

minutes

Strategic Financial Management Committee

MEETING HELD ON **WEDNESDAY, 20 APRIL 2011**

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CITY OF JOONDALUP

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON WEDNESDAY, 20 APRIL 2011

ATTENDANCE

Cr Geoff Amphlett, JP	Presiding Person
Cr Mike Norman	Deputy Presiding Person
Mayor Troy Pickard	
Cr Tom McLean	
Cr Brian Corr	
Cr Russ Fishwick	

Observer:

Cr John Chester

Officers:

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Mr Martyn Glover	Director Infrastructure Services
Mrs Lesley Taylor	Governance Officer

DECLARATION OF OPENING

The Presiding Person declared the meeting open at 7.07 pm.

APOLOGIES/LEAVE OF ABSENCE

Leave of Absence previously approved

Cr Mike Norman	7 to 14 May 2011 inclusive;
Cr Geoff Amphlett	11 to 18 May 2011 inclusive
Cr Russ Fishwick	11 May to 7 June 2011 inclusive;
Cr Mike Norman	30 May 2011 to 11 June 2011 inclusive;
Cr Liam Gobbert	24 June to 18 July 2011 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD ON 8 MARCH 2011

MOVED Cr Fishwick, **SECONDED** Mayor Pickard that the minutes of the meeting of the Strategic Financial Management Committee held on 8 March 2011 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, McLean, Norman and Mayor Pickard

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

The Presiding Person made reference to the Terms of Reference for the Strategic Financial Management Committee and stated there needed to be a clear definition/understanding of what was expected to be achieved by Committee Members at Committee meetings and what was achievable by City staff.

DECLARATIONS OF INTEREST

Nil.

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

Nil.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS

ITEM 1 OPERATIONAL BUDGET – OPERATIONAL EFFICIENCY PROGRAM

WARD: All

RESPONSIBLE: Mr Garry Hunt, Chief Executive Officer

FILE NUMBER: 100160

ATTACHMENTS: Attachment 1 Customer Satisfaction Survey 2009/10 – Benchmarking Results

PURPOSE

To provide the Strategic Financial Management Committee with additional information on the Operational Budget related to operational efficiency programs.

EXECUTIVE SUMMARY

The City's Operational Budget is developed following a rigorous annual planning process to develop and cost service levels and projects and programs based on customer need. The City has a number of programs in place to ensure that operational efficiency and continuous improvement is a constant focus, and this report provides an outline of these programs.

It is recommended that the Strategic Financial Management Committee RECOMMENDS that Council NOTES the Report relating to operational budget expenditure and the programs in place to improve efficiencies and effectiveness in service delivery.

BACKGROUND

At the Strategic Financial Management Committee on 14 September 2010 a report was presented on the City's operational budget expenditure including employee costs, building maintenance and operations, supplier contracts and motor vehicles.

The Committee requested additional information on the processes in place to improve efficiencies and effectiveness in service delivery, make the best use of resources, and continually improve service delivery in response to community needs and expectations.

This report provides an overview of the programs in place to drive organisational improvement through project management, service reviews, business process improvement, benchmarking (costs and processes), and taskforces.

DETAILS

The City has adopted the Business Excellence Framework to drive improvements and innovation in service delivery. The Business Excellence Framework aims to create an organisational environment that leads to sustainable business success and is based on principles of organisational improvement. The Framework assists organisations to:

- Achieve stronger financial performance;
- Drive innovation in services;
- Focus on customer service and satisfaction;
- Create effective business planning processes;
- Engage teams in the process of improvement and increase staff satisfaction;
- Improve decision making capabilities;
- Increase capacity to manage change; and
- Demonstrate to key stakeholders that it has a structured and systematic approach to improving and achieving best practice.

The Business Excellence Framework was developed by a team of management and leadership experts and is updated annually to reflect leading edge global thinking. It was developed in response to both Commonwealth Government and general industry calls for Australian enterprises to be more efficient and competitive.

The aim of the Business Excellence Framework is to create an environment for continuous improvement in a structured and systematic manner and to deliver process improvement, team building, and efficiencies. The Framework also provides the opportunity for the City to compare its performance against other local governments and other organisations.

The Framework is underpinned by eight contemporary principles of business excellence namely:

- 1 **Leadership** – lead by example, provide clear direction, build organisational alignment and focus on sustainable achievement of goals;
- 2 **Customers** – Understand what customers and markets value, now and into the future and use this to drive organisational design, strategy products and services;
- 3 **Systems Thinking** – Continuously improve the system
- 4 **People** – Develop and value people’s capability and release their skills, resourcefulness and creativity to change and improve the organisation;
- 5 **Continuous Improvement** – Develop agility, adaptability and responsiveness based on a culture of continual improvement, innovation and learning;
- 6 **Information and Knowledge** – Improve performance through the use of data, information and knowledge to understand variability and to improve strategic and operational decision making;
- 7 **Corporate and Social Responsibility** – Behave in an ethically, socially and environmentally responsible manner;
- 8 **Sustainable Results** – Focus on sustainable results, value and outcomes.

The Business Excellence Framework translates these principles into a set of criteria that can be used for assessment and improvement planning, and describes (rather than prescribing) best practice across all elements of an organisation.

The Framework also provides a performance benchmarking program for the City as all parts of the business are regularly assessed against the key categories of the Framework.

The City has tailored the framework to suit the operations of the City and has implemented a number of programs with the Business Excellence Framework in order to improve operational efficiency and they are described below:

Project Management

The City has a Project Management Framework that requires all projects to be managed in a systematic and structured manner with robust reporting requirements to ensure that the project is delivering outputs as planned and within budget,

The major objectives of the Framework are to streamline and standardise the City’s approach to project management so that where required:

- Clear project plans are developed and formally agreed by the Project Sponsor prior to project commencement, with clear lines of responsibility identified.
- There is early identification and appropriate involvement of key stakeholders,
- Use of standardised project documentation and IT systems is bedded in, and
- Timely reporting is carried out to highlight project progress, variations or slippage.

