comment from 21 May to 20 June 2005. The City received a total of 279 submissions, including a 144-signature petition. All submissions received by the end of the public submission period are summarised in Attachment 2.

Submissions from the community addressed a range of issues, most significantly in relation to:

- Craigie Leisure Centre – 50 metre pool
- Ocean Reef Harbour Development
- Dry Parks Development
- Cultural Facility
- Currambine Community Centre
- Mullaloo Beach Development
- Joondalup Works Depot
- Expenditure and Borrowings

The community submissions have been reviewed and are not able to be accommodated without major changes to the proposed funding and works program.

*It is recommended that the Strategic Financial Management Committee:*

- 1 *Having considered the submissions received, NOTES the content of the submissions and accept the Strategic Financial Plan 2005/2006 – 2008/2009 shown as Attachment 1.*
- 2 *THANKS all members of the community for their submissions on the draft Strategic Financial Plan 2005/06 – 2008/09.*
- 3 *RECOMMENDS the Strategic Financial Plan 2005/06 – 2008/09 to Council for adoption.*

## **BACKGROUND**

The City has produced a Principal Activities Plan annually since 1999. The Local Government Amendment Act 2004 (section 42) removed the need for principal activity planning and replaced it with a requirement for a more general 'plan for the future'. Sections 5.56, 5.57 and 5.58 of the *Local Government Act 1995* have been repealed and replaced by a new section 5.56. The Local Government Amendment Act was proclaimed in March 2005.

The associated regulations have not been introduced for the 2005/06 budget process. The only requirement under section 6.2 for the 2005/06 budget is that councils have regard to such a plan for the future and the process and content of the plan will be subject to determination by individual local governments. The new regulations will apply for the 2006/07 financial year.

Council resolved to produce a Strategic Financial Plan for the period 2005/06 – 2008/09 for the 2005/06 budget process. (*CJ045 – 04/05 refers*).

Council accepted the draft Strategic Financial Plan 2005/06 to 2008/09 on 17 May 2005 and at that meeting also endorsed a 30-day consultation period on the draft SFP 2005/06. (*CJ086 - 05/05 refers*)

## **DETAILS**

The draft Strategic Financial Plan 2005/06 – 2008/09 was advertised for public comment and was made available at the City's libraries and at both Customer Service locations, and published on the City's web site. The draft SFP 2005/06 was made available for 30 days from 21 May 2005 to the closing date of 20 June 2005.

The City received 279 submissions by 20 June 2005, which included a 144-signature petition by members of the Association of Independent Retirees and other community members. The signatures on the petition have been considered as individual submissions as the petition meets the requirements of Council Policy 2.3.6.

The majority of submissions (269 in total) relate to the non-inclusion in the Plan of a 50-metre pool at the Craigie Leisure Centre. The ten other submissions address a range of issues including:

- Craigie Leisure Centre – 50 metre pool
- Ocean Reef Harbour Development
- Dry Parks Development
- Cultural Facility
- Currumbine Community Centre
- Mullaloo Beach Development

- Joondalup Works Depot
- Income, Expenditure and Borrowings

A summary of all community submissions received is shown as Attachment 2. Officer comments on the submissions are included in the attachment.

All submissions from the community are provided in their entirety as Attachment 3.

The community submissions have been reviewed and are not able to be accommodated without major changes to the proposed funding and works program.

### **Issues and options considered:**

In order to meet the requirements of the Local Government Act 1995 Council has produced a Principal Activities Plan since 1999. In 2003 the State Department of Local Government and Regional Development undertook a major review of the *Local Government Act 1995* and associated regulations. The *Local Government Amendment Act 2004*, which was proclaimed on 31 March 2005, removes the detailed requirements for principal activity planning. In its place will be the requirement for a local government to plan for the future, and in determining its annual budget, to consider this plan when formulating the budget (section 6.2(2)). The new regulations do not apply until the 2006/07 financial year, and the 2005/06 financial year is, in effect, a year of transition.

