



City of
Joondalup

minutes

Special Meeting of Council

MEETING HELD ON TUESDAY 2 APRIL 2024

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

This document is available in alternate formats upon request

joondalup.wa.gov.au

TABLE OF CONTENTS

1	ACKNOWLEDGEMENT OF TRADITIONAL CUSTODIANS.....	3
2	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS	3
3	DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY	4
4	PUBLIC QUESTION TIME	4
5	PUBLIC STATEMENT TIME	10
6	APOLOGIES AND LEAVE OF ABSENCE	12
7	IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC	12
8	REPORTS	12
9	REPORTS OF COMMITTEES	12
10	REPORTS OF THE CHIEF EXECUTIVE OFFICER.....	13
11	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	14
	11.1 NOTICE OF MOTION NO. 1 - ADOPTION OF ZERO-BASED BUDGETING	14
	11.2 NOTICE OF MOTION NO. 2 - AMENDMENTS TO DELEGATED AUTHORITY ..	19
	11.3 NOTICE OF MOTION NO. 3 - ESTABLISHMENT OF A BUDGET COMMITTEE	27
12	CLOSURE	35

CITY OF JOONDALUP

COUNCIL MEETING HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE,
BOAS AVENUE, JOONDALUP ON TUESDAY 2 APRIL 2024

1 ACKNOWLEDGEMENT OF TRADITIONAL CUSTODIANS

2 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Mayor declared the meeting open at 6.31pm.

Mayor:

HON. ALBERT JACOB, JP

Councillors:

CR ADRIAN HILL	North Ward	
CR LEWIS HUTTON	North Ward	to 7.31pm
CR DANIEL KINGSTON	North Central Ward	
CR NIGE JONES	North Central Ward	
CR CHRISTOPHER MAY, JP	Central Ward	
CR REBECCA PIZZEY	Central Ward	
CR RUSS FISHWICK, JP	South Ward	
CR JOHN RAFTIS	South Ward	
CR CHRISTINE HAMILTON-PRIME, JP	South-West Ward	
CR PHILLIP VINCIULLO	South-West Ward	
CR JOHN CHESTER	South-East Ward	
CR ROHAN O'NEILL	South-East Ward	

Officers:

MR JAMES PEARSON	Chief Executive Officer	
MR JAMIE PARRY	Director Governance and Strategy	
MR MAT HUMFREY	Director Corporate Services	
MR NICO CLAASSEN	Director Infrastructure Services	<i>absent from 8.03pm to 8.04pm</i>
MR CHRIS LEIGH	Director Planning and Community Development	
MRS CATHRINE TEMPLE	Manager Planning Services	
MRS KYLIE BERGMANN	Manager Governance	<i>absent from 6.55pm to 6.56pm</i>
MS CHRISTINE ROBINSON	Manager Audit, Risk and Executive Services	
MS SAMER AL JANABI	General Counsel	
MR STUART MCLEA	Media and Communications Officer	
MRS VIVIENNE STAMPALIJA	Governance Coordinator	
MRS SUSAN HATELEY	Governance Officer	
MS AVRIL SCHADENDORF	Governance Officer	to 6.56pm

There were 73 members of the public and no member of the press in attendance.

3 DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

4 PUBLIC QUESTION TIME

4.1 QUESTIONS ASKED PRIOR TO THIS SPECIAL MEETING OF COUNCIL HELD ON 2 APRIL 2024

B Silience, Heathridge:

Re: Special Meeting of Council 2 April 2024.

Q1 *Who are the Elected Member signatories calling for this special meeting under the City's Meeting Procedures Local Law and associated legislative regime?*

A1 In a notice handed to the City's Administration on the afternoon of Monday 25 March 2024, the following Elected Members were signatories to the notice calling for a Special Council meeting on Tuesday 2 April 2024:

- Cr Daniel Kingston
- Cr Rohan O'Neill
- Cr John Raftis
- Cr Christopher May
- Cr John Chester
- Cr Lewis Hutton
- Cr Rebecca Pizzey

Crs Hutton and May have subsequently advised that they wished to withdraw their signatures from the notice.

Q2 *Has Council received the required legal, financial and reputational advice from the City's administration in relation to the Notices of Motion presented before it for debate and resolution at this meeting?*

A2 An Officer's comment to the Notices of Motion will be provided prior to the commencement of the Special Council meeting at 6:30pm on Tuesday 2 April 2024.

Q3 *Why is the City's agenda for this special meeting not accompanied by a relevant and detailed report from the City's administration?*

A3 The City was unable to prepare an Officer's comment to the Elected Member notices of motion, prior to releasing the Agenda for the Special Council meeting, given the timing of receipt of the notice, planned work commitments including servicing the Ordinary Council Meeting on Tuesday 25 March, the short week due to the Good Friday and Easter Monday public holidays and Officers' scheduled leave for the current school holidays. An Officer's comment to the Notices of Motion will be provided prior to the commencement of the Special Council meeting at 6:30pm on Tuesday 2 April 2024.

Re: *Budget Workshops.*

Q4 *Can the City provide a record of budget session dates and a list of those Elected Members that were in attendance at those particular sessions including any details of formalised stakeholder sessions and internal sessions with Elected Members to discuss the budget?*

A4 Please see Budget Workshop and Capital Works Ward Meeting attendance for 2024 below.

2024 – BUDGET WORKSHOP – ATTENDANCE BY ELECTED MEMBERS

MEETING	MAYOR	HILL	HUTTON	KINGSTON	JONES	MAY	PIZZEY	HAMILTON PRIME	VINCIGULLO	CHESTER	O' NEILL	FISHWICK	RAFTIS
12 February 2024 BW1 Meeting duration 6:02pm – 8:58pm	Y	Y	LOA	A	A	Y	Y	Y	Y	Y	Y	A	Y
28 February 2024 BW2 Meeting duration 6:36pm – 8:45pm	Y	Y	A	A	A	A	Y	A	Y	Y	Y	Y	A
10 April 2024 BW3 Meeting duration 6:XXpm – X:XXpm					A				A				
29 April 2024 Corporate Business Plan & Service Planning Workshop Meeting duration 6:XXPM – X:XXPM													
13 May 2024 BW4 Meeting duration 6:XXpm – X:XXpm													

Legend

Y

A

Present at the meeting
Apology

X

LOA

Not Present
Leave of Absence

Capital Works Ward Meetings 2024

Date	Time	Ward	Attendees	Apologies
6 Feb 2024	10.00am	North	Mayor Jacob Cr Hill Cr Hutton	Nil
	11.15am	South East	Mayor Jacob Cr Chester Cr O'Neill	Nil
	12.30pm	North Central	Mayor Jacob Cr Kingston Cr Jones	Nil
	2.00pm	South West	Mayor Jacob Cr Hamilton-Prime Cr Vinciullo	Nil
	3.15pm	South	Mayor Jacob Cr Fishwick Cr Raftis	Nil
	4.30pm	Central	Mayor Jacob Cr May Cr Pizzey	Nil

Re: *Delegated Authority Register.*

Q5 *Can Council advise whether it received recent external and independent consultant reports detailing that the current delegation regime implemented by the City is appropriate, current and best practice and what is that date in which it was received?*

A5 Yes. At the Council meeting held on 28 June 2022 (CJ092-06/22 refers), Council resolved, in part, as follows:

“REQUESTS the Chief Executive Officer provide a full review of the Register of Delegation of Authority that would include, but not be limited to, comparisons with best practice and other similar sized local governments, as well as explanations and examples of the required delegations, with a subsequent report to be tabled to the Audit and Risk Committee by October 2022.”

