

CITY OF JOONDALUP

MINUTES OF STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 8 NOVEMBER 2005

ATTENDANCE AND APOLOGIES

CMR J PATERSON	
CMR P CLOUGH	<i>Absent from 2103 hrs to 2105 hrs</i>
CMR M ANDERSON	<i>Absent from 2112 hrs to 2114 hrs</i>
CMR S SMITH	<i>to 2142 hrs.</i>

Officers:

Chief Executive Officer:	G HUNT	<i>Absent from 2055 hrs to 2057 hrs</i>
Director, Corporate Services:	P SCHNEIDER	
Director Planning and Community Development:	C HIGHAM	
Acting Director, Planning and Community Development:	D DJULBIC	
Acting Director Infrastructure Services:	P PIKOR	
Manager, Information Management:	K SYME	<i>to 2115 hrs</i>
Manager Financial Services:	S HAFEZ	
Committee Clerk:	J HARRISON	

In attendance

Mr Lee Gimblett, Ernst and Young *to 2115 hrs*

The Chairman declared the meeting open at 2012 hrs.

APOLOGIES AND LEAVE OF ABSENCE

Apology – Cmr Fox

DECLARATIONS OF FINANCIAL INTEREST/INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

CONFIRMATION OF MINUTES

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

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

The Motion was Put and

CARRIED (4/0)

ITEM 1 5 YEAR IT STRATEGIC PLAN 2005/06-2009/10

WARD: All

**RESPONSIBLE
DIRECTOR:** Peter Schneider
Corporate Services

The Director Corporate Services referred to the Commissioners' request that the IT Strategic Plan be presented to the Strategic Financial Management Committee.

Accordingly, a presentation was made in relation to the 5 Year IT Strategic Plan 2005/06-2009/10 by the Manager Information Management and Mr Lee Gimblett of Ernst and Young – Appendix 1 refers.

Discussion ensued, and a number of questions were raised.

During discussion:

- *The CEO left the Room at 2055 hrs and returned at 2057 hrs.*
- *Cmr Clough left the Room at 2103 hrs and returned at 2105 hrs.*
- *Cmr Anderson left the Room at 2112 hrs and returned at 2114 hrs.*

ITEM 2 20 YEAR STRATEGIC FINANCIAL PLAN MODEL

WARD: All

**RESPONSIBLE
DIRECTOR:** Peter Schneider
Corporate Services

The Manager Financial Services provided a presentation to the Strategic Financial Management Committee in relation to the 20 Year Strategic Financial Plan Model.

Commissioners were advised that further refinements will be made to the model over the next few months, with a view to an updated model being presented to Commissioners in February 2006.

Cmr Smith left the Room at 2142 hrs.

Commissioners acknowledged the benefits that the model will provide in managing the City's finances.

DATE OF NEXT MEETING

To be determined.

CLOSURE

There being no further business, the Chairman declared the Meeting closed at 2205 hrs; the following Commissioners being present at that time:

CMR J PATERSON
CMR P CLOUGH
CMR M ANDERSON

CITY OF JOONDALUP

MINUTES OF STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 11 APRIL 2006

ATTENDANCE AND APOLOGIES

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

Absent from 1935 hrs to 1937 hrs

Officers:

Chief Executive Officer:	G HUNT <i>Absent from 1840 hrs to 1841 hrs</i>
Director, Corporate Services:	P SCHNEIDER
Director, Planning and Community Development:	C HIGHAM
Director, Infrastructure Services:	D DJULBIC
Director, Governance and Strategy:	I COWIE
Manager, Financial Services:	S HAFEZ
Manager Library and Information Services:	R MOORE
Committee Clerk:	J HARRISON

DECLARATION OF OPENING

The Chairman declared the meeting open at 1835 hrs.

APOLOGIES/LEAVE OF ABSENCE

Apology – Cmr S Smith

CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE HELD ON 8
NOVEMBER 2006

MOVED Cmr Anderson, **SECONDED** Cmr Fox that the minutes of the meeting of the Strategic Financial Management Committee held on 8 November 2005 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (4/0)

In favour of the motion: Cmr Paterson, Clough, Fox and Anderson

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil

DECLARATIONS OF INTEREST

Nil

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

Nil

PETITIONS AND DEPUTATIONS

Nil

ITEM 1 20 YEAR STRATEGIC FINANCIAL PLAN – [51567]

WARD: All

RESPONSIBLE Mr Peter Schneider
DIRECTOR: Corporate Services

PURPOSE

The purpose of this report is to provide the Strategic Financial Management Committee (SFMC) with the updated 20 Year Strategic Financial Plan covering the period 2006/07 to 2024/25.