Council was informed of the changes that were likely to be made to principal activities planning by the Department of Local Government in late 2004. Council had an option of not producing a Principal Activities Plan in 2005 at all. Council, however, made a decision to develop a 'plan for the future' providing details of major activities in demonstration of the City's commitment to the community to be open and transparent in all its activities.

Consequently, on 5 April 2005, Council endorsed the proposal that a Strategic Financial Plan would be produced and that the Plan would be made available to the public for a 30-day period (*CJ045 – 04/05 refers*) to enable the community to make submissions in relation to the activities within the Plan. Previously, the legislation required that the Principal Activities Plan be advertised for a public comment period of 42 days. The new legislation does not prescribe a public comment period but does stipulate that; '*A local government is to ensure that the electors and ratepayers of its district are consulted as to the development of a plan for the future of the district, and any modifications to the plan*'.

Council endorsed a 30-day public comment period for the SFP 2005/06 – 2008/09 as an interim measure to address the transitional nature of the 2005/06 financial year, and to enable Council to adopt the 2005/06 Budget in July.

### **Link to Strategic Plan:**

- Outcome 4: The City of Joondalup is a sustainable and accountable business.
- Objective 4.1: Ensure financial viability and alignment to plan.

### **Legislation – Statutory Provisions:**

The Local Government Act (as amended in June 2005) does not require the development of a 'Plan for the Future' for the 2005/06 financial year. The 2005/06 financial year is a transition period.

As the new regulations do not apply until the 2006/07 financial year, the City has produced the draft SFP 2005/06 – 2008/09 which replaces the Principal Activities Plan, and provides an overview of the major projects and programmes, and funding options that may be considered by Council over the period of the Plan.

**Risk Management considerations:**

Council has, as its key financial objective, the long-term financial sustainability of the local government. Maintaining financial sustainability is important in order to avoid the impact on the local community of disruptive spending cuts or rate increases, and to ensure fairness in the rating budget between current and future ratepayers.

**Financial/Budget Implications:**

The draft SFP 2005/06 – 2008/09 provides forward financial details for the next four years.

**Policy implications:**

Policy 2.3.6 – Public Submissions states that:

*Where the Council receives a public submission from a body of people, incorporated club, organisation, residents association etc, as a result of the public consultation process on issues confronting the City, such submission shall be regarded as one submission, UNLESS the content of that submission is individually signed with the name and address of each member/person agreeing with the content of the said submission.*

The petition received by the City contains names and addresses of each person who has signed it. Accordingly the petition has been treated as 144 individual submissions.

**Regional Implications**

N/A

**Sustainability implications:**

The development of a Strategic Financial Plan will establish a sustainable financial plan for the future through the provision of sufficient funds to allow capital projects and new initiatives to be implemented, ensure the City's infrastructure is maintained, and ensure Council has the financial flexibility to respond to community needs now and into the future.

**Consultation:**

The draft SFP 2005/06 was made available for public comment for 30 days (21 May 2005 to 20 June 2005). Advertisements were placed in the Saturday edition of the West Australian Newspaper and the Joondalup Times. The draft Plan was also made available at the City's libraries and at both Customer Service locations, and was published on the City's web site.

## COMMENT

The objective of the Strategic Financial Plan is to achieve sustainability by delivering services today without jeopardising the prospects of future generations. The achievement of this goal requires consideration of community needs, the costs of delivering services, current and future replacement requirements for infrastructure and the wider political and economic environment.

The SFP 2005/06 – 2008/09 outlines a resourcing framework that supports the sustainability of the Strategic Plan 2005 – 2008.

The majority of the submissions received from the community were in relation to the 50 – metre pool at Craigie Leisure Centre (CLC) and represents a strong lobby from swimming clubs, surf clubs and schools. All issues raised by the community have been fully considered by the City and a response to each submission is provided within Attachment 2 of this report. The City is of the opinion that no modifications are required to the draft SFP 2005/06.

The Strategic Financial Management Committee is now required to receive and consider the community submissions, and accept the Strategic Financial Plan 2005/06 – 2008/09 with or without modification.