The City then engaged the assistance of an external consultant, Conway Highbury, to carry out the review of the City's Register of Delegation of Authority, and a report was presented to the Audit and Risk Committee meeting held on 31 January 2023 (Item 2 refers).

A number of the recommendations from that external review were incorporated into the 2023 review of the Register of Delegations which was presented to Council on 27 June 2023 (CJ096-06/23 refers).

Council resolved on 27 June 2023 as follows:

That Council:

- “1 ENDORSES the review of its delegations in accordance with sections 5.18 and 5.46 of the Local Government Act 1995;*
- 2 NOTES that a full review of the Register of Delegation of Authority was undertaken and consultant's report received on the City of Joondalup's Register of Delegation of Authority and considered by the City's Audit and Risk Committee on the 31 January 2023 (Item 2 refers);*
- 3 BY AN ABSOLUTE MAJORITY ADOPTS the amended Register of Delegation of Authority as provided in Attachment 3 to Report CJ096-06/23.”*

M Kwok, Ocean Reef:

Re: *City of Joondalup Annual Budget.*

Q1 *What is the current method used by the City to calculate annual budget?*

A1 In accordance with s6.2 of the *Local Government Act 1995*, the City prepares estimates, based on anticipated activities in the budget year, of all expenditure and sources of revenue other than rates. The revenue shortfall comprises the amount required to be made up by levying rates.

With respect to anticipated activities, the City employs the following key assumptions:

- That all regular operational activities currently being performed are expected to continue in the budget year, unless Council has determined otherwise.
- That service levels provided currently are expected to continue in the budget year unless Council has determined differently.
- Net costs are estimated for those operational activities are based on anticipated expenditure in the budget year, after accounting for projected cost inflation, supply chain considerations, and considering the imperatives of the *Strategic Community Plan, Strategic Financial Plan* and other relevant City plans.
- That capital works in the budget year flow from the existing five-year capital works program approved by Council, subject to changes either directed by Council in respect of specific projects, requested by Elected Members for consideration in the draft budget presented to Council, or required by safety or other imperatives arising subsequent to the five-year capital works program.

Q2 *Does the City track or measure budget performances?*

A2 Actual performance versus budget is reviewed continually and presented to Council monthly.

Q3 *Could Zero-based budgeting method result in rates reduction?*

A3 Zero-based budgeting (ZBB) is a mechanism to begin the budget process each year by first actively determining what activities, services, operations and projects are undertaken in the budget year. The City currently prepares budgets on the understanding that activities and services provided currently are expected to continue unless Council decides otherwise, which is a managed-by-exception application of ZBB, rather than the strictly theoretical use of ZBB.

A reduction in rates does not result from ZBB. It is open to Council to reduce or amend activities, services or outcomes at any time, which could then lead to reductions in costs and, potentially, a reduction in rates revenue required. Conversely, should Council determine that the City undertake service, activities or outcomes that require increased expenditure, this may result in an increase in rates levied should other sources of revenue or funding, or savings from other reductions in services, not be available to offset this.

Q4 *What are the drawbacks in adopting zero-based budgeting method?*

A4 Applying Zero-Based Budgeting (ZBB) theoretically, an entity must commence its budget preparation on the basis that no activities will be budgeted for unless the organisation's decision-making body (such as a Board or Council) has actively considered and determined the activities to be undertaken, services to be provided, service levels or outcomes to be met and projects to be pursued first.

This needs to be done before budgets can be prepared and presented to Elected Member budget workshops in order to adopt a budget for the following year before 1 July.

Applying ZBB requires considerable time, effort and may need additional specialised resources to implement and operate consistently.

ZBB has advantages, including being a mechanism for an entity to focus on specific activities/operations/services, which can result in lower costs as other activities deemed unnecessary can be ceased or amended.

Local governments do not have the flexibility afforded to a commercial entity to consider desired activity purely on the basis of return on investment (ROI) or profitability, or to simply cease certain activities. As a local government, the City undertakes several activities required in legislation and also those required by the community, without reference to profitability or ROI or other financial measures. The City is required to undertake extensive consultation on various projects and even activities consistently undertaken, such as weeding. ZBB is not conducive to an environment where a decision taken in the budget process to undertake/cease an activity may subsequently be amended following specific community consultation, as often happens in local government including at the City. The value derived from applying ZBB in its pure form, compared to the cost and effort involved, in such an environment is debatable if purely financial measures are not the primary driver for decisions.

ZBB is also known to involve increased subjectivity in the budget-setting process, which may lead to negative downstream impacts, particularly in the local government environment where the decision-making body is an elected one.

Q5 How would the City address these drawbacks if a zero-based budgeting method is adopted by Council?

A5 Council retains the right to determine whether and how to adopt zero-based budgeting. Should Council decide accordingly, the Administration would provide appropriate advice to Council, including the following:

- The timelines required to adopt a budget prior to 1 July of the budget year.
- Effort involved and any additional resources required.

4.2 QUESTIONS SUBMITTED VERBALLY AT THIS SPECIAL MEETING OF COUNCIL HELD ON 2 APRIL 2024

B Sillence, Heathridge:

Re: Notice calling the Special Meeting of Council – 2 April 2024.

Q1: Can the City advise who is the lead Elected Member that submitted the three notices of motion in accordance with the City's Meeting Procedures Local Law 2013?

A1: The Director Governance and Strategy responded that a notice was handed to the City's administration on the afternoon of Monday 25 March 2024, with seven signatories requesting the Special Meeting of Council be held with the purpose of addressing the three notices of motions. The notice was handed in to the Chief Executive Officer by Cr Rohan O'Neill.

Re: *Item 11.1 - Notice of Motion No. 1 – Adoption of Zero-Based Budgeting.*

Q2: *Considering the levying of differential rates has a direct relationship to a local government's revenue within a local government's budget.*

Can the Council describe how it believes an accurate and meaningful draft budget can be submitted to Council at least 28 days prior to the budget being formally adopted, considering the levying of differential rates, as per the proposed requirement described in Part 1.2 of the Notice of Motion, would not have yet been determined?

A2: The Director Corporate Services responded that the City would need to provide an estimate of what rates revenue might be raised based on the advertised differential rate. The final determination of the rates cannot be done until the budget is adopted.

E Boss, Kingsley:

Re: *Item 11.2 - Notice of Motion No. 2 – Amendments to Delegated Authority.*

Q1: *Is the Council's position that delegated authorities should not be given back to the Council? If so, can Council explain why the Council is viewed as not capable of managing their own authorities?*

A1: Mayor Jacob responded that Council formally reviews delegations to the Chief Executive Officer on an annual basis, involving extensive consideration and discussion. In the previous financial year, a consultant was engaged by the City to conduct a full review of the Register of Delegation of Authority.

The day-to-day operations of the City are managed by the Chief Executive Officer and this involves a level of delegation. The Council's decision, as to the appropriate level of delegation required for the City to run efficiently, is reviewed annually.

Re: *Item 11.1 - Notice of Motion No. 1 – Adoption of Zero-Based Budgeting.*

Q2: *Given that zero-based budgeting often uncovers savings, does the City expect that upon adopting zero-based budgeting there may be items within the budget that Council does not know are in the budget?*

A2: The Director Corporate Services responded that it is unlikely that there would be easily recognised savings, as each year the Executive Team and the Business Unit Managers scrutinise each line item of the budget. Savings in the budget are more likely to result from changes to service levels or the services offered to the community.

