



CITY OF VINCENT

"Enhancing and celebrating our diverse community"

UNCONFIRMED

MINUTES

SPECIAL COUNCIL MEETING

3 SEPTEMBER 2014

This document is available in the following alternative formats upon request for people with specific needs; large print, Braille, audio cassette and computer disk

Minutes of the Special Meeting of Council of the City of Vincent held at the Administration and Civic Centre, 244 Vincent Street, Leederville, on Wednesday 3 September 2014, commencing at 6.00pm.

1. (a) DECLARATION OF OPENING

The Presiding Member, Mayor John Carey, declared the meeting open at 6.00 pm and read the following Acknowledgement of Country Statement:

(b) ACKNOWLEDGEMENT OF COUNTRY STATEMENT

"Today we meet on the lands of the Nyoongar people and we honour them as the traditional custodians of this land".

2. APOLOGIES/MEMBERS ON APPROVED LEAVE OF ABSENCE

(a) Apologies:

Nil.

(b) Members on Approved Leave of Absence:

- 2.1 Cr Laine McDonald on approved leave of absence from 21 August 2014 – 17 September 2014.

(c) Present:

Mayor John Carey	Presiding Member
Cr Roslyn Harley (<i>Deputy Mayor</i>)	North Ward
Cr Matt Buckels	North Ward
Cr Emma Cole	North Ward
Cr James Peart	South Ward
Cr John Pintabona	South Ward
Cr Joshua Topelberg	South Ward
Cr Julia Wilcox	North Ward
Len Kosova	Chief Executive Officer
Rick Lotznicker	Director Technical Services
Jacinta Anthony	Acting Director Community Services
Mike Rootsey	Director Corporate Services
Gabriela Poezyn	Director Planning Services
Bee Choo Tan	Finance Manager

Media

Nil.

One (1) Member of the Public

3. (a) PUBLIC QUESTION TIME & RECEIVING OF PUBLIC SUBMISSIONS

The following submissions were made by persons in the Public Gallery:

1. Dudley Maier of 51 Chatsworth Road Highgate – Item 7.1 stated the following:
 - First of all I would like to acknowledge the work of the new CEO, I have been very impressed with what I've seen so far, I think it's a breath of fresh air and that's the feedback I've got from staff members I've talked to so I wish him well. But that is not what I came here for.
 - It's to do with the budget and the seniors reserve and taking an interest in the seniors reserve. One thing you have to realise that those reserves are for various purposes one is to flatten out expenditure of years and the other one is to build up nest eggs. The reason you put the interest in is to increase the value of that nest egg, but also to maintain the value of that nest egg and count the effect of inflation.
 - So if you look at the seniors reserve and you go back to 2009/10 it started off that year with 2.48 million dollars in reserve. If you go to the ABS and look at the effects of inflation that equates to 2.83 million dollars in today's dollars, that's \$350,000 more. So essentially you need \$350,000 more in that reserve just to maintain the purchasing power. So if you take out all of the interest over those five (5) years it essentially is sending it back \$350,000. So you have got to also realise that it's not just interest that's going into that reserve there's been payments over three (3) years so you can't simply just go back to 2.83 million dollars.
 - I would suggest that if you go ahead with the plan that you also come up with a Plan B, because it's going to go out for public comment and I suspect people at Leederville Gardens will comment, so I think Plan B is a good idea. Probably also need Plan C to counter for some of the issues in the budget with carryovers which I think are incorrect, but I would advise to look at it very closely because I think you are taking some of the value from that reserve. Thank you.

The Presiding Member Mayor Carey thanked Mr Maier for his comments.

There being no further speakers, Public Question Time closed at approx 6.03.pm.

4. APPLICATIONS FOR LEAVE OF ABSENCE

- 4.1 Mayor Carey requested leave of absence from 12 September 2014 to 4 October 2014 (inclusive).

Moved Cr Wilcox, Seconded Cr Harley

That Mayor Carey's request for leave of absence be approved.

CARRIED UNANIMOUSLY (8-0)

(Cr McDonald was on approved leave of absence for the Meeting.)

5. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

Nil

6. DECLARATIONS OF INTERESTS

Nil.

7. REPORTS

- 7.1 2014/15 Budget Adjustments

7.1 2014/15 Budget Adjustments

Ward:	Both	Date:	1 September 2014
Precinct:	All	File Ref:	SC245
Attachments:	001 – Capital Expenditure Amendment Listing 002 - Reserve Amendment Listing 003 - Operating Expenditure Amendment Listing		
Tabled Items:	Nil		
Reporting Officer:	B Tan, Finance Manager		
Responsible Officer:	B Tan, Finance Manager		

OFFICER RECOMMENDATION:

That Council:

- APPROVES BY AN ABSOLUTE MAJORITY the adjustments to the 2014/15 Annual Budget as reported in Attachment 001, 002 and 003; and**
- BY ABSOLUTE MAJORITY, pursuant to section 6.11(2)(b) of the Local Government Act 1995, gives one month’s local public notice of the proposed use of the past five years of accumulated interest earned from the Aged Persons & Senior Citizens Reserve, for the purpose of offsetting the City’s 2014/15 budget deficit.**

COUNCIL DECISION ITEM 7.1

Moved Cr Harley, Seconded Cr Peart

That the recommendation be adopted.

MOTION PUT AND CARRIED UNANIMOUSLY BY AN ABSOLUTE MAJORITY (8-0)

(Cr McDonald was on approved leave of absence for the Meeting.)

PURPOSE OF REPORT:

The purpose of this report is for Council to formally approve various adjustments to the 2014/15 Annual Budget, to give effect to Council’s decision from 26 August 2014 relating to Item 9.5.1 (Budget Deficit) on that Agenda.

BACKGROUND:

At its Ordinary Meetings on 12 and 26 August 2014, Council considered reports regarding a budgeting error that, if not addressed, could have resulted in the City facing a \$6.4m deficit by 30 June 2015. In considering Item 9.5.1 (Budget Deficit) at its 26 August 2014 meeting, Council restored in part:

“That Council:

- ENDORSES the strategy outlined in this report to achieve a zero balance position for the City of Vincent 2014/15 adopted annual budget at 30 June 2015, comprising the following measures:*

- (a) *Amending the timing, scope, cost and funding source for the various projects and initiatives listed in Attachment 001 to yield a budget saving of \$3,615,200, subject to the following changes:*
- (i) *Under Traffic Management Projects, not reducing the scope of the Carr/Newcastle Street Intersection Upgrade and preserving the budgeted amount for that project of \$180,000;*
 - (ii) *Under Parks Development Projects, not deferring the Britannia Reserve – Path Construction Stage 2 and preserving the budgeted amount for that project of \$260,000;*
 - (iii) *Under Traffic Management Projects, deferring Traffic Calming Banks Reserve valued \$30,000 until 2015/16;*
 - (iv) *Under Streetscape Improvements, staging the Weld Square Stage 3 – Public Art Work project, to reduce the value of that project in 2014/15 by \$40,000 from \$100,000 to \$60,000;*
 - (v) *Under Streetscape Improvements, staging the Mt Hawthorn Streetscape Improvements, to reduce the value of that project in 2014/15 by \$10,000 from \$85,000 to \$75,000;*
 - (vi) *Under Streetscape Improvements, staging the North Perth Town Centre Enhancement, to reduce the value of that project in 2014/15 by \$10,000 from \$85,000 to \$75,000;*
 - (vii) *Deferring the Stirling Street Road Resurfacing Project until 2015/16 to yield a saving of \$64,220;*
 - (viii) *Under Parks Services, reducing the project funding for North Perth – Playground Equipment by \$5,000 from \$15,000 to \$10,000;*
 - (ix) *Under Parks Services, reducing the scope of works and project funding for Eco-zoning at Britannia Reserve by \$15,000 from \$30,000 to \$15,000;*
 - (x) *Under Parks Development, deferring the Charles Veryard Reserve – Fencing around dog exercise area until 2015/16 to yield a saving of \$25,000;*
 - (xi) *Under Miscellaneous Projects, staging the Leederville Town Centre – Public Artwork over the 2014/15 and 2015/16 financial years to reduce the cost of these works in the current budget by \$80,780 from \$150,000 to \$69,220;*
 - (xii) *Under Buildings, staging and reducing the funding allocated to the Loton Park toilet upgrade and asbestos removal by \$25,000 from \$200,000 to \$175,000;*
 - (xiii) *Under Buildings, deferring the Forrest Park Croquet Club – W/C and Changerooms until 2015/16 to yield a budget saving of \$40,000;*
 - (xiv) *Under Buildings, deferring the Woodville Reserve Pavilion air conditioning until 2015/16 to yield a budget saving of \$15,000.*
- (b) *Reducing the City's operating budget by \$314,489, as summarised in Attachment 002, from the budgeted expenditure figure of \$51,659,410 to \$51,344,921;*