Major Projects require the development of a Business Case which has to include:

- **Background** - details of the circumstances behind the proposal for the project and an explanation of why the project is needed, including any linkages to the Strategic Plan or other Plans. Details are also required on why this need or demand has not been able to be met with existing resources);
- **Project Description and Scope** – Description of the project and an outline of the potential scope of the project and details of the main assumptions and constraints related to the project including staff availability, IT systems, other resources, affordability etc);
- **Project Objectives and Deliverables** – an explanation of the aims of the project e.g. provide a new facility, provide a new service, provide a new building, compliance with legislation, improved decision making, reduced costs, increased revenue etc);
- **Benefits Expected** – an outline of the benefits and the added value that the project will provide for the business unit and the City. This will include financial or other including improved compliance, better performance, increased productivity, staff morale etc. and a description of how the improvements will be measured)
- **Options Considered** - Details of any options that may be available or were considered and a summary of the strengths and weaknesses of each including the benefits of the preferred option);
- **Research** - Details of any research that was undertaken to inform the details of the Business Case and support the proposal being made which may include use of consultants, review of current operations, market research, surveys, industry and market information, reports, visits to other organisations, stakeholder consultation etc);
- **Interdependencies** - Specify how the project relates to other projects, business activities or systems and ensure alignment with other relevant policy and legislation);
- **Timing and duration** - Estimates of when the project will take place and its likely duration including:
 - reasons why the timing is appropriate
 - the importance of the timing
 - the consequences of deferral e.g. highly costly or inconvenient, missed opportunity, non-compliance with legislation etc)
- **Stakeholders** - Details of any groups or individuals who may be involved in the project or whose interests may be affected, positively or negatively, by the completion of the project).
- **Costs and investment appraisal**
 - **Proposed Budget** – Identification of capital and operating costs over the life of the project and on-going after project completion. The proposed budget should include capital and recurrent expenditure, including salaries, equipment, training, professional fees, land acquisition, building fees, etc, and the identification of any potential revenue or sources of funding or grants)

- **Investment Appraisal** - Details to illustrate the balance between the development, operational, maintenance and support costs against the financial or other organisational value of the benefits over a period of time).
- **Risk management considerations**
 - **If Project Proceeds** - Details of any significant risks that may be associated with implementing the project, their potential impact and how they may be managed or negated. Risks may include financial, political, environmental, health and safety, legislation, human resources and reputation etc. Reference is required to be made to the Corporate Risk Management Framework for guidance on assessing risks).
 - **If Project Does Not Proceed** - Details of the risks associated with not undertaking the project and their likely impact. Reference is required to be made to the Corporate Risk Management Framework for guidance on assessing risks).

Service Review Program

The City of Joondalup has a rolling service review program of its services with the aim of ensuring that services:

- Continuously improve;
- Are relevant to the needs of the community;
- Have the capacity to deliver;
- Respond to changing community needs and expectations; and
- Deliver value for money.

Conducting service reviews is one element of the City's Continuous Improvement Program, which is about ensuring the organisation has the appropriate structure and processes in place to enable it to function as an efficient system, and therefore achieve organisational outcomes.

The review process is designed to be robust by:

- Auditing the processes and subsystems involved in providing the service;
- Obtaining the views of key stakeholders of the service;
- Identifying community expectations;
- Benchmarking cost and process information with other local governments, state government, and business organisations; and
- Considering the market and options for service delivery, which will produce the most efficient and economic ways for delivering the service.

The nature of these reviews are to identify and address the major issues, challenges and opportunities for services, and all reviews are conducted internally in full consultation with employees from the Business Unit under review. Priorities for the Service Review Program are identified by the Chief Executive Officer, Audit Review Process, and requests from Directors and Managers.

Each Service Review undertaken has four major objectives:

- 1 Review the operations of the business units and associated sub-units or service areas with a view to identifying and addressing key problems and issues;
- 2 Identify the key barriers to effective service delivery (including resourcing issues) and develop an action plan to assist the Managers and Coordinators of all sub units to effectively manage operations;
- 3 Compare and benchmark key aspects of each service with other Local Governments, State Governments, and the Business Sector; and
- 4 Identify, document and implement process and performance improvements (with particular emphasis on process improvements for dealing with Elected Members and community requests for information and/or services).

The following are the key stages of each Service Review:

- 1 **Consultation** - The approach taken to consultation is to consider the views of staff as central to each Service Review to ensure adequacy in the identification of internal process and structural issues. Consultation involves facilitated workshops with key staff members from within the Service. In addition to staff workshops, individual interviews are conducted with staff from within and outside the Directorate, Directors, and the Chief Executive Officer. Findings from previous consultation activities by sub-units with customers and external stakeholders are also considered, to determine if the focus of services is in line with customer expectations.
- 2 **Comparative baseline analysis** - To determine a baseline of how the Service is currently performing, an analysis is conducted of a number of activities. Internal comparisons over time are carried out to analyse trends in a number of areas including:
 - Processes;
 - Staffing;
 - Workload;
 - Performance against key indicators;
 - Statutory compliance;
 - Customer service.
- 3 **Comparisons with other providers (Benchmarking)** - A number of local governments, state government agencies, and businesses are visited as part of a benchmarking exercise in an attempt to identify good practice and alternative methods of service delivery. Areas of comparison include:
 - Processes;
 - Protocols;
 - Structure / service delivery;
 - Business planning and performance management;
 - Costs (overall and unit);
 - Use of information technology.

- 4 **Challenge methodology** – this involves consideration of whether improvements can be made to increasing the efficiency in the delivery of the service or if the service could be delivered more effectively to better meet the needs and aspirations of stakeholders.
- 5 **Competitive analysis** - Consideration of the competitiveness of services in terms of:
 - Existing contracting arrangements;
 - Alternative models of structure and provision for the whole and parts of services;
 - Potential for the services to expand, diversify or refocus; and
 - Potential for process efficiencies.