## ATTACHMENTS

Attachment 1	Strategic Financial Plan 2005/06 – 2008/09
Attachment 2	Summary of Community Submissions with corresponding officer comments
Attachment 3	Community Submissions

## VOTING REQUIREMENTS

Simple Majority

## OFFICER'S RECOMMENDATION

That the Strategic Financial Management Committee:

- 1 having considered the submissions received, NOTES the content of the submissions and accept the Strategic Financial Plan for 2005/2006 – 2008/2009 shown as Attachment 1.
- 2 THANKS all members of the community for their submissions on the draft Strategic Financial Plan for 2005/06 – 2008/09.
- 3 RECOMMENDS the Strategic Financial Plan 2005/06 – 2008/09 to Council for adoption.

The Chief Executive Officer gave a powerpoint presentation of the Strategic Financial Plan 2005/06 to 2008/09 – Appendix 1 refers. The Committee was advised that, whilst legislation requires that the Strategic Financial Plan be reviewed every two years, it is proposed that an annual review will be conducted at the City.

Discussion ensued. The key points raised by the Committee are outlined below:

- 50-metre pool: In relation to community submissions for a 50-metre pool at the Craigie Leisure Centre, the CEO advised that it should be noted that the City had previously contributed towards the Arena complex - \$3.6 million for the wet side and \$3 million for the dry side.

Cmr Fox said that the issue of a 50-metre pool had been raised with her on a number of occasions; it was felt by many ratepayers that the Arena belonged to the northern part of the City and a facility was needed for the southern suburbs. Cmr Fox said the number of submissions received indicated that there is a genuine concern that needed to be considered, however accepted the financial position as reflected in the Strategic Financial Plan.

- Financial review: The CEO stated that, following the adoption of this year's budget, a detailed analysis will be undertaken of the total finances of the City; this information will be included in the 20-year programme and will set the basis for the 2006/07 budget. The Committee was advised that the finalisation of the 20-year programme would give a firm indication to the community of the infrastructure required within the City.
- Works Depot site: The Committee was advised of the current position in relation to the Joondalup Works Depot site, and the potential impact on the budget. The Director Infrastructure and Operations advised that a report would be presented to Council following the conclusion of the valuation process.
- Cmr Anderson requested that the wording within the report under "Sustainability Implications" be amended to strengthen the intent and clarify the position.
- Cultural facility: It was requested that an amendment be made to the wording of the last sentence of paragraph 6, to read: "As a result the City will undertake a review of *the project scope and intent* to ensure that when complete, the facility is the appropriate type ....."

**MOVED Cmr Anderson SECONDED Cmr Fox that the Strategic Financial Management Committee:**

- 1 **having considered the submissions received, Council has reviewed the content of the submissions in the context of the requirements of responsible fiscal management and ENDORSES the Strategic Financial Plan for 2005/2006 – 2008/2009 shown as Attachment 1 to this Report, subject to the following amendments:**
  - (a) **Page 16 of 54: Cultural Facility – Paragraph 6, last sentence, be amended to read: "As a result the City will undertake a review of *the project scope and intent* to ensure that when complete, the facility is the appropriate type ....."**
  - (b) **Page 17 of 54: Joondalup Works Depot - the current position on the Works Depot site to be reflected;**
- 2 **THANKS all members of the community for their submissions on the draft Strategic Financial Plan for 2005/06 – 2008/09.**



**3 RECOMMENDS the Strategic Financial Plan 2005/06 – 2008/09 to Council for adoption.**

**The Motion was Put and**

**CARRIED (4/0)**

**ITEM 2 DRAFT 2005/06 BUDGET – [80566]**

**WARD:** All

**RESPONSIBLE DIRECTOR:** Peter Schneider  
Corporate Services and Resource Management

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**PURPOSE**

The purpose of this report is to present the Strategic Financial Management Committee (SFMC) with a high level overview of the draft 2005/06 Budget.

**EXECUTIVE SUMMARY**

The draft 2005/06 Budget and supporting documentation contained within this report has been compiled using the principles contained within the Strategic Financial Plan 2005/06 - 2008/09 and incorporates the various items recommended by Council, throughout the year, for inclusion and consideration in budget preparation.