M Sideris, Mullaloo:

Re: Special Meeting of Council Agenda – 2 April 2024.

Q1: Can the City advise why the agenda for the Special Meeting of Council was not posted on the City's website until 5pm on the Thursday prior to the meeting?

A1: The CEO responded that a call for the Special Meeting of Council was received on the afternoon of Monday 25 March 2024. Shortly after receiving the notice, advice was received that at least one and possibly several Elected Members intended to formally revoke their signature to that call for a meeting.

In response to this information, advice was sought from the Western Australian Local Government Association and from in-house counsel. After consideration of the advice, it was communicated to the relevant Elected Members that formal written communication was required to be provided by a certain deadline, and two Elected Members responded. It was then determined that the number of Elected Members who were signatories to call for a Special Meeting was sufficient.

Q2: Can the City advise why was the Officer's Comments to the Notice of Motions published as an Addendum on the 2 April 2024 not part of the original Special Meeting of Council Agenda?

A2: Mayor Jacob responded that it takes time for Officers to fully consider matters put forward in a call to Council. Further events impacting the timeframe also included the Ordinary Meeting of Council held on Tuesday 26 March 2024, and the Easter Long weekend.

5 PUBLIC STATEMENT TIME

THE FOLLOWING SUMMARISED STATEMENTS WERE SUBMITTED VERBALLY AT THIS SPECIAL MEETING OF COUNCIL HELD ON 2 APRIL 2024:

L Crawford, Duncraig

Re: Support for Notices of Motions.

Ms Linda Crawford expressed support for the motions put forward at the Special Meeting of Council because of the potential to benefit individual ratepayers and businesses through improving budgeting, transparency and oversight. Ms Crawford commended the Councillors who have dedicated time to the motions and described the surrounding optimism and support within the community.

Ms Crawford described the benefits of passing the motions as being greater transparency enabling better planning and budgeting as well as fostering community trust and participation.

Ms Crawford explained that as the elected voice of ratepayers, Councillors should be given every opportunity to review budgets and have complete oversight. Ms Crawford urged Councillors to vote in favour of the motions, as the City of Joondalup could lead the way forward and set a great example for all Councils.

B Hewitt, Edgewater

Re: Support for Notices of Motions.

Ms Beth Hewitt raised concerns that the City's current system of fiscal decision making depends too heavily on increasing ratepayer revenue. Ms Hewitt promoted zero-based budgeting as a real-world management tool that ensures budgeting is responsible and justified and not reliant on inflation estimates.

Ms Hewitt expressed support for the formation of a Budget Committee and thanked the Councillors who were signatories to the call for a Special Meeting of Council, for ensuring the community's interests are at the forefront of budget decisions.

M Kwok, Ocean Reef

Re: Support for Notices of Motions.

Ms Michele Kwok commended the Councillors who's time and effort resulted in the Special Meeting of Council being called, and who work to fulfil election promises of keeping rates low and financial management effective.

Ms Kwok outlined the opportunity for the City of Joondalup to be the first local government to adopt zero-based budgeting, preventing unnecessary spending through intense scrutiny of expenditures. Ms Kwok explained that all expenditures would be evaluated annually based on their relevance to goals and objectives.

Ms Kwok emphasised that a Budget Committee and amending the Chief Executive Officer's delegated authority would improve scrutiny and complement zero-based budgeting. Ms Kwok urged Council to make financial processes more transparent and accountable by supporting the motions and helping to lower rates.

B Sillence, Heathridge

Re: Opposition for Notices of Motions.

Mr Brad Sillence addressed Council to raise concerns over the wastage of time and resources that could result from the adoption of zero-based budgeting, amending the Chief Executive Officer's delegated authority and forming a Budget Committee.

Mr Sillence explained that the local government budget is complex and is already reported to Council through monthly financial statements. Mr Sillence emphasised that historical and carry-forward expenditure, foresight around commitments and consideration of cost increases are necessary and that the City Administration does scrutinise any proposed budget.

Mr Sillence also noted that the City informed Council of its statutory and discretionary services and expenditure as part of its Corporate Business Plan. Mr Sillence expressed the overriding concern that proposed changes would result in wasted resources and inefficiency.

R Millett, Beldon

Re: Support for Notices of Motions.

Ms Rebecca Millet spoke to highlight that while the Officers' Comments states that a Budget Committee and changes to delegated authority may adversely impact efficiency, effectiveness and cost of decision making, the report fails to state the obvious outcome that better decisions will be made.

6 APOLOGIES AND LEAVE OF ABSENCE

6.1 LEAVE OF ABSENCE PREVIOUSLY APPROVED

Cr Nige Jones	29 March to 4 April 2024 inclusive.
Cr Daniel Kingston	2 April to 10 April 2024 inclusive.
Cr John Raftis	8 April to 10 April 2024 inclusive.
Cr Phillip Vinciullo	3 to 13 April 2024 inclusive.
Cr Adrian Hill	28 June to 15 July 2024 inclusive.

6.2 REQUEST FOR LEAVE OF ABSENCE – CR JOHN CHESTER AND CR REBECCA PIZZEY

(Resolution No: CJ073-04/24)

MOVED Cr Hamilton-Prime **SECONDED** Cr Vinciullo, that Council **APPROVES** the following requests for Leave of Absence from Council duties for:

- 1 Cr John Chester covering the period 4 to 22 April 2024 inclusive;
- 2 Cr Rebecca Pizzey covering the 9 April 2024 inclusive.

The Motion was Put and

CARRIED (13/0)

In favour of the Motion: Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Hutton, Cr Jones, Cr Kingston, Cr May, Cr O'Neill, Cr Pizzey, Cr Raftis and Cr Vinciullo.
Against the Motion: Nil.

7 IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil.

8 REPORTS

Nil.

9 REPORTS OF COMMITTEES

Nil.

10 REPORTS OF THE CHIEF EXECUTIVE OFFICER

Nil.

The Manager Governance left the Chamber at 6.55pm and returned at 6.56pm.

The Governance Officer left the Chamber at 6.56pm.

11 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

11.1 NOTICE OF MOTION NO. 1 - ADOPTION OF ZERO-BASED BUDGETING

In accordance with Clause 4.6 of the *City of Joondalup Meeting Procedures Local Law 2013*, Elected Members have given notice of the intention to move the following Motion at the Special Council meeting to be held on 2 April 2024:

That Council:

- 1 REQUESTS the Chief Executive Officer to give the draft budget to Council at least 28 days prior to any of the following being presented to a Meeting of Council:**
 - 1.1 Any draft budget for adoption;**
 - 1.2 Any proposal for levying differential rates for that that financial year;**
- 2 REQUESTS the Chief Executive Officer in relation to the 2024/25 Budget presents the following:**
 - 2.1 Chief Executive Officer to provide a line item report detailing the 24/25 Budget amounts, to include all costs associated with the functions of the City;**
 - 2.2 Chief Executive Officer to provide written submissions from each department director justifying and providing evidence to support their budget analysis, including the identification of discretionary and nondiscretionary amounts within the 2024/2025 budget;**
- 3 REQUESTS the Chief Executive Officer to prepare the 2025/26 and ongoing annual Budget using a Zero-Based Budgeting method;**
- 4 NOTING that Zero-Based Budgeting in this motion means, a method of budgeting which:**
 - 4.1 starts from a zero-base, and in which all expenses must be justified for the new financial year;**
 - 4.2 does not start with the previous budget, is not based on previous expense levels, or makes adjustments based on the previous budget as needed.**

REASON FOR MOTION

To enable Council to compile an efficient and economically viable budget for the period 2024/2025 and for future years adopt a zero-based budgeting method to effectively set rates to suit the current financial climate for that year.