The Service Reviews undertaken to date have resulted in a prioritised list of Improvement Projects which have been progressed utilising Project Teams, and have resulted in significant improvements across a range of areas including work scheduling, contract management, and health and safety.

The following is a list of some improvements implemented as a result of service reviews with all improvements contributing to increased operational efficiencies:

- Identification of need for Project Tracking and Reporting System with integration to the Financial System for tracking and reporting approved capital works and other projects – this project is now well underway with the ‘go live’ date set for 1 December 2010;
- Significant improvements to the City’s contract management arrangements including training key staff on managing and monitoring contracts and tenders;
- Significant improvements to fleet maintenance and replacement arrangements with implementation of a new system for fleet maintenance and replacement;
- Property Management Review – significant progress on development of a Property Management Review with completion anticipated by December 2010;
- Significant improvements in lost time injuries as a result of changed processes and increased emphasis on health and safety in the workplace;
- Development and implementation of improved service levels for mowing, litter collection, street sweeping.

Business Process Improvement

The Business Process Improvement Program is conducted on an ongoing basis and has resulted in the identification and mapping of all core organisational processes. All process improvement projects involve extensive input from the business units responsible for the processes. A number of supplementary processes have also been mapped and the program examines each service and questions why things are done in a certain way, and makes improvements to the processes to achieve efficiencies.

The following are some examples of Business Process Improvement Projects undertaken:

- External Events – improvements to processes for applications to the City to hold external events;
- Graffiti Removal - Re-engineering the graffiti removal process, implementing a system workflow to automate the graffiti removal process and developing reports to monitor the performance of the graffiti removal contractors;
- Community Facilities Bookings - improvements to processes associated with customer bookings for community facilities, parks, beaches and tennis courts and reviewing the processes and procedures of Community Facilities Bookings;
- Public Event Approvals – reviewing the processes and procedures to ensure the most efficient service delivery, and implementation of a system workflow to automate the process.
- Capital Works Program – mapping and improvement of the major process for the implementation of the Capital Works Program;
- The Internal Auditor has conducted audits of business improvement projects particularly focusing on the implementation of process improvements, and this will continue on a quarterly basis.

Annual Planning and Budgeting Process

All Business Units are required to develop an Annual Business Unit Action Plan which provides details of approved service levels, projects and programs, and associated Budgets. Presentations are made to the Executive Management Team where all Managers are required to present their Business Plans and Budgets and provide justification for existing service levels, increased service levels, and associated resource requirements.

Particular attention is applied to cost drivers. Budget presentations are required to include overall costs and, where relevant, unit costs.

The process is rigorous and each Manager is subject to extensive questioning from the Executive Management Team on Business Plans and Budgets and the rationale for existing projects and programs, as well as justification for any request for increases to service levels and resources.

Taskforces/Project Teams

The City has established a number of Taskforces (aimed at managing/coordinating the planning and delivery of a specific organisational improvement program) and Project Teams (aimed at resolving a specific problem or carrying out a specific project). An objective of this approach is to create a continuous improvement culture by ensuring that employees are engaged in the identification and implementation of organisational improvements on an ongoing basis.

The following Taskforces are current:

- **Customer Service Taskforce** – established to develop an organisational wide Customer Service Strategy;
- **Information Technology Taskforce** - established to examine and have oversight of the Information Technology systems and services of the organisation and to provide direction on the annual allocation of resources towards Information Technology related projects;

- **Leadership Taskforce** – Has a number of objectives including to:
 - Oversee the systems of good governance practices on behalf of the organisation;
 - Facilitate creation of a work environment that promotes visible and effective leadership systems and activity (formal and informal) at all levels within the organisation;
 - Ensure that people are engaged and enabled to make a meaningful contribution to organisational improvement, and the organisation's goals and success; and
 - Lead the development of the organisation's culture and support behaviours consistent with the City's values.

- **Green Taskforce** – established to raise the awareness and practice of environmental sustainability amongst employees and to facilitate continuous improvement practices in reducing the City's environmental footprint in areas of energy, water, materials, waste, biodiversity and transport;

- **Risk Management Taskforce** – has a number of objectives including:
 - Review and advise on the Risk Management Framework.
 - Review, assess and make recommendations to the Chief Executive Officer in relation to protocols, procedures and processes to support the risk management framework and the management of corporate risk.

The following issues provide an example of some which are currently the subject of improvement projects: improving communication; getting better information and feedback from customers and using that information to improve service delivery; greater opportunities to put forward innovative ideas, and improvement suggestions; and the reduction of unnecessary bureaucracy that, if eliminated, would result in improved processes and greater efficiencies; risk management and issues; and creating a more environmentally sustainable place to work.

The Taskforces and Project Teams establish a coordinated approach to tackling organisational issues and also provide an opportunity to all interested staff to develop solutions and recommendations to improve processes.

The City also has a **Financial Review Taskforce** chaired by the Director Corporate Services and comprising the Chief Executive Officer, Directors, Manager Financial Services and Internal Auditor with specific objectives related to the financial operations of the City including:

- Review and examine organisational income and expenditure to identify and propose expenditure savings and efficiencies and the efficient and effective use of income opportunities.
- To propose on an annual basis managements parameters for budgets and budget preparation.
- Propose financial performance targets for the organisation as a whole and/or specific business units or areas of operation and subsequently analyse actual performance against those targets.
- Assess and advise on the annual review of the Strategic Financial Plan prior to its submission to the Strategic Financial Management Committee for subsequent recommendation to Council.

- Examine, investigate, review and/or make recommendations on any other matter pertaining to the financial operations of the City referred to it by the Chief Executive Officer or the Executive Management Team.

The Financial Review Taskforce meets on a monthly basis.

Legislation/Strategic Plan/Policy Implications

Legislation

Local Government Act

3.1 General Function

- (1) The General Function of the local government is to provide for the good government of persons in its district.