The process and rigour applied in its formulation have been extensive and inclusive with new internal control initiatives included to enhance decision making and cost management in the future.

*It is recommended that the Strategic Financial Management Committee -*

- 1 RECEIVES the high level budget data contained within this report and attachments;*
- 2 NOTES that the high level budget has been compiled utilising the principles contained within the Strategic Financial Plan 2005/06-2008/09.*

**BACKGROUND**

At its meeting of 3 May 2005, the SFMC resolved inter alia as follows:

- 1 ENDORSES the draft Strategic Financial Plan 2005/06 – 2008/09 shown as attachment 1, subject to the following modifications:*
  - (a) deletion of Cultural Facility project and Craigie Leisure Centre project;*

*(b) funding for Stage 2 Sorrento Beach Development and future shortfalls to be by way of:*

- borrowings;*
- use of Reserve Funds;*
- savings; or*
- a combination of these strategies;*

*2 DIRECTS that a report be prepared for the Council meeting to be held on 17 May 2005 recommending that the Strategic Financial Plan 2005/06 – 2008/09 be advertised for public comment for a period of 30 days, 21 May to 20 June 2005 inclusive.*

Subsequent to the above, report CJ086-05/05 Strategic Financial Plan 2005/06-2008/09 was considered by Council at its 17 May 2005 meeting, where it was resolved as follows:

- 1 ADVERTISES the Draft Strategic Financial Plan 2005/06 – 2008/09 forming Attachment 1 to Report CJ086-05/05 for the purpose of seeking public comment on the proposals contained in the plan for a period of 30 days, 21 May to 20 June 2005 inclusive;*
- 2 NOTES that a more lengthy and comprehensive process of public participation will occur towards the end of the year so that the community can be involved in the formulation of a 20 year financial plan for the City.*

## **DETAILS**

Since Council's meeting of 17 May 2005 when it was resolved to advertise the Draft Strategic Financial Plan 2005/06-2008/09 for public comment, the City has continued working on developing and refining the draft 2005/06 Budget based on the parameters contained within the Draft Strategic Plan (including a 5% rate increase in 2005/06).

The high level results of the budget process are contained within the following attachments:-

- 1 2005/06 High Level Budget
- 2 Overview of Draft 2005/06 Five Year Capital Works Program
- 3 Proposals
- 4 2005/06 Reserves Summary

As can be seen from attachment 1, the Net Funds Available represents a surplus position of \$1,991k. The impact of new borrowings of \$1,761k and the forecast 2004/05 carry forward useable surplus of \$1,400k (estimated as at 31 May 2005) will be explained during the presentation at the SFMC meeting on 5 July 2005.

The internal budget process has actually taken place over a number of months and involves a rigorous and inclusive process of development, presentation, challenge and review by the management group and executive team.

As part of the due diligence process, the executive identified the need and made a decision to centralise a number of operating expense items for control purposes in 2005/06. These items include legal costs, advertising for staff vacancies and consultancy (inclusive of IT consulting). An expenditure request/justification/approval process is being developed to ensure that there is a consistent, equitable and controlled approach to each of these costs in 2005/06. Any of the above costs contained within proposals are also being identified so that the same process can be applied.

Other areas worthy of note contained within the budget are:

- 1 2005/06 contains 27 pay periods as opposed to the regular 26. In each financial year from 1 July through to 30 June there are normally 26 pay periods (1 per fortnight), however once in every 12 years there is a 27th, which is the case in 2005/06. This will not result in any accounting impact, due to accrual accounting, but will effect cashflow requirements.
- 2 Extra costs for Craigie Leisure Centre (CLC) geothermal bore. The budget includes the extra \$300k, approved at the Special Meeting of Council on 24 June 2005, as a result of the ground conditions encountered during drilling at CLC. This has resulted in a net project increase of \$200k ie \$300k extra drilling less \$100k savings in construction costs. All other council projects are included at the dollar values contained within the Strategic Financial Plan.
- 3 EBA allowance accounted for based on industry trends.
- 4 An allowance of \$60k has been included to produce a parking implementation plan to cover the future need for parking in the City, how the demand will be satisfied and the ongoing management of parking requirements.
- 5 An allowance of \$60k has been included for external costs associated with the Public Participation Strategy adopted by Council at its meeting of 28 June 2006. Further work will be undertaken to identify 2005/06 projects that will be subject of this process, as requested by Council.
- 6 A triennial review of property gross rental values (GRV) is required for rating purposes. This review has been undertaken by the Valuer General's office and will apply from 1 July 2005. An amount of \$425k has been included in the budget to cover the cost of this exercise, of which \$195k has been funded from the Rate Revaluation Reserve. Previously this cost was covered 50/50 by the City and Water Corporation, however they have recently moved away from this valuation methodology.
- 7 Seniors and concession card holder discounts have been included at the 25% level approved by Council at its meeting of 28 June 2005. This translates to \$93,500 in accordance with Council's resolution.
- 8 New proposals for 2005/06 total \$1.479m compared to \$3.178m in 2004/05.
- 9 Insurance premiums have been included at values accepted by Council at its meeting held on 28 June 2005.

### **Rates**

The rate increase percentage used for 2005/06 in the Strategic Financial Plan was 5% and this has been applied in the draft budget. This represents an overall increase in rate income of approximately \$2,329k with each 0.25% percentage change representing approximately \$115,500.

As a result of the triennial revaluation process, the overall GRV across the City has increased by an average of 7.2% (13.2% 2002/03) with overall average changes ranging from -0.5% in Kallaroo to +16.9% in Iluka as detailed in table 1 below:-

**Table 1**

<b>SUBURB</b>	<b>AVERAGE RESIDENTIAL % INCREASE</b>
Kallaroo	-0.5
Duncraig	1.8
Woodvale	3.7
Ocean Reef	5.1
Beldon	5.4
Craigie	5.5
Marmion	5.8
Mullaloo	6.5
Sorrento	6.6
Connolly	6.7
Padbury	6.7
Burns	7.4
Heathridge	7.6
Hillarys	7.8
Currambine	8.4
Joondalup	9.0
Kingsley	9.1
Warwick	9.6
Kinross	11.3
Greenwood	12.3
Edgewater	12.6
Iluka	16.9

(The graphical representation of the above data can be seen in attachment 6.)

Actual GRV increases on individual properties obviously fall outside of the averages detailed above. The number of properties affected within a 5 percentage point grouping range can be seen in table 2 below:

**Table 2**

<b>% Increase Range</b>	<b>Count of Residential Properties</b>	<b>Count of Commercial/Industrial Properties</b>	<b>Total</b>
< 0	10,638	460	11,098
00-05	12,339	104	12,443
05-10	16,433	109	16,542
10-15	12,223	169	12,392
15-20	2,914	119	3,033
20-25	362	94	456
25-30	166	65	231
30-30	88	44	132
35-40	52	46	98
40-45	46	29	75
45-50	73	20	93
50-55	137	22	159
55-60	151	16	167
60-65	171	5	176
65-70	131	8	139
70-75	144	14	158
75-80	60	2	62
80-85	53	4	57
85-90	60	1	61
90-95	16	1	17
95-100	20	1	21
100-125	49	8	57
125-150	7	7	14
150-175	2	0	2
175-200	2	2	4
200 & Gr	5	2	7
<b>Total</b>	56,342	1,352	57,694
<b>Average % Change</b>	7.2	12.2	

(The graphical representation of the above data can be seen in attachment 7.)

## COMMENT

Preparation of the annual budget is one of the City's most comprehensive processes undertaken throughout the year and requires input from every business unit.

The rigour applied is extensive and the resulting budget designed to guide the activities of the City over the coming fiscal year.

The process going forward to complete the 2005/06 budget will involve staff compiling the data and allocating the values to various line items within each cost and revenue centre, phasing it across the 12 months of the budget period and producing various individual reports required for statutory and management purposes.