EXECUTIVE SUMMARY

The City has developed a 20 Year Strategic Financial Plan to assist in managing its finances in support of the Strategic Plan, as amended from time to time.

The plan was last considered by the SFMC in November 2005 and further refinements have been made for endorsement by the Committee.

It is recommended that the Strategic Financial Management Committee endorses the 20 Year Strategic Financial Plan 2006/07 to 2024/25 for inclusion in the Strategic Financial Plan 2006/07 to 2009/10.

BACKGROUND

The SFMC last met on 8 November 2005. At that meeting the Committee was provided with a presentation in relation to the 20 Year Strategic Financial Plan model and advised that further refinements would be made over the next few months.

DETAILS

Since the SFMC meeting held on 8 November 2006, officers have worked on the financial inputs to the model resulting in the revised plan provided as attachment 1.

A number of capital proposals have been added to the projections and it should be noted that the costs associated with a number of Council projects are limited to what is expected to be spent in preparing concept plans only. The projections include provision for replacing the City's community facilities at the end of their economic life, assumed to be 40 years, except where a refurbishment has been deemed more appropriate.

Economic assumptions based around the projections are as follows:-

- | | |
|---|---------|
| • Escalation in construction costs | 5.0% pa |
| • Annual rate increases | 4.0% pa |
| • Increase in fees and charges | 4.0% pa |
| • Average return on investments | 6.2% pa |
| • Wages and salaries increase | 4.0% pa |
| • Increase in operating and capital expenditure | 3.0% pa |

The projections exclude the following contingencies, which are uncertain or incapable of quantification at this stage:

- Ocean Reef Boat harbour (concept plan costs included only)
- Heathridge Park Master Plan
- Percy Doyle Master Plan
- Cultural Facility (purchase of land and great lawn included only)
- Wanneroo Basketball Association
- Sorrento Surf Life Saving Club
- Iluka Surf Life Saving Club
- Edgewater Quarry Site Master Plan

Issues and options considered:

As contained within the 20 Year Strategic Financial Plan model.

Link to Strategic Plan:

The Strategic Financial Plan underpins and supports the objectives contained within the Strategic Plan.

Legislation – Statutory Provisions:

In accordance with Section 5.56 of the Local Government Act 1995 a local government is to plan for the future of the district. The 20 Year Strategic Financial Plan forms part of the City's Strategic Financial Plan 2006/07 to 2009/10.

Risk Management considerations:

The 20 Year Strategic Financial Plan identifies the cash inflows and outflows for the City over the next 20-year period. The risks associated with the plan are financial by nature and mainly centre on the potential inability of the City to be able to set aside sufficient funds to afford the identified outlays.

Financial/Budget Implications:

As contained within the 20 Year Strategic Financial Plan.

Policy implications:

Not applicable.

Regional Significance:

The 20 Year Strategic Financial Plan identifies a number of outlays that may be considered regional in nature, eg 50-metre swimming pool, disposal of property by Tamala Park Regional Council, development of a regional cultural facility etc.

Sustainability implications:

The 20 Year Strategic Financial Plan is designed to highlight the economic sustainability issues facing the City in the future.

Consultation:

The 20 Year Strategic Financial Plan will be included in the City's Strategic Financial Plan 2006/07 to 2009/10, which will be advertised for public comment.

COMMENT

A presentation of the 20 Year Strategic Financial Plan will be given by the Manager Financial Services.

ATTACHMENTS

Attachment 1 - 20 Year Strategic Financial Plan.

VOTING REQUIREMENTS

Simple majority.

OFFICER'S RECOMMENDATION

That the Strategic Financial Management Committee ENDORSES the 20 Year Strategic Financial Plan 2006/07 to 2024/25 for inclusion in the Strategic Financial Plan 2006/07 to 2009/10.

The Director Corporate Services advised of the work undertaken on the financial model since its presentation to the Committee meeting held in November 2005.

The CEO left the Room at 1840 hrs and returned at 1841 hrs.

A powerpoint presentation was provided to the Committee by the Manager Financial Services in relation to Attachment 1 to the report.

Discussion ensued, with the following key points raised:

- Information will be provided on costs for replacement of existing assets and funding of new assets.
- Extensive training and education needs to be provided to the newly elected Council members on the budget documentation. An outline of the proposed induction programme was provided to the Committee.

- The documentation should be amended so as to remove potentially confusing terminology such as 'Capex' and 'Opex'.
- A suggestion was raised that consideration be given to the formation of partnerships for provision of assets and services within the City.