The operations of the city have grown significantly over the past 25 years and it is believed that council now needs to undertake the budget process in a more holistic method ensuring the council and rate payers receive more transparency in future years to justify the rates setting procedures.

OFFICER'S COMMENT

In relation to Part 1 of the Motion

If the City aims to have a budget adopted prior to 1 July of the budget year, the current practice of presenting a draft budget for adoption to the Council meeting in June would be expected to continue. The City is required to give local public notice of a proposal for levying differential rates which must be available for public comment/consultation for at least 21 days. Comments on the differential rates would therefore be required to be considered by Council either at the same Council meeting at which the budget is considered or at a previous Council meeting.

Currently a proposal for levying differential rates is presented to a Council meeting in May, to allow for the mandatory advertising period for public comment. This follows a last Elected Member budget workshop where the final budget position is presented, and at which Elected Members consider differential rates levy proposals.

If a draft budget, inclusive of the required notes and disclosures, is to be provided to Council at least 28 days before the proposal for levying differential rates, this will need to be provided to Council in April. This will require Elected Member budget workshops to be scheduled and held accordingly, so that a final draft budget position is prepared in March/April, prior to the meeting of Council in April.

The *Local Government Act 1995* restricts the City from giving public notice of a proposal for levying differential rates earlier than 2 months prior to the start of the budget year.

In the current process for considering the budget, a draft budget is made available to Elected Members in February. This budget is used as the basis for budget workshop 2. As the financial year draws to a close further information (such as State and Federal Budgets) becomes available and line items are refined. The final draft budget is compiled following the advertising of differential rates. As Council is not allowed to adopt a budget prior to 1 June, this is seen as the most efficient way of developing a budget.

This part of the Motion is not supported.

In relation to Part 2 of the Motion

At Elected Member Budget workshop 2 in February 2024, as in the previous years, Elected Members were provided a detailed breakdown of the draft budget figures, as presented, which constitutes a line-item report at the individual account level for the City of all operating revenue and expenditure. This information has been placed in the Elected Member portal and continues to be available. This will be updated when the final budget position is presented at the last Elected Member budget workshop in May 2024. Should additional breakdowns of this information be required, this can be provided as required and at the granularity desired by Elected Members.

Discretionary and non-discretionary services, as well as the corresponding budget amounts, that underpin the proposed budget have typically been provided through the Elected Member budget workshop process each year. This is expected to be provided in respect of the draft 2024-25 budget figures at the budget workshop scheduled in May 2024.

Elected Members are also provided with detailed service statements, including identifying if the service is statutory and discretionary, for each service that the City undertakes. This is supported by and linked to the *Corporate Business Plan*, with the draft plan being the subject of a separate workshop with Elected Members in April 2024.

As the *Corporate Business Plan* and Budget are considered in parallel, repeating the list of activities, projects and milestones in the Budget preparation is not supported at this time.

In relation to Parts 3 and 4 of the Motion

Zero-based budgeting, in its purest form, requires that the organisation start the budget process by determining what activities it undertakes in the identified budget year. At present, changing policy or the services provided to the community remains the responsibility of Council. Usually changes to services are only considered after appropriate community consultation, removing the ability of the Administration to simply cease or alter a service on the basis of their own justification.

Currently, the City prepares budgets on a modified zero-based budgeting basis, namely on the basis that unless decided otherwise by Council, services provided in the current year are expected to be maintained in the budget year at those same service levels. This is the premise on which the budgets provided to Elected Members in the budget workshop process are prepared, except where Council has made a decision to modify or cease an existing service or to commence a new one or to amend a current service level. All expenditure is required to be presented to the Executive Leadership Team and all expenditure is questioned and accounted for.

Where services are expected to continue in the budget year, prior experience of activity levels reasonably informs projected activity levels in the budget year and, therefore, estimated costs. Budget preparation also takes into account expected cost pressures in the budget, including expected inflation and contractor price changes. It is not possible to entirely eliminate previous expense levels in the current model; however, budgets are not prepared merely on the basis of previous expense levels; expected activity in the budget year is the basis of current budget preparation.

It is important to recognise that a disadvantage of the zero-based budgeting system is that there can be a lack of continuity and stability in expenditure. This may lead to uncertainty and make it difficult to plan for long-term projects or initiatives. This is particularly important given the Council/City plans activities on a 5-year period with Council adopting the *5-year Corporate Business Plan* which specifies non-capital projects and activities over a 5-year timeframe; and a capital works program developed on a 5-yearly basis with many projects requiring design in early years and construction in later years.

Should Elected Members consider that implementing a true zero-based budgeting system is appropriate, decisions on what activities and service levels apply in the budget year must be considered sufficiently early to allow business units to prepare budgets accordingly before budget figures are then presented to Elected Members for consideration in the budget workshop process. Business Units begin preparing budgets in November. Decisions on activities for the budget year should be undertaken prior to November to facilitate the internal review process, including executive review and thereafter preparation of information for Elected Members budget workshops, which presently commence in early February.

This part of the Motion is not supported.

RECOMMENDATION

That Council:

- 1 REQUESTS the Chief Executive Officer to give the draft budget to Council at least 28 days prior to any of the following being presented to a Meeting of Council:
 - 1.1 Any draft budget for adoption;
 - 1.2 Any proposal for levying differential rates for that that financial year;
- 2 REQUESTS the Chief Executive Officer in relation to the 2024/25 Budget presents the following:
 - 2.1 Chief Executive Officer to provide a line item report detailing the 24/25 Budget amounts, to include all costs associated with the functions of the City;
 - 2.2 Chief Executive Officer to provide written submissions from each department director justifying and providing evidence to support their budget analysis, including the identification of discretionary and nondiscretionary amounts within the 2024/2025 budget;
- 3 REQUESTS the Chief Executive Officer to prepare the 2025/26 and ongoing annual Budget using a Zero-Based Budgeting method;
- 4 NOTING that Zero-Based Budgeting in this motion means, a method of budgeting which:
 - 4.1 starts from a zero-base, and in which all expenses must be justified for the new financial year;
 - 4.2 does not start with the previous budget, is not based on previous expense levels, or makes adjustments based on the previous budget as needed.