3.18 Performing Executive Functions

- (3) A local government is to satisfy itself that services and facilities that it provides –

- (c) Are managed efficiency and effectively

Strategic Plan

Key Focus Area: This item has a general connection to the Strategic Plan as it is related to service delivery across all areas.

Policy

City Policy - Australian Business Excellence Framework

Risk Management considerations:

The City's approach to continually reviewing and improving service delivery is structured and systematic and has been developed in alignment with the Business Excellence Framework, The Framework was developed in response to calls by the Commonwealth Government and Industry that Australian Enterprises should become more efficient, effective, and competitive. The Framework is regularly reviewed and updated to reflect best practice.

The Programs described in this report are intended to ensure that the City is continually assessing and improving service planning and delivery.

Financial/Budget Implications:

The approach outlined in this report has been designed to make the best use of operational budget resources and to, wherever possible, identify improvements in efficiency and effectiveness and apply these to service delivery.

Regional Significance:

The identification of improvements to service delivery includes an examination of opportunities to work in partnership with local governments in the North West Metropolitan region. Examples of this include tourism and economic development.

Sustainability Implications:

The Business Excellence Framework describes a set of principles and practices for the achievement of long term success and sustainability for organisations. The approach and programs described in this report have been designed to sustain efficient and effective service delivery thereby making the best use of operational budgets.

Consultation:

Not Applicable.

COMMENT

The City of Joondalup is a high performing local government delivering quality, efficient services that respond to the needs of the community and is increasingly working in partnership with other agencies across the public and voluntary sectors to make greater use of available resources, coordinate service delivery and make service improvements.

The City has a business approach to service delivery in that it listens to what customers want, invests in a quality workforce and works hard to deliver and improve services within the allocated operational budget.

The City proactively works with other agencies (local government, state government, and private) to compare and evaluate processes, costs, and outcomes and uses such comparisons and benchmarking to increase efficiency. Overall costs and units costs are benchmarked, where possible with agencies providing similar levels of standards and service.

Benchmarking is an important component of the City's approach to continuous improvement and is not only incorporated into service review and business process improvement projects but is applied to the whole organisation by benchmarking against recognised frameworks (Business Excellence Framework, Audit Commission) and with the Queensland Local Government Department and NSW Local Government Department.

The processes described above provide a snap shot of some of mechanisms in place to ensure that the Operating Budget is developed from solid planning based on customer research and need, benchmarking costs and processes and fees and charges, project and service priorities, and that continuous review and improvement to processes and service levels is an organisational priority.

The reporting mechanisms within the City are extensive and include monthly executive reports providing financial, customer, process, and staff key performance indicator information. These reports are supplemented by monthly Business Unit reports and Major Project Reports which are reviewed by the Chief Executive Officer and Directors at the Executive Management Team meetings.

The programs and processes described in this report have been designed to achieve the following:

- A clear and sustained focus on value for money;
- A structured methodology to make sustainable improvements to systems, processes and practices;
- New skills and knowledge development that can be applied to make real differences to productivity and effectiveness;
- Commitment to a shared purpose;
- A culture of continuous improvement, which is integrated into normal business operations;
- Solutions to address operational challenges; and
- Assistance in achieving Business Excellence goals and objectives.

Customer satisfaction is often the ultimate indicator of efficiency of processes. The recent Customer Satisfaction Survey conducted for the City, and benchmarking results shows that the City is performing well, in all areas, compared with other local governments. Benchmarking results are shown as *Attachment 1*.

The approach to continuous improvement described in this report demonstrates the strong commitment by the City to delivering and improving value for money – and this is reflected in key corporate documents and expenditure decisions. The City consistently seeks to improve value for money through a comparison, where available and relevant, of comparable unit costs and processes.

VOTING REQUIREMENTS

Simple Majority

MOVED Cr Norman, SECONDED Cr Fishwick that the Strategic Financial Management Committee RECOMMENDS that Council NOTES the Report relating to operational budget expenditure and the programs in place to improve efficiencies and effectiveness in service delivery.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, McLean, Norman and Mayor Pickard

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1SFMC200411.pdf](#)

ITEM 2 PROPOSED DISPOSAL OF CITY FREEHOLD PROPERTIES – STATUS REPORT

WARD: All

RESPONSIBLE: Mr Martyn Glover, Director Infrastructure Services

FILE NUMBER: 63627

ATTACHMENTS: Location Plans:

Attachment 1	Lot 181 Rowan Place, Mullaloo and Lot 200 Quilter Drive, Duncraig
Attachment 2	Lot 766 Dampier Avenue, Kallaroo and Lot 202 Kanangra Crescent, Greenwood
Attachment 3	Lot 147 Millport Drive, Warwick and Lot 613 Pacific Way, Beldon
Attachment 4	Lot 178 Camberwarra Drive, Craigie and Lot 103 Caridean Street, Heathridge
Attachment 5	Lot 977 Burlos Court, Joondalup and Lot 23 Gibson Avenue, Padbury
Attachment 6	Lot 1001 Camberwarra Drive, Craigie and Lots 642/643 Marri Road, Duncraig
Attachment 7	Lot 971 Creaney Drive, Kingsley and Lot 549 Moolanda Boulevard, Kingsley

PURPOSE

To provide the Strategic Financial Management Committee (SFMC) with a status report on the City's progress to-date on the proposed disposal of 14 City owned freehold land sites.

EXECUTIVE SUMMARY

Four reports related to the potential for disposal of 14 City freehold sites have been submitted to SFMC and subsequently submitted to Council.

Council approved the disposal of five lots under Section 3.59 of the Local Government Act 1995 and, in accordance with legislation, business plans are being drafted for public advertising.

Council also approved amendments to District Planning Scheme No 2, to facilitate the future disposal of a further five lots, with these amendments currently in progress.

The future of a four lots was deferred pending further research by the City, and are proposed to be the subject of further detailed reports to the SFMC meeting to be held on 10 August 2011.

