

SPECIAL MEETING OF COUNCIL 2 APRIL 2002

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CITY OF ARMADALE

MINUTES

OF SPECIAL MEETING OF THE ARMADALE CITY COUNCIL HELD IN THE COUNCIL CHAMBERS, 7 ORCHARD AVENUE, ARMADALE ON TUESDAY, 2 APRIL 2002 COMMENCING AT 5.35 PM

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Mayor, Cr Reynolds, declared the meeting open at 5.35pm.

2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

(previously approved)

PRESENT:

Mayor, Cr L Reynolds JP presided over:	Westfield Ward
Cr J Knezevich	West Armadale Ward
Cr F R Green	Armadale Ward
Cr A L Cominelli JP	Forrest Ward
Cr G M Hodges	Forrest Ward
Cr V L Clowes-Hollins	Kelmscott Ward
Cr H A Zelones JP	Kelmscott Ward
Cr J D Cumming	Seville Ward
Cr J Everts	Seville Ward
Cr J A Stewart	Westfield Ward
Cr R C Stubbs	Roleystone Ward
Cr D L Hopper JP	Roleystone Ward

IN ATTENDANCE:

Mr R S Tame	Chief Executive Officer
Mr A F Maxwell	Executive Director Community & Corporate Services
Mr JHA Adderley	Executive Director Development Services
Mr A Bruce	Executive Director Technical Services
Mrs Y Ward	Acting Executive Assistant

Public: Nil
Press: Nil

LEAVE OF ABSENCE: Cr R R Fletcher
APOLOGIES: Cr J H Munn

MOVED Cr Stewart that the apology be received.

110/2002 MOTION not opposed, DECLARED CARRIED (12/0)

3 PUBLIC QUESTION TIME

Nil

4 BUSINESS OF THE SPECIAL MEETING

FIVE YEAR FORWARD PLAN & PRINCIPAL ACTIVITY PLAN

WARD All
FILE REF: FIN/7
DATE 25 Mar
2002
REF RST/TM
RESPONSIBLE CEO
MANAGER

In Brief:

- Recent Workshop discussions on the Five Year Forward Plan resulted in the following methodology.
 - Project current “recurrent” activities and rating strategy forward as a base Five Year Plan.
 - Propose 2.5% “real” rate increase p.a. plus rate revenue derived from specific key developments. –Estimated Total \$2.552M
 - Consolidate the Strategic Initiatives and Unfunded Projects put forward in Strategic Plan discussions.
 - Determine priority of initiatives which can be included using the \$2.552 M revenue.
 - Add to “base” Five Year Plan and consolidate for adoption as Principal Activity Plan

Officer Interest Declaration

Nil

Strategic Implications

Corporate Services - The sound financial management of Council will be measured by:-

- Level of excellence in financial audit reports
- Level of contribution of rates to total revenue
- Affordability of rating levels
- The Council’s debt ratio
- The long term financial viability of Council
- Adequate funding of City facilities and services

Legislation Implications

Section 6.2 of the Local Government Act 1995

Part-3, Regulations 22 to 33 of the Local Government (Financial Management) Regulations 1996

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

The Five Year Forward Plan will guide both the Principal Activity Plan, Strategic Plan and the 2002-2003 Budget.

Consultation

Extensive internal consultation

Workshop and information sessions held on 19th February and 13th March 2002 for elected members

BACKGROUND

In June 2000 Council combined its Five Year Programmes for various works and services into an all-encompassing Five Year Forward Plan.

In presenting the Plan to the City Strategy Committee the CEO outlined the need to focus on economic development and some key initiatives if the City was to be able to provide programmes and services in a sustainable fashion in the future.

The following diagrams illustrates how a strategic approach could lead to the sustainability needed to implement future community development and amenity initiatives.