MOVED Cmr Anderson, SECONDED Cmr Fox that the Strategic Financial Management Committee ENDORSES the 20 Year Strategic Financial Plan 2006/07 to 2024/25 for inclusion in the Strategic Financial Plan 2006/07 to 2009/10, subject to the inclusion of additional information in relation to:

- **Funding for replacement of existing assets;**
- **Funding of new assets;**
- **Clarification of terminology of key elements within the budget.**

The Motion was Put and

CARRIED (4/0)

In favour of the motion: Cmr Paterson, Clough, Fox and Anderson

ITEM 2 STRATEGIC FINANCIAL PLAN 2006/07-2009/10 – [38432]

WARD: All

RESPONSIBLE DIRECTOR: Mr Ian Cowie
Governance and Strategy

PURPOSE

To seek approval from the Strategic Financial Management Committee to present the draft Strategic Financial Plan (SFP) 2006/07 – 2009/10 to the Council for endorsement to proceed to public advertising of the Plan.

EXECUTIVE SUMMARY

The SFP 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 to produce a Principal Activities Plan has been deleted. Councils are instead required to 'plan for the future' and to consult with the community during the development of the plan.

The City has produced the SFP 2006/07 – 2009/10 in order to provide the community with an opportunity to comment on the City's proposed projects and programs for this period.

It is proposed that the draft SFP 2006/07 – 2009/10, following Council endorsement, will be made available for a period of thirty (30) days from 29 April 2006 to 29 May 2006. Members of the community will be invited to make submissions. Once the Council has considered all submissions, the SFP 2006/07 – 2009/10 will be adopted with or without modifications 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 2006/07 – 2009/10 shown as Attachment 1 to this report; and
- 2 DIRECTS that a report be prepared for the Council meeting to be held on April 26 2006 recommending that the draft Strategic Financial Plan 2006/07 – 2009/10 be advertised for a public comment period of 30 days from 29 April 2006 to 29 May 2006.

BACKGROUND

The Local Government Act 1995 has, in the past, required all Local Governments to produce a Principal Activities Plan on an annual basis.

In 2003 the Department of Local Government and Regional Development undertook a major review of the Local Government Act 1995 and associated regulations.

Following the review of the Act, Local Governments were no longer required to prepare a Principal Activities Plan and were required, instead, to develop a plan for the future of the district, and to consult with the community during the development of that plan.

DETAILS

Issues and options considered:

The SFP is the City's 'Plan for the Future'. The draft SFP 2006/07 – 2009/10 provides a broad strategic overview of the major projects and programs that the Council proposes to undertake over the next four years, links the City's financial capacity with the strategic directions detailed in the City's Strategic Plan 2003 – 2008, and allocates indicative sums of money to potential projects to ascertain whether the City has the capacity to fund them when required.

The draft SFP also details the performance indicators that will be used to measure the City's success in delivering these projects and programs to the community.

The draft SFP will, following endorsement by the Council, be made available to the community for a period of thirty (30) days to allow public submissions to be made in relation to the proposals contained within the Plan.

It is proposed that a report be presented to the Council on 26 April 2006 seeking endorsement of the draft Plan and approval for the public comment period.

A further report will then be presented to the Strategic Financial Management Committee following the public comment period at which time the Committee will consider all submissions received.

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 2004* was proclaimed on 31 March 2005. Section 42 amended the Act to remove the detailed requirements for principal activity planning. Sections 5.56, 5.57 and 5.58 were repealed and in their place, a new section 5.56 was included which provided a more general obligation to "*plan for the future*".

Section 5.56 – "Planning for the future" requires that

- (1) A local government is to plan for the future of the district.
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

The regulations require local government to make a plan for the future of its district in respect of the period specified in the plan (being at least 2 financial years) and state that:

- A plan for the future of a district is to set out the broad objectives of the local government for the period specified in the plan.
- A local government is to review its current plan for the future of its district every 2 years and may modify the plan, including extending the period the plan is made in respect of.
- A council is to consider a plan, or modifications, submitted to it and is to determine whether or not to adopt the plan, or the modifications, as is relevant.

- If a plan, or modified plan, is adopted by the council, then the plan or modified plan is to apply to the district for the period of time specified in the plan.
- A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a plan for the future of the district, and when preparing any modifications of a plan.
- A plan for the future of a district is to contain a description of the involvement by the electors and ratepayers in the development of the plan, and any modifications of the plan.
- A local government is to ensure that a plan for the future made in accordance with this regulation applies in respect of each financial year *after the financial year ending 30 June 2006*.