During debate it was requested that all Parts be voted upon separately.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 REQUESTS the Chief Executive Officer to give the draft budget to Council at least 28 days prior to any of the following being presented to a Meeting of Council:
 - 1.1 Any draft budget for adoption;
 - 1.2 Any proposal for levying differential rates for that financial year;

The Motion was Put and

LOST (5/8)

In favour of the Motion: Cr Hutton, Cr Kingston, Cr O'Neill, Cr Pizey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 2 REQUESTS the Chief Executive Officer in relation to the 2024/25 Budget presents the following:
- 2.1 Chief Executive Officer to provide a line item report detailing the 24/25 Budget amounts, to include all costs associated with the functions of the City;
 - 2.2 Chief Executive Officer to provide written submissions from each department director justifying and providing evidence to support their budget analysis, including the identification of discretionary and nondiscretionary amounts within the 2024/2025 budget;

The Motion was Put and**LOST (5/8)****In favour of the Motion:** Cr Hutton, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.**Against the Motion:** Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.**MOVED Cr Kingston SECONDED Cr O'Neill, that Council:**

- 3 REQUESTS the Chief Executive Officer to prepare the 2025/26 and ongoing annual Budget using a Zero-Based Budgeting method;

The Motion was Put and**LOST (5/8)****In favour of the Motion:** Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.**Against the Motion:** Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Hutton, Cr Jones, Cr May and Cr Vinciullo.**MOVED Cr Kingston SECONDED Cr O'Neill, that Council:**

- 4 NOTING that Zero-Based Budgeting in this motion means, a method of budgeting which:
- 4.1 starts from a zero-base, and in which all expenses must be justified for the new financial year;
 - 4.2 does not start with the previous budget, is not based on previous expense levels, or makes adjustments based on the previous budget as needed.

The Motion was Put and**LOST (6/7)****In favour of the Motion:** Cr Chester, Cr Hutton, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.**Against the Motion:** Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

11.2 NOTICE OF MOTION NO. 2 - AMENDMENTS TO DELEGATED AUTHORITY

In accordance with Clause 4.6 of the *City of Joondalup Meeting Procedures Local Law 2013*, Elected Members have given notice of the intention to move the following Motion at the Special Council meeting to be held on 2 April 2024:

That Council:

- 1 **BY AN ABSOLUTE MAJORITY AMENDS** the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:
 - 1.1 Delete the section 1.1.5 choice of acceptable tender from an expression of interest;
 - 1.2 Delete the section 1.1.6 choice of tender;
 - 1.3 Delete the section 1.1.9 disposing of property;
 - 1.4 Delete the section 1.1.10 acquisition of interest in land by lease or other short term instrument;
 - 1.5 Delete the section 1.1.16 authorising payment from the trust fund;
 - 1.6 Amend the section 1.1.12 establishing panels of pre-qualified suppliers:

Amendment to now read “Authority extends to the supply of goods and services valued up to \$100,000.”;
 - 1.7 Amend the section 1.1.13 extension of existing contracts:

Amendment to now read “Authority to approve any contract extensions on tenders approved by council valued up to \$250,000.”;
 - 1.8 Amend the section 1.1.23 waiver of fees and granting of concessions:

Amendment to now read “authority to waive or grant a concession in relation to any amount of money under \$2000 which is owed to the city other than rates and service charges.”;
 - 1.9 Amend the section 1.1.24 write off of monies in CONDITIONS SECTION of 1.1.24 to now read as follows, Subject to:
 - 1.9.1 individual items to \$3000;
 - 1.9.2 a report being provided to the audit and risk committee on the next sitting of the audit and risk committee upon the exercising of this delegation.

REASON FOR MOTION

No reason was provided for this motion.

OFFICER'S COMMENT

Sections 5.18 and 5.46 of the *Local Government Act 1995* (the Act) requires the Council to review delegations at least once every financial year. The Council last performed its annual review of the Register of Delegation of Authority at its meeting held on 27 June 2023 (CJ096-06/23 refers).

In June 2022 (CJ092-06/22 refers), Council resolved in Part as follows:

“3 *REQUESTS the Chief Executive Officer provide a full review of the Register of Delegation of Authority that would include, but not be limited to, comparisons with best practice and other similar sized local governments, as well as explanations and examples of the required delegations, with a subsequent report to be tabled to the Audit and Risk Committee by October 2022.*”

Part 3 of the resolution was carried as an amendment to the Officer's Recommendation.

The City engaged the assistance of a consultant, Conway Highbury, to carry out the review of the City's Register of Delegation of Authority, and a report was presented to the Audit and Risk Committee meeting on 31 January 2023 (Item 2 refers).

A number of the recommendations from the consultants report were incorporated into the 2023 Review of the Register of Delegations and amendments are detailed in Attachments 1 and 2 to Report CJ096-06/23.

With regard to the proposed amendments, in the current Notice of Motion, to the Register of Delegation of Authority, the following comments are provided:

1.1 Delete the section 1.1.5 Choice of acceptable tender from an expression of interest.

The impact of deleting this delegation relates mainly to a delay in the implementation of projects identified for their level of significance by Council. EOI processes are currently reported to Elected Members at the Major Projects and Finance Committee, which follows through to Council via project updates.

1.2 Delete the section 1.1.6 choice of tender.

Deletion of this delegation will impact on the timely delivery of projects between the value of \$250,000 and \$500,000. It would add an additional level of review and decision-making and force decisions into the monthly timetable of Council meetings as opposed to the CEO's ability, under existing delegation, to review and decide as and, if required. It will impact on the City's ability to decline all tenderers should it be deemed of low quality on value to the City.

1.3 Delete the section 1.1.9 Disposing of property.

The City is currently in the process of reviewing all expired and new tenure agreements following Council's adoption of the revised Property Management Framework (PMF) in November 2022. The deletion of this delegation will impact on the timely finalisation of tenure agreements that have been expired and have been held over for several years in anticipation of the PMF being reviewed by Council. The PMF states that "notwithstanding any delegations in place, the City still reserves the right to present lease requests to Council for consideration and approval". A recent example of the City's decision to present a proposed property disposal arrangement to Council that was exempt under the current property disposal requirements of the *Local Government Act 1995*, was the Duncraig Leisure Centre that was leased to the Churches of Christ by way of a decision of Council.

1.4 Delete the section 1.1.10 acquisition of interest in land by lease or other short term instrument.

This delegation was only recently introduced following the major review of the Register of Delegations, as requested by Council, that identified a gap in the City's delegations for entering into short-term leases on properties not owned or managed by the City. The current delegation is limited to only lease, rental or other short-term instruments, not exceeding 5 years. This was for the purpose of enabling the City to obtain additional storage via a lease as and when required.

This delegation is not exercised often, however, should it be changed, it will delay decision-making, for example on opportunities to resolve short-term storage issues for the City.

1.5 Delete the section 1.1.16 Authorising payment from the trust fund.

In Notice of Motion No. 2 – Amendments to Delegated Authority – Elected Members have requested that Delegation 1.1.16 be deleted. However, in Notice of Motion No. 3 – Establishment of a Budget Committee – Elected Members have requested that amendments to delegation 1.1.16 be made to include an additional clause under the conditions section that 'subject to detailed estimates of expenditure to be laid before the Budget Oversight Committee before the power or duty is exercised.'

It is unclear what it is that Elected Members are requesting to be done. Delegation 1.1.16 is exercised very rarely as payments from the Trust Fund are limited to funds that are required to be placed in the Trust Fund. At present the only funds held in Trust are amounts held on behalf of the Connolly Residents Association.

1.6 Amend the section 1.1.12 establishing panels of pre-qualified suppliers. Amendment to now read "Authority extends to the supply of goods and services valued up to \$100,000."

The request to amend the delegated value to under the current tender threshold of \$250,000, may present inconsistency with the requirements of the *Local Government Act 1995* regarding procurement thresholds. Reducing the delegated authority will have limited impact as the City only utilises a few panel contracts below the value of \$500,000.

1.7 Amend the section 1.1.13 extension of existing contracts. Amendment to now read "Authority to approve any contract extensions on tenders approved by council valued up to \$250,000."