It is recommended that the Strategic Financial Management Committee:

- 1 *NOTES the contents of this Report;*
- 2 *REQUESTS a further status report on the overall progress of this disposal project to be submitted to the SFMC meeting to be held on 10 August 2011 meeting; and*
- 3 *NOTES that detailed reports on two of the fourteen properties; Lot 971 (52) Creaney Drive, Kingsley and Lot 549 (11) Moolanda Boulevard, Kingsley will be submitted to the SFMC meeting to be held on 10 August 2011.*

BACKGROUND

Disposal of City-owned freehold properties is an iterative process that includes the following phases:

- Identification of potential sites for disposal;
- Analysis of the site's current use and, if relevant, potential long term use;
- If no current use or community benefit is identified, determination of the highest and best value;
- Rezoning of identified disposal properties, if required;
- Preparation of a Business Plan prior to the sale of the property; and
- Consideration of timing the release of the property to the market to maximise the return to the City.

Reports on the disposal of City-owned freehold properties have been submitted to the SFMC meetings in April 2010, June 2010, September 2010 and March 2011, with the reports being submitted to Council at its meetings held on 22 June 2010 (CJ103-06/10 refers), 21 September 2010 (CJ163-09/10 refers) and 15 March 2011 (CJ051-03/11 refers).

The report submitted to SFMC at its meeting held on 27 April 2010 discussed the potential for disposal of nine properties, with a further five properties identified for disposal being submitted to SFMC at its meeting held on 8 March 2011, bringing the total number of properties currently under consideration for disposal to 14.

Of the nine properties considered at the SFMC meeting held on 27 April 2010:

- Five properties were proposed for disposal, specifically:
 - *Lot 181 (4) Rowan Place, Mullaloo;*
 - *Lot 200 (18) Quilter Drive, Duncraig;*
 - *Lot 766 (167) Dampier Avenue, Kallaroo;*
 - *Lot 202 (20) Kanangra Crescent, Greenwood;*
 - *Lot 147 (25) Millport Drive, Warwick;*

- Four properties were identified as requiring a further report be submitted on the potential to dispose of these lots. Specifically:
 - Lot 613 (11) Pacific Way, Beldon;
 - Lot 671 (178) Camberwarra Drive, Craigie;
 - Lot 745 (103) Caridean Street, Heathridge;
 - Lot 977 (15) Burlos Court, Joondalup;

Planning advice was received together with valuations (dated 24 May 2010) on residential scenarios with various density codes for each of the nine properties set out above.

A further report was submitted to the SFMC meeting held on 8 June 2010 on the disposal of freehold properties, with SFMC recommending to Council that:

- “1 *this item be referred back for a further report on the impacts of the identified sites being utilised for highest use aged persons accommodation;*
- 2 *in the case of the land identified in this report, the proceeds are proposed for allocation to the Cultural Facility Reserve Fund.”*

As a consequence of this recommendation, further valuations were requested to include the proposed development of the lots for aged persons’ accommodation using either of the following two approaches:

- Restricting the future use of the land by a relevant condition on the contract of sale; or
- Restricting the use to aged persons accommodation as part of the zoning

A report was then presented to the SFMC meeting held on 14 September 2010, together with the additional valuation information requested on aged care accommodation.

At its meeting held on 21 September 2010, Council resolved as follows (CJ163-09/10 refers):

- “4 Subject to consideration of Business Plans, SUPPORTS the disposal of the following City freehold land sites:
- 4.1 Lot 181 (4) Rowan Place, Mullaloo to include a recently obtained geotechnical engineer’s report;
- 4.2 Lot 200 (18) Quilter Drive, Duncraig restricting the future use of the land to aged persons development by the inclusion of a relevant condition on the contract of sale;
- 4.3 Lot 766 (167) Dampier Avenue, Kallaroo restricting the future use of the land to aged persons development by the inclusion of a relevant condition on the contract of sale;
- 4.4 Lot 202 (20) Kanangra Crescent, Greenwood restricting the future use of the land to aged persons development by the inclusion of a relevant condition on the contract of sale; and
- 4.5 Lot 147 (25) Millport Drive, Warwick restricting the future use of the land to aged persons development by the inclusion of a relevant condition on the contract of sale;

- 5 REQUESTS the preparation of Business Plans in accordance with Section 3.59 of the Local Government Act 1995; in order to consider the disposal of the properties listed in part 4 above;
- 6 REQUESTS Council to initiate an amendment to District Planning Scheme No. 2 to rezone the following properties:
 - 6.1 Lot 613 (11) Pacific Way, Beldon from Local Reserve Public Use to Residential/R20;
 - 6.2 Lot 671 (178) Camberwarra Drive, Craigie from Civic and Cultural to Residential/R20;
 - 6.3 Lot 745 (103) Caridean Street, Heathridge from Civic and Cultural to Residential/R40 (Restricted Use - Aged Persons Housing);
 - 6.4 Lot 977 (15) Burlos Court, Joondalup from Civic and Cultural to Residential/R60; (Restricted Use – Aged Persons Housing) including the provision of an area of approximately 300m² to be subdivided from Lot 977 to accommodate the existing telecommunications network;
- 7 NOTES that the proceeds from the proposed sales of the lots would be transferred to the Performing Arts and Cultural Facility Reserve Fund and that consideration of the Business Plan incorporates public consultation and subsequent presentation to Council;
- 8 REQUESTS an additional report be presented to the next Strategic Financial Management Committee Meeting identifying the next lot of properties for possible rationalisation by the City.

At its meeting held on 14 September 2010, SFMC also requested an additional report be presented to the next Strategic Financial Management Committee Meeting identifying the next lot of properties for possible rationalisation by the City.

Consequently, a report was submitted to the SFMC meeting held on 8 March 2011, identifying a further five freehold lots, being:

- Lot 77 (23) Gibson Avenue, Padbury;
- Lot 1001 (14) Camberwarra Drive, Craigie;
- Lots 642/643 (57/59) Marri Road, Duncraig;
- Lot 971 (52) Creaney Drive, Kingsley; and
- Lot 549 (11) Moolanda Boulevard, Kingsley.