Notice of plan to be given

After a plan for the future, or modifications to a plan, are adopted under regulation 19C the local government is to give local public notice in accordance with subsection (2).

(2) The local public notice is to contain:

(a) notification that:

- (i) a plan for the future of the district has been adopted by the council and is to apply to the district for the period specified in the plan; and
- (ii) details of where and when the plan may be inspected; or

(b) where a plan for the future of the district has been modified:

- (i) notification that the modifications to the plan have been adopted by the council and the plan as modified is to apply to the district for a the period specified in the plan; and
- (ii) details of where and when the modified plan may be inspected.

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'.

Risk Management considerations:

The SFP 2006/07 – 2009/10 links the City's strategic direction and its financial and organisational capacity.

It supports informed resource allocation decisions, provides performance measures to ensure that projects and programs are delivered, and meets legislative requirements.

Policy implications:

Public Participation Policy 1-2 has the stated objective of actively involving the community in Council's planning, development and service delivery activities.

Regional Significance:

Not Applicable

Sustainability implications:

The Strategic Financial Plan 2006/07 – 2009/10 establishes a sustainable financial strategy 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.

Council, through the Strategic Financial Planning Framework, is undertaking long-term infrastructure, asset management and financial planning with a view to ensuring that the annual and long-term funding requirements are assessed in a strategic manner.

Consultation:

The draft SFP 2006/07 – 2009/10 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 (29 April 2006 to 29 May 2006). Members of the public will be invited to make submissions. Once all submissions have been considered, the draft SFP 2006/07 – 2009/10 will be adopted with or without modification and will then be made available to the public.

Council will consider all submissions received by the Chief Executive Officer received by 5 pm on Monday 29 May 2006. The draft SFP 2005/06 – 2009/10 will then be adopted by Council (with or without modification) and will be available for public inspection at the City's Administration Centre and Libraries during normal business hours.

COMMENT

The City's draft SFP 2006/07 – 2009/10 has been prepared based on first four years of the 20-year financial projections and draft budget documentation. The 20-Year financial projects will be included with the draft SFP 2006/07 – 2009/10.

The draft SFP 2006/07 – 2009/10 will provide the community with opportunities to provide comment on the major projects and programs the City intends to undertake for the period of the Plan, and the performance indicators that will measure the City's success in delivering them.

ATTACHMENTS

Attachment 1 Draft Strategic Financial Plan 2006/07-2009/10

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Strategic Financial Management Committee:

- 1 *ENDORSES the draft Strategic Financial Plan 2006/07 – 2009/10 shown as Attachment 1 to this report;*
- 2 *DIRECTS that a report be prepared for the Council meeting to be held on 26 April 2006 recommending that the draft Strategic Financial Plan 2006/07 – 2009/10 be advertised for a public comment period of 30 days from 29 April 2006 to 29 May 2006.*

The Director Governance and Strategy provided a replacement Attachment 1 and outlined the changes made – **Appendix 1 refers**.

Discussion ensued, with the following additional changes being raised:

- Page 4 – Introduction to be amended to reflect the timing of preparation of the Strategic Financial Plan in relation to the budget preparation.
- Page 21 – typographical error to be corrected. The figure shown should be \$150,000.
- Page 21 – All reference to “2.4 ha” to be amended to read “2.5 ha”.

Cmr Clough left the Room at 1935 hrs and returned at 1937 hrs.

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

1 ENDORSES the draft Strategic Financial Plan 2006/07 – 2009/10 shown as Appendix 1 to this report, subject to the following amendments:

- Page 4 – Introduction to be amended to reflect the timing of preparation of the Strategic Financial Plan in relation to the budget preparation.
- Page 21 – typographical error to be corrected. The figure shown should be \$150,000.
- Page 21 – All reference to “2.4 ha” to be amended to read “2.5 ha”.

2 DIRECTS that a report be prepared for the Council meeting to be held on 26 April 2006 recommending that the draft Strategic Financial Plan 2006/07 – 2009/10 be advertised for a public comment period of 30 days from 29 April 2006 to 29 May 2006.

The Motion was Put and

CARRIED (4/0)

In favour of the motion: Cmr Paterson, Clough, Fox and Anderson

Appendix 1 refers

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil

CLOSURE

There being no further business, the Chairman declared the Meeting closed at 1940 hrs; the following Commissioners being present at that time:

CMR J PATERSON
CMR P CLOUGH

CMR A FOX
CMR M ANDERSON