- (c) *Amending the transfer of funds and interest to and from reserves, as detailed in Attachments 002 and 003, to reduce the overall balance of the City's reserves by \$1,319,869, from the budgeted figure of \$8,975,198 to \$7,655,329;*
 - (d) *Increasing the proceeds from disposal of assets by \$1,150,000, as identified in Attachment 002; and*
 - (e) *Amending the Rate Setting Statement accordingly, as depicted in Attachment 004.*
2. *NOTES that a further report will be presented to Council to statutorily formalise and give effect to the measures outlined in 1 above, once:*
- (a) *The Department of Local Government and Communities has responded to Council's endorsed strategy; and*
 - (b) *The City's actual end of year position has been determined, as at 30 June 2014.*

.....”

This report is now submitted to Council in accordance with resolution 2 above.

Council can adopt the budget adjustments outlined in its 26 August 2014 decision without awaiting the Department's further response and prior to knowing the City's actual end of year position.

DETAILS:

In the 2014/15 annual budget presented to and adopted by Council, Administration incorrectly transposed a \$3,199,779 estimated deficit as a surplus.

To avoid this deficit, Administration has carried out a detailed review of the 2014/15 budget and capital works schedule and has identified a range of measures that could be implemented to achieve a zero balance position at 30 June 2015.

These various measures are discussed below and outlined in the Attachments to this report.

1. Reduce Capital Expenditure, as depicted in Attachment 001.
2. Reduce transfers to Reserves
3. Transferring five (5) years worth of accumulated interest earned out of the Aged Persons and Senior Citizens Reserve into municipal revenue;
4. Increase transfers from Reserves
5. Increase the transfer of funds out of the Tamala Park Land Sales Reserves
6. Reduce operating expenditure in the areas of Community Amenities, Recreation and Culture and Transport
7. Increasing proceeds from disposal of assets

Reduce Capital Expenditure

Area	Amount
North Perth Underground Power	\$1,200,000
Plant and Equipment	\$140,000
Infrastructure Projects	\$2,275,200
TOTAL	\$3,615,200

(Reduce)/Increase Transfer to Reserves

RESERVE PARTICULARS	Budget Opening Balance 1-Jul-14	Actual Opening Balance 1-Jul-14	Budget Transfers To Reserve	Budget Interest Earned	Movements	Amended Budget Transfers To Reserve
	\$	\$	\$		\$	\$
Administration Centre Reserve	282,742	226,132	50,000		0	50,000
Aged Persons & Senior Citizen's	3,622,516	3,620,923	0		0	0
Beatty Park Leisure Centre	0	0	400,000		(200,000)	200,000
Capital Reserve	348,136	347,934	140,000		0	140,000
Cash in Lieu Parking Reserve	410,018	422,691	200,000		0	200,000
DSR Office Building Reserve	561,939	562,340	60,000		(60,000)	0
Electronic Equipment Reserve	137,084	150,933	0		0	0
Hyde Park Lake Reserve	416,940	44,435	0		266,000	266,000
Land & Building Acquisition Reserve	261,143	261,329	0		0	0
Leederville Oval Reserve	290,458	290,666	45,000		(45,000)	0
Light Fleet Reserve	0	0	140,000		0	140,000
Loftus Community Centre Reserve	10,743	12,928	6,000		0	6,000
Loftus Recreation Centre Reserve	45,860	73,952	55,580		0	55,580
Parking Facility Reserve	339,095	339,337	0		0	0
Parking Funded City Centre Upgrade Reserve	158,839	158,953	300,000		0	300,000
Parking Funded Transport Initiative Reserve	299,617	283,325	300,000		383	300,383