The valuation information requested by SFMC on 14 September 2010 was also submitted to the meeting held on 8 March, 2011.

At its meeting held on 15 March 2011, Council resolved the following:

- “1 *DEFERS consideration of the disposal of Lot 1001 (14) Camberwarra Drive, Craigie until the future of the Craigie Children’s Language Centre/Craigie Child Health Centre has been determined by the Department of Education and the Department of Health;*
- 2 *DEFERS consideration of the disposal of Lots 642 and 643 (57/59) Marri Road, Duncraig until the future of the Duncraig Pre-School/Duncraig Child Health Centre has been determined by the Department of Education and the Department of Health;*
- 3 *SUPPORTS the disposal under Section 3.59 of the Local Government Act 1995 of Lot 23 (77) Gibson Avenue, Padbury detailed on Attachment 4 to this Report;*
- 4 *INITIATES an amendment to District Planning Scheme No 2 to rezone and change the density code of Lot 23 (77) Gibson Avenue, Padbury from Residential/R20 to Residential/R40 (Restricted Use – Aged Persons Housing);*
- 5 *REQUESTS an additional report be presented to the Strategic Financial Management Committee on development options for the disposal of Lot 971(52) Creaney Drive, Kingsley taking into consideration surrounding business/commercial uses and residential opportunities;*
- 6 *REQUESTS an additional report be presented to the Strategic Financial Management Committee on the potential disposal by private treaty for part of Lot 549 (11) Moolanda Boulevard, Kingsley;”*

Council again noted the income derived from the proposed sale of lots would be transferred to the ‘Performing Arts and Cultural Facility Reserve Fund.

Valuation Information

The various valuation scenarios contained within the reports were calculated on a direct comparison methodology through the drawing of inference from comparable sales. Detailed investigations were undertaken into recent transactions of residential englobo and grouped housing sites primarily through the northern suburbs.

The aged persons’ development scenarios that included a condition on the contract of sale restricting the use of the land to aged persons accommodation can be considered a benefit to a prospective developer of aged persons housing, as it provides some certainty to the proposed future use of the land.

DETAILS

Detailed below is a summarised account of the status of the fourteen properties.

Table 1: Status report on the fourteen properties examined by SFMC

	Property Address	Current Status
1	Lot 181 (4) Rowan Place, Mullaloo	A business plan is to be developed and advertised for public comment under Section 3.59 of the LGA.
2	Lot 200 (18) Quilter Drive, Duncraig	A business plan is to be developed and advertised for public comment under Section 3.59 of the LGA.
3	Lot 766 (167) Dampier Avenue, Kallaroo	A business plan is to be developed and advertised for public comment under Section 3.59 of the LGA.
4	Lot 202 (2) Kanangra Crescent, Greenwood	A business plan is to be developed and advertised for public comment under Section 3.59 of the LGA.
5	Lot 147 (25) Millport Drive, Warwick	A business plan is to be developed and advertised for public comment under Section 3.59 of the LGA.
6	Lot 613 (11) Pacific Way, Beldon	Amendment No.54 has been progressed and was forwarded to the Environmental Protection Authority on 30 March 2011
7	Lot 671 (178) Camberwarra Drive, Craigie	Amendment No. 55 has been progressed and was forwarded to the Environmental Protection Authority on 30 March 2011.
8	Lot 745 (103) Caridean Street, Heathridge	Amendment No. 56 has been progressed and was forwarded to the Environmental Protection Authority on 30 March 2011.
9	Lot 977 (15) Burlos Court, Joondalup	With regard to Amendment No. 57, City planners are currently awaiting confirmation as to the land area to be subdivided from Lot 977 to accommodate the existing mobile telecommunication infrastructure.
10	Lot 77 (23) Gibson Avenue, Padbury	A report will be provided to Council at its meeting to be held on 17 May 2011 to consider initiating the proposed Amendment No. 61 for the purpose of public consultation
11	Lot 1001 (14) Camberwarra Drive, Craigie	Potential for this facility to be disposed of in 2011/2012 financial year.
12	Lots 642/643 (57/59) Marri Road, Duncraig	Potential for this facility to be disposed after October 2013.
13	Lot 971 (52) Creaney Drive, Kingsley	At Council's meeting of 15 March 2011 a further report was requested to be presented to SFMC taking into consideration the surrounding land uses. A detailed report will be submitted to SFMC's meeting of 10 August 2011.
14	Lot 549 (11) Moolanda Boulevard, Kingsley	At Council's meeting of 15 March 2011, a further report was requested to be presented to SFMC. Disposal by private treaty is being considered for this site and a detailed report will be submitted to SFMC's meeting of 10 August 2011.

Legislation

Sections 3.58 and 3.59 of the Local Government Act 1995, together with the Local Government (Functions and General) Regulations 1996 determine how a local government may dispose of property.

Policy

City Policy – Asset Management

City Policy – Sustainability

Risk Management considerations:

There are a number of risk considerations related to the disposal of the property described.

There needs to be strict compliance with the requirements of Sections 3.58 and 3.59 of the Local Government Act, which are designed to ensure openness and accountability in this disposal process.

It is possible that the full valuations may not be realised, and the City needs to determine reserve prices, below which it will not sell.

The recommendations for disposal are based on the best financial return, and not necessarily the best planning outcome.

The disposal for best financial return on the properties does not take into account future ongoing costs to the City of servicing the sites once they are developed, or the potential foregone rate revenue of \$ 95,000 per annum in local government rates income by setting a condition that the land may only be used for aged persons' accommodation.