The impact of this amendment would increase over time, as most existing service contracts enable options for extension to be applied under delegation. If these contracts require Council approval to extend, the impacts on resourcing to prepare these reports, within the timeframes required under contract, would increase.

1.8 Amend the section 1.1.23 Waiver of fees and granting of concessions. Amendment to now read "Authority to waive or grant a concession in relation to any amount of money under \$2000 which is owed to the City other than rates and service charges."

Amending the delegation will have a detrimental impact to services provided by the City, particular for those people who experience one or more forms of disadvantage. Allowing the exercise of this delegation allows timely decisions to be made and individual needs to be considered when allowing people to receive City services.

1.9 Amend the section 1.1.24 Write off of monies.

In **CONDITIONS SECTION** of 1.1.24 to now read as follows:

Subject to:

- (a) Individual items to \$3000.**
- (b) A report being provided to the Audit and Risk Committee on the next sitting of the Audit and Risk Committee upon the exercising of this delegation.**

Delegation 1.1.24 refers to write-off of monies owed, which is not expenditure in the normal sense of the word. Write offs are reported on a half-yearly basis to the Audit and Risk Committee. Write-off of balances over \$100 are specifically highlighted and explained in the report. The majority of write-offs, by volume, are small/minor rates balances arising from balances remaining after settlement of dues, or arising from rounding, the average value is less than a dollar. The most recent Audit and Risk Committee meeting received a report for write-offs from July - December 2023, which included 9,825 minor rates balances, with 3,259 of these being balances of \$0.01 each and the largest balance being \$37.55. Average value was approximately \$0.91. Should it be determined that these write-offs be provided to the proposed Budget Committee before the delegation is exercised, it is then recommended that consideration be given to the current requirement to report the exercise of the delegation to the Audit and Risk Committee. It would be necessary to determine if approval from the proposed Budget Committee to exercise the delegation for all balances presented to it for consideration, which is then provided to Council, should then be further supplemented by a report to the Audit and Risk Committee for the exercise of the delegation for those same balances.

The cumulative effect of the delegation deletions and amendments in this motion, would have significant impact on the timeliness, efficiency and effectiveness and cost of the City's operations and resourcing requirements.

The proposed Motion is not supported.

The next review of the Register of Delegation of Authority is to be submitted to Council in May 2024, and it may be more appropriate for Elected Members to consider the proposals at that time.

Cr Hutton left the Chamber at 6.56pm.

RECOMMENDATION

That Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:
 - 1.1 Delete the section 1.1.5 choice of acceptable tender from an expression of interest;
 - 1.2 Delete the section 1.1.6 choice of tender;
 - 1.3 Delete the section 1.1.9 disposing of property;

- 1.4 Delete the section 1.1.10 acquisition of interest in land by lease or other short term instrument;
- 1.5 Delete the section 1.1.16 authorising payment from the trust fund;
- 1.6 Amend the section 1.1.12 establishing panels of pre-qualified suppliers:
Amendment to now read "Authority extends to the supply of goods and services valued up to \$100,000.";
- 1.7 Amend the section 1.1.13 extension of existing contracts:
Amendment to now read "Authority to approve any contract extensions on tenders approved by council valued up to \$250,000.";
- 1.8 Amend the section 1.1.23 waiver of fees and granting of concessions:
Amendment to now read "authority to waive or grant a concession in relation to any amount of money under \$2000 which is owed to the city other than rates and service charges.";
- 1.9 Amend the section 1.1.24 write off of monies in CONDITIONS SECTION of 1.1.24 to now read as follows, Subject to:
 - 1.9.1 individual items to \$3000;
 - 1.9.2 a report being provided to the audit and risk committee on the next sitting of the audit and risk committee upon the exercising of this delegation.

During debate it was requested that all Parts be voted upon separately.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:
 - 1.1 Delete the section 1.1.5 choice of acceptable tender from an expression of interest;

The Motion was Put and

LOST (3/9)

In favour of the Motion: Cr Kingston, Cr O'Neill and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May, Cr Pizzey and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

- 1.2 Delete the section 1.1.6 choice of tender;

The Motion was Put and

LOST (3/9)

In favour of the Motion: Cr Kingston, Cr O'Neill and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May, Cr Pizzey and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

- 1.3 Delete the section 1.1.9 disposing of property;

The Motion was Put and

LOST (5/7)

In favour of the Motion: Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

- 1.4 Delete the section 1.1.10 acquisition of interest in land by lease or other short term instrument;

The Motion was Put and

LOST (5/7)

In favour of the Motion: Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

- 1.5 Delete the section 1.1.16 authorising payment from the trust fund;

The Motion was Put and

LOST (5/7)

In favour of the Motion: Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

1.6 Amend the section 1.1.12 establishing panels of pre-qualified suppliers:

Amendment to now read "Authority extends to the supply of goods and services valued up to \$100,000.";

The Motion was Put and

LOST (5/7)

In favour of the Motion: Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

1.7 Amend the section 1.1.13 extension of existing contracts:

Amendment to now read "Authority to approve any contract extensions on tenders approved by council valued up to \$250,000.";

The Motion was Put and

LOST (5/7)

In favour of the Motion: Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:

1.8 Amend the section 1.1.23 waiver of fees and granting of concessions:

Amendment to now read "authority to waive or grant a concession in relation to any amount of money under \$2000 which is owed to the city other than rates and service charges.";

The Motion was Put and

LOST (5/7)

In favour of the Motion: Cr Chester, Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

MOVED Cr Kingston SECONDED Cr O'Neill, that Council:

- 1 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23 with the following amendments:
 - 1.9 Amend the section 1.1.24 write off of monies in CONDITIONS SECTION of 1.1.24 to now read as follows, Subject to:
 - 1.9.1 individual items to \$3000;
 - 1.9.2 a report being provided to the audit and risk committee on the next sitting of the audit and risk committee upon the exercising of this delegation.

The Motion was Put and

LOST (4/8)

In favour of the Motion: Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

The Director Infrastructure Services left the Chamber at 8.03pm and returned at 8.04pm.

11.3 NOTICE OF MOTION NO. 3 - ESTABLISHMENT OF A BUDGET COMMITTEE

In accordance with Clause 4.6 of the *City of Joondalup Meeting Procedures Local Law 2013*, Elected Members have given notice of the intention to move the following Motion at the Special Council meeting to be held on 2 April 2024:

That Council:

1 BY AN ABSOLUTE MAJORITY ESTABLISHES a Budget Oversight Committee, with the role being to:

- 1.1 assist in overseeing the allocation of the local government's finances and resources;
- 1.2 assist in ensuring that there is an appropriate structure for administering the local government;
- 1.3 consider detailed estimates of expenditure laid before the Committee each quarter, or as required;
- 1.4 consider whether the objectives of expenditure are being achieved, or may be achieved more economically;
- 1.5 make recommendations to Council on modifications to the annual budget;

2 BY AN ABSOLUTE MAJORITY APPOINTS the following members and deputy members to the Budget Oversight Committee:

Members

- 2.1 Mayor;
- 2.2 Central Ward - Cr _____;
- 2.3 North Ward - Cr _____;
- 2.4 North Central Ward - Cr _____;
- 2.5 South Ward - Cr _____;
- 2.6 South-East Ward - Cr _____;
- 2.7 South-West Ward - Cr _____;

Deputy Members

- 2.8 Central Ward - Cr _____;
- 2.9 North Ward - Cr _____;
- 2.10 North Central Ward - Cr _____;
- 2.11 South Ward -Cr _____;
- 2.12 South-East Ward - Cr _____;
- 2.13 South-West Ward - Cr _____;

3 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23, with the following amendments:

3.1 Amend the conditions of each delegation listed at item 3.2 with an additional clause that ‘subject to detailed estimates of expenditure to be laid before the Budget Oversight Committee before the power or duty is exercised.’;

3.2 list of delegations to be amended with the additional clause to their conditions:

3.2.1 Delegation 1.1.15 Payments from Municipal Fund;

3.2.2 Delegation 1.1.16 Authorising Payment from the Trust Fund;

3.2.3 Delegation 1.1.24 Write off of Monies;

3.2.4 Delegation 1.1.21 Payments from Municipal Fund.

REASON FOR MOTION

The formation of a budget committee to oversee the financial management of municipal funds and ensure that the appropriate funding is being allocated to the works as directed by the Council.