RESERVE PARTICULARS	Budget Opening Balance 1-Jul-14	Actual Opening Balance 1-Jul-14	Budget Transfers To Reserve	Budget Interest Earned	Movements	Amended Budget Transfers To Reserve
	\$	\$	\$		\$	\$
Plant & Equipment Reserve	484,827	478,102	100,000		(100,000)	0
State Gymnastics Centre Reserve	60,023	60,066	10,490		0	10,490
Strategic Waste Management Reserve	19,664	19,679	0		0	0
Tamala Park Land Sales Reserve	841,372	841,853	2,200,000		380,000	2,580,000
Underground Power Reserve	184,400	184,531	1,200,000		(1,200,000)	0
Waste Management Plant & Equipment Reserve	390,212	390,490	100,000		(100,000)	0
Reserve Interest				292,300	(292,300)	0
TOTAL	9,165,628	8,770,599	5,307,070	292,300	(1,350,917)	4,248,453

Reduce/(Increase) Transfer from Reserves

This includes the transfer from Tamala Park Reserve of \$1.3 million in accordance with the designated purpose of the Reserve and transfer of five (5) years of accumulated interest earned from the Aged Persons & Senior Citizen Reserve. Under section 6.11 (2)(b) of the Local Government Act 1995, Council must by Absolute Majority give one month's local public notice of the proposed use of the past five (5) years interest earned from the Aged Persons & Senior Citizens Reserve. This has been included in Administration's recommendation and will be the subject of a separate report to Council to adopt a further budget adjustment once the one month public notice period has concluded.

RESERVE PARTICULARS	Budget Opening Balance 1-Jul-14	Actual Opening Balance 1-Jul-14	Budget Transfers From Reserve	Movements	Amended Budget Transfers From Reserve
	\$	\$	\$	\$	\$
Administration Centre Reserve	282,742	226,132	(223,500)		(223,500)
Aged Persons & Senior Citizen's	3,622,516	3,620,923	0	* (745,352)	* (745,352)
Beatty Park Leisure Centre	0	0	(175,875)		(175,875)
Capital Reserve	348,136	347,934	(483,625)	158,000	(325,625)
Cash in Lieu Parking Reserve	410,018	422,691	(207,500)	107,500	(100,000)
DSR Office Building Reserve	561,939	562,340	(13,500)	2,900	(10,600)
Electronic Equipment Reserve	137,084	150,933	(48,800)		(48,800)
Hyde Park Lake Reserve	416,940	44,435	(310,000)		(310,000)
Land & Building Acquisition Reserve	261,143	261,329	0		0
Leederville Oval Reserve	290,458	290,666	0		0
Light Fleet Reserve	0	0	(134,000)		(134,000)
Loftus Community Centre Reserve	10,743	12,928	0		0
Loftus Recreation Centre Reserve	45,860	73,952	(81,000)	8,000	(73,000)
Parking Facility Reserve	339,095	339,337	0	0	0
Parking Funded City Centre Upgrade Reserve	158,839	158,953	(460,000)	10,000	(450,000)
Parking Funded Transport Initiative Reserve	299,617	283,325	(600,000)		(600,000)
Plant and Equipment Reserve	484,827	478,102	(107,000)	0	(107,000)
State Gymnastics Centre Reserve	60,023	60,066	0	0	0
Strategic Waste Management Reserve	19,664	19,679	0	0	0
Tamala Park Land Sales Reserve	841,372	841,853	(1,745,000)	(710,000)	(2,455,000)
Underground Power Reserve	184,400	184,531	(1,200,000)	1,200,000	0
Waste Management Plant & Equipment Reserve	390,212	390,490	0	0	0
TOTAL	9,165,628	8,770,599	(5,789,800)	31,048	(5,758,752)