It should be noted that the Statement of Rating Information has not been finalised at this stage and further refinement may be required, although it is not anticipated that this will result in a significant change to the budgeted income from rates. The 2004/05 useable surplus will also need to be established and will result in refinement to the 2005/06 budget being required by way of expenditure adjustment or transfer to the Strategic Asset Management Reserve. It is anticipated that the actual 2004/05 useable surplus will be known by approximately 11 July 2005.

Once this has been completed, it is envisaged that the full preliminary draft 2005/06 budget will be presented to the Commissioners prior to going to a Special Council Meeting scheduled for 26 July 2005, for the purpose of budget adoption.

## **ATTACHMENTS**

Attachment 1	2005/06 High Level Budget
Attachment 2	Overview of Draft 2005/06 Five Year Capital Works Program
Attachment 3	Proposals
Attachment 4	2005/06 Reserves Summary
Attachment 5	Revaluation 2005/06 - Average % increase in GRV for each suburb
Attachment 6	Revaluation 2005/06 - Number of properties affected within % increase bands

The Director Corporate Services and Resource Management gave a powerpoint presentation of the Annual Budget 2005/06 – Appendix 1 refers – and outlined the rigour applied to this year's budget process. The Committee was advised that information is still being received that required changes to be made to the budget figures. Financial assistance grants have now been confirmed and will provide an additional \$100,000 income above the amount previously shown in the draft budget.

Discussion ensued. The key points raised by the Committee are outlined below:

- Cmr Fox spoke in support of the proposed centralisation of certain budget items.
- Following a query from Cmr Anderson, the CEO advised that his preference is to upskill staff members rather than employ consultants, however some cases would necessitate the use of consultants.
- The Director Corporate Services and Resource Management outlined new proposals on Attachment 3 to the report.
- The Director Infrastructure and Operations advised of cutbacks to an amount of \$2.8 million that have been made to the capital works programme.
- Cmr Anderson queried whether Project M071 – new proposal for 2005/06 Building Refurbishment - would address works required to Council buildings within Greenwood. The CEO advised that buildings with an immediate risk factor have been taken into account.

- Cmr Anderson raised a query in relation to F875 – Feasibility study for Yellagonga Environment Centre - and also spoke in relation to IT upgrades.
- Cmr Anderson commented on the perception that the suburbs of Greenwood and Warwick are bearing greater increases as a result of the triennial revaluations yet do not benefit from capital works improvements. The Committee was advised that works are evenly distributed and information can be provided on the capital works programme throughout the City.
- Discussion ensued in relation to the triennial revaluation process. The Committee was advised that the City will undertake a communications strategy, as has previously occurred, to advise ratepayers.
- Discussion ensued on the merits of borrowing funds to undertake certain projects and major works, with examples of the effect on the budget being demonstrated on the financial model.

At the conclusion of discussions, the Committee was in agreement that funding for Stage 2 Sorrento Beach Development will be by way of borrowing an amount of \$900,000, and that the rate increase be set at 4.75%.

It was agreed that a Budget Strategy Session be held at 6.30 pm on Monday 18 July 2005 to progress the preparation of the budget, with a view to a Special meeting of Council being held on Tuesday 26 July 2005 to adopt the 2005/06 budget.

**MOVED Cmr Clough SECONDED Cmr Fox that the Strategic Financial Management Committee:**

- 1 RECEIVES the high level budget data contained within this report and attachments;**
- 2 NOTES that the high level budget has been compiled utilising the principles contained within the Strategic Financial Plan 2005/06-2008/09.**

**The Motion was Put and**

**CARRIED (4/0)**

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

The Strategic Financial Management Committee has previously scheduled a meeting for 7.30 pm on Tuesday 26 July 2005, however it is anticipated that a Special Meeting of Council may be called for this date, for the purpose of adopting the 2005/06 Budget.

#### **CLOSURE**

There being no further business, the Chairman declared the Meeting closed at 2225 hrs; the following Commissioners being present at that time:

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