The committee acts as a conduit for the Council by way of assessing the CEO’s quarterly reports and expenditure and advising to the Council on the health of the estimates received from the CEO at those quarterly meetings.

OFFICER’S COMMENT

Legislative requirements

In accordance with the *Local Government Act 1995* (the Act) Council can establish committees to assist with its decision-making functions and responsibilities. The requirements of Part 4 – Division 2 of the *Local Government Act 1995* in respect of Council-created committees are as follows:

Section 5.8 of the Local Government Act 1995 - Establishment of committees:

“A local government may establish committees of 3 or more persons to assist the council and to exercise the powers and discharge the duties of the local government that can be delegated to committees.”*

** Absolute majority required.*

Section 5.9 of the Local Government Act 1995 – Types of Committees:

- (1) *In this section:*
other person means a person who is not a council member or an employee.
- (2) *A committee is to comprise:*
- (a) *council members only; or*
 - (b) *council members and employees; or*
 - (c) *council members, employees and other persons; or*
 - (d) *council members and other persons; or*
 - (e) *employees and other persons; or*
 - (f) *other persons only.”*

Section 5.10 of the Local Government Act 1995 –Appointment of committee members

- (1) *A committee is to have as its members:*
- (a) *persons appointed* by the local government to be members of the committee (other than those referred to in paragraph (b)); and*
 - (b) *persons who are appointed to be members of the committee under subsection (4) or (5).*
- * Absolute majority required.*
- (2) *At any given time each council member is entitled to be a member of at least one committee referred to in section 5.9(2)(a) or (b) and if a council member nominates himself or herself to be a member of such a committee or committees, the local government is to include that council member in the persons appointed under subsection (1)(a) to at least one of those committees as the local government decides.*
- (3) *Section 52 of the Interpretation Act 1984 applies to appointments of committee members other than those appointed under subsection (4) or (5) but any power exercised under section 52(1) of that Act can only be exercised on the decision of an absolute majority of the council.*
- (4) *If at a meeting of the council a local government is to make an appointment to a committee that has or could have a council member as a member and the mayor or president informs the local government of his or her wish to be a member of the committee, the local government is to appoint the mayor or president to be a member of the committee.*
- (5) *If at a meeting of the council a local government is to make an appointment to a committee that has or will have an employee as a member and the CEO informs the local government of his or her wish:*
- (a) *to be a member of the committee; or*
 - (b) *that a representative of the CEO be a member of the committee,*
- the local government is to appoint the CEO or the CEO's representative, as the case may be, to be a member of the committee.”*

Section 5.11 of the Local Government Act 1995 - Tenure of committee membership:

- (1) *Where a person is appointed as a member of a committee under section 5.10(4) or (5), the person's membership of the committee continues until:*
- (a) *the person no longer holds the office by virtue of which the person became a member, or is no longer the CEO, or the CEO's representative, as the case may be; or*
 - (b) *the person resigns from membership of the committee; or*
 - (c) *the committee is disbanded; or*
 - (d) *the next ordinary elections day,*
- whichever happens first.*
- (2) *Where a person is appointed as a member of a committee other than under section 5.10(4) or (5), the person's membership of the committee continues until:*
- (a) *the term of the person's appointment as a committee member expires; or*
 - (b) *the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or*
 - (c) *the committee is disbanded; or*
 - (d) *the next ordinary elections day,*
- whichever happens first."*

Section 5.11A of the Local Government Act 1995 - Deputy committee members:

- (1) *The local government may appoint* a person to be a deputy of a member of a committee and may terminate such an appointment* at any time.*
- * Absolute majority required.*
- (2) *A person who is appointed as a deputy of a member of a committee is to be:*
- (a) *if the member of the committee is a council member – a council member; or*
 - (b) *if the member of the committee is an employee – an employee; or*
 - (c) *if the member of the committee is not a council member or an employee – a person who is not a council member or an employee; or*
 - (d) *if the member of the committee is a person appointed under section 5.10(5) – a person nominated by the CEO.*
- (3) *A deputy of a member of a committee may perform the functions of the member when the member is unable to do so by reason of illness, absence or other cause.*
- (4) *A deputy member of a committee, while acting as a member, has all the functions of and all the protection given to a member."*

Background

At the Council meeting held on 6 November 2023 (CJ213-11/23 refers), Council resolved to establish a Major Projects and Finance Committee, Policy Committee, Audit and Risk Committee and CEO Recruitment and Performance Review Committee.

It has been normal practice at the City that whenever a committee is formed, that an Elected Member representative from each of the City's six wards, plus the Mayor, is a member on that committee. Under the *Local Government Act 1995* the Mayor is entitled to be on a committee (where there is Elected Member representation and the Mayor so desires to be on the committee) and each Councillor is entitled to be on at least one committee.

It is preferable to hold committee meetings in the first week of the month, thereby enabling committee recommendations to be listed in the Briefing Session agenda and subsequently the Council meeting agenda, however this may not always be possible due to other scheduled meetings.

Should Council resolve to establish a Budget Oversight Committee, it is recommended that the motion be amended to call the first meeting of this new committee to:

- Enable a Presiding Member and Deputy Presiding Member to be appointed;
- Establish meeting dates, times and frequency for the remainder of 2024.

Major Projects and Finance Committee

As mentioned above, the Council at its meeting held on 6 November 2023 (CJ213-11/23 refers), resolved to establish a Major Projects and Finance Committee, with its Terms of Reference as follows:

- 1 oversee the progress of the City's annual capital works program and review of the City's *Five Year Capital Works Program*;
- 2 make recommendations to Council on modifications of capital works projects and major strategic capital projects;
- 3 make recommendations to Council on various elements of major strategic capital projects (such as the Ocean Reef Marina, City Centre Office Development and Joondalup Performing Arts and Cultural Facility), including but not limited to:
 - 3.1 project scope;
 - 3.2 design elements and core project components;
 - 3.3 development models and financial structures;
 - 3.4 on-going management and utilisation models;
- 4 make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice;
- 5 oversee the City's financial management activities, funding proposals and long-term strategic financial planning;
- 6 make recommendations to Council on reviews and impacts on the City's *10 Year Strategic Financial Plan*.

It appears there is an overlap of the responsibilities between the Major Projects and Finance Committee and the proposed Budget Oversight Committee and it is suggested that Council give consideration to ensuring that both Terms of Reference for the Major Projects and Finance Committee and the proposed Budget Oversight Committee are clear.