* Subject to public notice and future report to Council

Operating Expenditure Savings

Operating Area	Amount
Community Amenities	\$100,000
Recreation and Culture	\$114,489
Transport	\$100,000
TOTAL	\$314,489

Sale of Assets

It is now proposed to sell the entirety of 81 Angove Street for approximately \$1.7 million. The sale of the rear of the property was budgeted for approximately \$930,000. The sale of the whole property would yield an additional \$770,000 of income of the City. Increased sale proceeds from the Tamala Park land sales from \$2,200,000 to \$2,580,000 would also generate an additional \$380,000 income for the City.

The proposed disposal of the entirety of 81 Angove Street will be dependent on a separate report to Council as a major land transaction.

CONSULTATION/ADVERTISING:

The proposed use of five (5) years of accumulated interest from the Aged Persons & Senior Citizens Reserve requires one month's public notice.

LEGAL/POLICY:

The City's budget and financial management practices must comply with The Local Government Act 1995 (Amended 2005) and Local Government (Financial Management) Regulations 1996.

RISK MANAGEMENT:

LOW/MEDIUM/HIGH: The proposed budget adjustments are consistent with and will give effect to Council's decision of 26 August 2014.

STRATEGIC IMPLICATIONS:

The following objectives of Council's *Strategic Community Plan 2013 – 2023* are relevant to this matter:

"4.1 Provide good strategic decision-making, governance, leadership and professional management

4.1.2 Manage the organisation in a responsible, efficient and accountable manner

(a) Continue to adopt best practise to ensure the financial resources and assets of the City are responsibly managed and the quality of services, performance procedures and processes is improved and enhanced.

4.1.4 Plan effectively for the future."

SUSTAINABILITY IMPLICATIONS:

The identified budget savings will still enable the City to deliver key projects and initiatives that will contribute to the social, economic and environmental wellbeing of the City and its community.

FINANCIAL/BUDGET IMPLICATIONS:

The financial/budget implications of the proposed adjustments are outlined in this report and its attachments and were endorsed by Council at its meeting on 26 August 2014.

COMMENTS:

If adopted by Council, the various budget adjustments outlined in this report and its attachments will give legal effect to Council's resolution 1 from 26 August 2014. regarding the City's 2014/15 budget deficit and will avoid a \$6.4M budget deficit position at the end of the current financial year.

The budget measures endorsed by Council on 26 August 2014 will also require the City to give local public notice of its intention to transfer five years of accumulated interest from the Aged Persons & Senior Citizens Reserve. This has been included in Administration's recommendation and will be followed-up with a further report to Council to adopt a budget adjustment for that purpose once the public notice period has concluded. Additionally, A separate report will be presented to Council to formally proceed with the sale of the entirety of 81 Angove Street as a major land transaction under the Local Government Act 1995. In the meantime however, the anticipated extra income generated from the sale of that entire property can still be (and has been) included in the current budget adjustments.

Furthermore, a mid-year budget review will be conducted between December 2014 and March 2015 and will be the subject of a separate report to Council.

8. CLOSURE

There being no further business, the Presiding Member, Mayor John Carey, declared the meeting closed at 6.10.pm with the following persons present:

Mayor John Carey	Presiding Member
Cr Roslyn Harley (<i>Deputy Mayor</i>)	North Ward
Cr Matt Buckels	North Ward
Cr Emma Cole	North Ward
Cr James Peart	South Ward
Cr John Pintabona	South Ward
Cr Joshua Topelberg	South Ward
Cr Julia Wilcox	North Ward
Len Kosova	Chief Executive Officer
Rick Lotznicker	Director Technical Services
Jacinta Anthony	Acting Director Community Services
Mike Rootsey	Director Corporate Services
Gabriela Poezyn	Director Planning Services
Bee Choo Tan	Finance Manager

Signed:Presiding Member John Carey.

Dated this day of 2014.