Financial/Budget Implications:

Due to the time taken to amend District Planning Scheme No 2 and therefore the level of estimation involved in the valuations for these properties, further valuations should be considered prior to disposal. Below are the highest and best valuations dated 24 May 2010 on the scenarios provided by the City to the valuers:

Table 2: Highest and best valuations received by the City

Property Address	Highest and Best Value
<i>Lot 181 (4) Rowan Place, Mullaloo</i>	\$ 620,000
<i>Lot 200 (18) Quilter Drive, Duncraig</i>	\$ 1,300,000
<i>Lot 766 (167) Dampier Avenue, Kallaroo</i>	\$ 1,300,000
<i>Lot 202 (2) Kanangra Crescent, Greenwood</i>	\$ 1,000,000
<i>Lot 147 (25) Millport Drive, Warwick</i>	\$ 1,300,000
<i>Lot 613 (11) Pacific Way, Beldon</i>	\$ 900,000
<i>Lot 671 (178) Camberwarra Drive, Craigie</i>	\$ 850,000
<i>Lot 745 (103) Caridean Street, Heathridge</i>	\$ 800,000
<i>Lot 977 (15) Burlos Court, Joondalup</i>	\$ 2,000,000
<i>Lot 23 (77) Gibson Avenue, Padbury</i>	\$ 2,160,000
<i>Lot 1001 (14) Camberwarra Drive, Craigie</i>	\$ 780,000
<i>Lots 642/643 (57/59) Marri Road, Duncraig</i>	\$ 890,000
<i>Lot 971 (52) Creaney Drive, Kingsley</i>	\$ 2,850,000
<i>Lot 549 (11) Moolanda Boulevard, Kingsley</i>	\$ 1,040,000
Estimated Total	\$17,790,000

Regional Significance:

There is no regional significance regarding this matter.

Sustainability implications:

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose.

Consultation:

Consultation to date has been internal except for valuation advice. A formal advertising process will be required if disposal of the subject land is determined.

The publication of the business plans and any public comments received will be referred to the Council for determination prior to disposal of any of the properties.

COMMENT

The above information is a summary of the current status of the fourteen properties that have been examined by the City for disposal.

Hester Property Consultants have been instructed by the City to provide a report on the subject properties and this information will be included in a further status report to be presented to the SFMC at its 10 August 2011 meeting. Council has also requested two additional reports to be submitted to this meeting covering the potential disposal of Lot 971 (52) Creaney Drive, Kingsley and Lot 549 (11) Moolanda Boulevard, Kingsley.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION: That it is recommended that the Strategic Financial Management Committee:

- 1 NOTES the contents of this Report;
- 2 REQUESTS a further status report on the overall progress of this disposal project to be submitted to the Strategic Financial Management Committee meeting to be held on 10 August 2011 meeting;
- 3 NOTES that detailed reports on two of the fourteen properties; Lot 971 (52) Creaney Drive, Kingsley and Lot 549 (11) Moolanda Boulevard, Kingsley will be submitted to the Strategic Financial Management Committee meeting to be held on 10 August 2011.

MOVED Mayor Pickard, SECONDED Cr McLean that the Strategic Financial Management Committee RECOMMENDS that Council:

- 1 NOTES the contents of this Report;**
- 2 REQUESTS a further status report on the overall progress of this disposal project to be submitted to the Strategic Financial Management Committee meeting to be held on 10 August 2011;**
- 3 REQUESTS that an additional table be included in the Schedule of Tasks which identifies completed and pending activities for each property;**
- 4 SET a meeting of the Strategic Financial Management Committee to be held on Monday, 13 June 2011 commencing at 6.00 pm.**

The Presiding Person advised that Point 4 of the Motion would be voted upon separately:

MOVED Mayor Pickard, SECONDED Cr Amphlett that the Strategic Financial Management Committee:

- 4 SET a meeting of the Strategic Financial Management Committee to be held on Monday, 13 June 2011 commencing at 6.00 pm.**

The Motion was Put and CARRIED (5/1)

In favour of the Motion: Crs Amphlett, Corr, McLean, Norman and Mayor Pickard **Against the Motion:** Cr Fishwick

MOVED Mayor Pickard, SECONDED Cr McLean that the Strategic Financial Management Committee RECOMMENDS that Council:

- 1 NOTES the contents of this Report;**
- 2 REQUESTS a further status report on the overall progress of this disposal project to be submitted to the Strategic Financial Management Committee meeting to be held on 10 August 2011;**
- 3 REQUESTS that an additional table be included in the Schedule of Tasks which identifies completed and pending activities for each property;**

The Motion was Put and CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, McLean, Norman and Mayor Pickard

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2SFMC200411.pdf](#)

ITEM 3 20 YEAR STRATEGIC FINANCIAL PLAN REVIEW UPDATE

WARD: All

RESPONSIBLE: Mr Mike Tidy, Corporate Services

FILE NUMBER: 52582, 101515, 51567

ATTACHMENTS: Attachment 1 Department of Local Government Integrated Planning and Reporting Framework and Guidelines.

PURPOSE

To provide an update to the Strategic Financial Management Committee on the review of the 20 Year Strategic Financial Plan 2009-2029 (“the Plan”).

EXECUTIVE SUMMARY

The current Plan was adopted by Council in October 2009 and is due for a review in the current financial year. The Plan needs to be updated to include the current 2010-11 financial year as the base year and for the future projections and estimates to be reviewed.

The review is well underway, however, there are a number of issues with some of the key projects that are still being worked through, which require some further time to finalise.

In addition to the City’s own process for undertaking the review, the Department of Local Government (“the Department”) recently issued Integrated Planning and Reporting Framework and Guidelines (“the Framework and Guidelines”) that set out a range of issues and expectations in regards to the development of financial plans. At this stage, the Framework and Guidelines have no legislative backing, however, the Department has advised that regulations are being prepared to come into force in the near future, with compliance expected to be required by 30 June 2012. While the requirements of the proposed regulations are not known at this stage, it is reasonable to suggest that the Framework and Guidelines should be considered as part of the current review process for the Plan. A copy of the Framework and Guidelines is provided at Attachment 1.