Proposed Delegations

Delegation 1.1.15 – Payments from Municipal Fund – Incurring Liabilities and Making Payments

Delegation 1.1.15 is exercised daily by officers across the City. This facilitates the approximately 16,000 purchase orders issued annually as well as the approximately 30,000 supplier invoices processed annually, with average approximate annual supplier payments value of \$120,000,000. Should it be decided that the proposed Budget Committee consider estimates of expenditure prior to exercise of these delegations, sufficient consideration should be given to the desired mechanism to ensure that operational efficiency is not adversely affected. As currently worded, the amendment suggests that all intended purchases be provided to the Committee before suppliers are engaged (such as; via purchase orders). This implies that frequency of the Committee meeting should be considerably higher than quarterly, or the Council needs to consider appropriate delegations to the Committee members to be exercised in a manner that intended procurement is approved by the Committee/members as delegated within a reasonable timeframe. As procurement occurs on a daily basis, the expectation is that the Committee/members as delegated would consider and authorise procurement on a daily basis as well.

Delegation 1.1.16 – Authorising payment from trust fund

In Notice of Motion No. 2 – Amendments to Delegated Authority – Elected Members have requested that Delegation 1.1.16 be deleted. However, in Notice of Motion No. 3 – Establishment of a Budget Committee – Elected Members have requested that amendments to delegation 1.1.16 be made to include an additional clause under the conditions section that 'subject to detailed estimates of expenditure to be laid before the Budget Oversight Committee before the power or duty is exercised.'

It is unclear what it is that Elected Members are requesting to be done. Delegation 1.1.16 is exercised very rarely as payments from the Trust Fund are limited to funds that are required to be placed in the Trust Fund. At present the only funds held in Trust are amounts held on behalf of the Connolly Residents Association.

Delegation 1.1.24 – Write off of Monies

Delegation 1.1.24 refers to write-off of monies owed, which is not expenditure in the normal sense of the word. Write offs are reported on a half-yearly basis to the Audit and Risk Committee. Write-off of balances over \$100 are specifically highlighted and explained in the report. The majority of write-offs, by volume, are small/minor rates balances arising from balances remaining after settlement of dues, or arising from rounding, the average value is less than a dollar. The most recent Audit and Risk Committee meeting received a report for write-offs from July - December 2023, which included 9,825 minor rates balances, with 3,259 of these being balances of \$0.01 each and the largest balance being \$37.55. Average value was approximately \$0.91. Should it be determined that these write-offs be provided to the proposed Budget Committee before the delegation is exercised, it is then recommended that consideration be given to the current requirement to report the exercise of the delegation to the Audit and Risk Committee. It would be necessary to determine if approval from the proposed Budget Committee to exercise the delegation for all balances presented to it for consideration, which is then provided to Council, should then be further supplemented by a report to the Audit and Risk Committee for the exercise of the delegation for those same balances.

Delegation 1.1.21 – Payments from Municipal Fund – Incurring Liabilities and Making Payments for Court Fees in respect of lodgements of rates claims (WA Magistrates Court)

Delegation 1.1.21 is a delegation exercised when lodging minor case claims with the Magistrates Court for rates debt recovery, as there is a cost imposed by the courts. Provision to the proposed Budget Committee prior to exercising the delegation would require that the Committee will be available to consider such claims as and when this stage of debt recovery arises, or at least be meeting sufficiently regularly to allow this debt recovery process to proceed in a timely manner.

The Motion is not supported.

The creation of a Budget Committee and amendments to delegations as proposed would have significant impact on the timeliness, efficiency, effectiveness and cost of decision-making.

RECOMMENDATION

That Council:

- 1 BY AN ABSOLUTE MAJORITY ESTABLISHES a Budget Oversight Committee, with the role being to:
 - 1.1 assist in overseeing the allocation of the local government's finances and resources;
 - 1.2 assist in ensuring that there is an appropriate structure for administering the local government;
 - 1.3 consider detailed estimates of expenditure laid before the Committee each quarter, or as required;
 - 1.4 consider whether the objectives of expenditure are being achieved, or may be achieved more economically;
 - 1.5 make recommendations to Council on modifications to the annual budget;
- 2 BY AN ABSOLUTE MAJORITY APPOINTS the following members and deputy members to the Budget Oversight Committee:

Members

- 2.1 Mayor;
- 2.2 Central Ward - Cr _____;
- 2.3 North Ward - Cr _____;
- 2.4 North Central Ward - Cr _____;
- 2.5 South Ward - Cr _____;
- 2.6 South-East Ward - Cr _____;
- 2.7 South-West Ward - Cr _____;

Deputy Members

- 2.8 Central Ward - Cr _____;
- 2.9 North Ward - Cr _____;
- 2.10 North Central Ward - Cr _____;
- 2.11 South Ward -Cr _____;
- 2.12 South-East Ward - Cr _____;
- 2.13 South-West Ward - Cr _____;
- 3 BY AN ABSOLUTE MAJORITY AMENDS the Register of Delegation of Authority as adopted in Attachment 3 to Report CJ096-06/23, with the following amendments:
- 3.1 Amend the conditions of each delegation listed at item 3.2 with an additional clause that 'subject to detailed estimates of expenditure to be laid before the Budget Oversight Committee before the power or duty is exercised.';
- 3.2 list of delegations to be amended with the additional clause to their conditions:
- 3.2.1 Delegation 1.1.15 Payments from Municipal Fund;
- 3.2.2 Delegation 1.1.16 Authorising Payment from the Trust Fund;
- 3.2.3 Delegation 1.1.24 Write off of Monies;
- 3.2.4 Delegation 1.1.21 Payments from Municipal Fund.

During debate it was requested that all Parts be voted upon separately.

MOVED Cr Kingston SECONDED Cr Raftis, that Council:

- 1 BY AN ABSOLUTE MAJORITY ESTABLISHES a Budget Oversight Committee, with the role being to:
- 1.1 assist in overseeing the allocation of the local government's finances and resources;
- 1.2 assist in ensuring that there is an appropriate structure for administering the local government;
- 1.3 consider detailed estimates of expenditure laid before the Committee each quarter, or as required;
- 1.4 consider whether the objectives of expenditure are being achieved, or may be achieved more economically;
- 1.5 make recommendations to Council on modifications to the annual budget;

The Motion was Put and

LOST (4/8)

In favour of the Motion: Cr Kingston, Cr O'Neill, Cr Pizzey and Cr Raftis.

Against the Motion: Mayor Jacob, Cr Chester, Cr Fishwick, Cr Hamilton-Prime, Cr Hill, Cr Jones, Cr May and Cr Vinciullo.

Mayor Jacob declared that as Part 1 of Item 11.3 - Notice of Motion No. 3 - Establishment of a Budget Committee was not carried, the remainder of the item lapses.

12 CLOSURE

There being no further business, the Mayor declared the meeting closed at 8.24pm the following Elected Members being present at that time:

HON. ALBERT JACOB, JP
CR ADRIAN HILL
CR DANIEL KINGSTON
CR NIGE JONES
CR CHRISTOPHER MAY, JP
CR REBECCA PIZZEY
CR RUSS FISHWICK, JP
CR JOHN RAFTIS
CR CHRISTINE HAMILTON-PRIME, JP
CR PHILLIP VINCIULLO
CR JOHN CHESTER
CR ROHAN O'NEILL