It is recommended that the Strategic Financial Management Committee NOTES the update on the review of the 20 Year Strategic Financial Plan.

BACKGROUND

Council adopted the 20 Year Strategic Financial Plan in October 2009. It was also determined that the Plan would be reviewed every 12 months. The 2011 review is now underway. The review process will establish a new base year for the Plan and will include a review of all of the significant key elements in the future projections.

DETAILS

The future projections for the Plan will include projections for rate increases, interest rates for both, earnings and expense, increases in fees and charges, employee costs and operating expenditure. The Five Year Capital Works Program will form the basis for projections for capital works incorporating buildings, road infrastructure, parks infrastructure and the other works programs. Projections for fleet replacement will be based on the fleet replace program that has been developed.

In addition to the projections set out above, the Plan also includes a number of significant key projects that are projected to be developed over the course of the next 20 years. Some of these projects have already been included in the current Plan and will need review. Others have not yet been included. Projects that will be considered and/or reviewed include:

- Craigie Bushland Animal Sanctuary.
- Master Plan for Edgewater Quarry (development).
- Burns Beach Lifesaving Club.
- Ocean Reef Marina Development.
- Cafes, Kiosks and Restaurants.
- CBD Office Development.
- Joondalup Performing Arts and Cultural Facility.
- Multi-Level Carparks.
- Rationalisation of Warwick Community Facilities.
- Rationalisation of land assets.
- Tamala Park land sale proceeds.

In the current Plan, a major contributor to future revenue is the projected proceeds from the City's share of the development of Tamala Park. The revenue and cost projections together with the cash flows for the Tamala Park project are currently being reviewed by the Tamala Park Regional Council. It is expected, however, that there will be some significant differences from the projections developed in 2008, which were used in the current Plan. Increases in costs, and changes in market conditions will all contribute to a potential reduction in revenue streams from this source. The timing of the cash flows is also being reviewed.

Further work also needs to be done on the Ocean Reef Marina Project and the Joondalup Performing Arts and Cultural Facility which is also linked to the rationalisation of land assets. In the case of multi-level carparks, the construction program timing, and revenue projections are being reviewed in light of the past several years of historical paid parking experience and utilisation.

As with the current Plan, it is proposed that the reviewed Plan will project two scenarios:

- One projected scenario will be based on existing assets only and the required refurbishment and improvement of these to maintain them.
- The other projected scenario will incorporate in addition to the existing assets, the projected impact of new projects and the creation of new assets.

In addition, as per the parameters associated with the development of the current Plan, the reviewed Plan will incorporate:

- 20 Year projections that recognise a pattern of the economic cycles based on historic precedent.
- Identifying the Joondalup Performing Arts and Cultural Facility and the Percy Doyle Master Plan as the only projects to be funded by the Tamala Park land sales proceeds which are to be held in a reserve.
- Identifying multi-level carpark construction projects to be funded from loans or the Parking Reserve where sufficient accumulation of reserve funds permit.
- The provision of supporting explanations for the new and existing capital items and associated assumptions and projections.
- The Plan will recognise and take account of the City's adopted Strategic Position Statements in relation to Tamala Park Land Sale Proceeds, Loans, Arena Joondalup and CBD Land.

Issues and options considered:

The Committee may determine to note the review update of the Plan or it may choose to request a variation to the approach or the consideration of other issues that it wishes to have incorporated.

Legislation/Strategic Plan/Policy Implications

Legislation Section 5.56 of the Local Government Act 1995 provides that:

“(1) *Local Government is to plan for the future of the district*”.

The 20 Year Strategic Financial Plan is an integral part of the City's Planning for the future.

Strategic Plan

Key Focus Area: Leadership and Governance

Objective: 1.3.2 The City maintains a long term Strategic Plan which is reviewed regularly.

Policy

Not Applicable.

Risk Management considerations:

The Plan is based on many assumptions. There is a risk that those assumptions could be wrong or may not come to pass, however, it is a planning tool and the City is not committed to anything in the Plan by virtue of its development and consideration. This review and update of the Plan is to ensure that it remains relevant and a useful document to manage the City's financial affairs into the future.

Financial/Budget Implications:

The Plan represents projections and estimates based on many assumptions, and is a planning tool. Any considerations in relation to the review and update of the Plan do not constitute a commitment or agreement by the City to the projects and proposal or projections that are the subject of the review to be included in the Plan.

Regional Significance:

Not Applicable.

Sustainability Implications:

The Plan represents the primary and key financial planning document for the City and has a direct bearing on the planning for the City's future financial sustainability.

Consultation:

The review update of the current Plan has commenced with consultation with City staff in relation to revenue and expenditure projections, the status and projections for key projects and the gathering of relevant financial data.

COMMENT

The review of the Plan will incorporate a new base year, revised revenue and expenditure projections and estimates, a review of all the of the key parameters, and a review of the significant projects of the life of the Plan, encompassing not only those that were included in the current Plan but any new developments which need to be considered as part of the review. It will be based on revenues and expenditure estimates as they are best known, existing or expected Council commitments and projections for what is required in relation to the refurbishment and improvement of existing assets and also the development of new projects and new capital assets.

The review will include many assumptions, as does the current Plan. It needs to be appreciated that these assumptions may prove to be inaccurate or may not come to pass. This is a key reason for undertaking reviews of the Plan on a regular basis.

The key purpose of the Plan is as a long term planning tool and as an overall guide to the future financial sustainability of the City.

VOTING REQUIREMENTS

Simple Majority

MOVED Cr Fishwick, SECONDED Cr McLean that the Strategic Financial Management Committee NOTES the update on the review of the 20 Year Strategic Financial Plan.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, McLean, Norman and Mayor Pickard

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3SFMC200411.pdf](#)

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Person declared the Meeting closed at 8.14 pm; the following Committee Members being present at that time:

Mayor Troy Pickard
Cr Tom McLean
Cr Geoff Amphlett, JP
Cr Mike Norman
Cr Brian Corr
Cr Russ Fishwick