DIAGRAM A

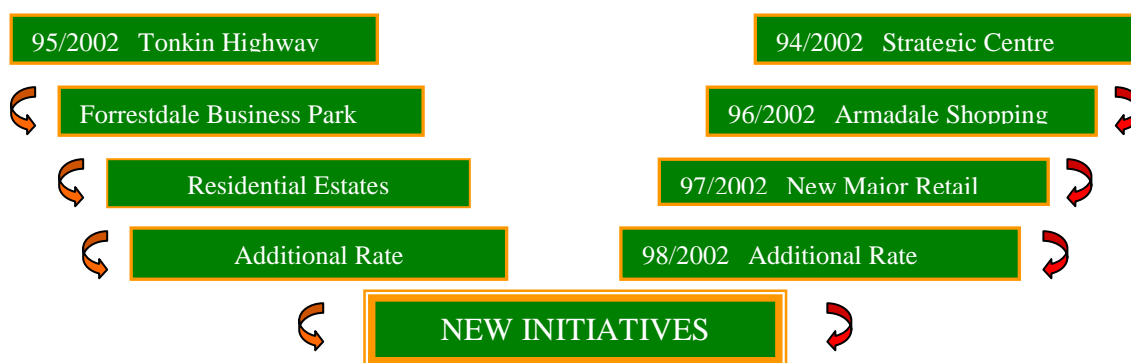


DIAGRAM-B





The Five Year Forward Plan was also based on series of principles which were reiterated when the plan was reviewed in June 2001, as follows:-

- *That the savings on debt service costs (\$600,000 in 2002-03 and thereafter \$1,200,000 each year) be applied towards key strategic projects which would serve to generate long term economic, community and financial benefits and position the City's administration to more effectively respond to business demands and challenges. Examples of these key strategic objectives included:*
 - *Enquiry by Design*
 - *Tonkin Highway*
 - *Armadale Golf Course*
 - *Council IT Development (Business Process Review)*

- *That the Plan examine the revenue capability of the City and reflect future years revenues from those key strategic projects. The additional sources of rate revenue (other than a 3% "real" annual increase)provided for in the Plan are as follows:*
 - *Forrestdale Business Park*
 - *Major Retail Development in Armadale*
 - *Residential Estates (Brookdale)*
 - *Armadale Shopping City Redevelopment*

- *By relating investment to these revenue outcomes, it becomes obvious that an opportunity exists to initiate key strategic projects, resulting in a deficit budget in the earlier years of the Plan, in the knowledge that these deficits could be repaid from future debt service savings. The Plan has been structured so as not to commit to expenditures that cannot be repaid from future confirmed savings and/or revenues. This principle must be maintained in any subsequent variations to the Plan.*

In June 2001, the City confirmed the New Initiatives incorporated into the Five Year Forward Plan, based on a proposed "real" growth in rate revenue of 3% per annum.

At the Workshops held on 19th February and 13th March 2002, Councillors and Executive Officers discussed the impact of the City's 2001/02 Budget position, and the impact of current trends on the Five Year Plan. Particular attention was given to the reviewed Strategic Expenditures (Initiatives) and updated Development Rate Revenues (See Working Papers 1 and 2, with Notes on the Workshops).

The matter of Budget 2001/02 was addressed at the Council meeting on 18th March 2002.

Following the last Workshop, a report to Council was requested to consider a reviewed Five Year Plan, based on a 2.5% “real” rate increase, noting that this would be on top of inflation which now lies between 2% and 3% per annum.

The review was to be in current (2001/02) dollars, up to 2005/06. Once the Strategy was determined a new Five Year Plan to 2006/07 can be proposed in 2002/03 dollars, setting the basis for 2002/03 Budget discussion.

It is important that strategic decisions are made now to enable adoption of a Five Year Plan and advertising of a Principal Activity Plan and Strategic Plan. These will provide the guidelines (guiding, but not binding) the 2002/03 Budget.

COMMENT

Workshop-2 had concluded with the advice that Strategic Initiatives exceeded the anticipated additional revenue available to 2005/06 by \$868,500. Consolidation with Unfunded Projects extends this to \$2.2M.

Following the guide indicated by discussions at the Workshop held on 15th March 2002, the following principles and methodology are proposed:-

1. The principles underlying the Five Year Forward Plan in 2000 and 2001 be retained.
2. The Strategic Initiatives forwarded from June 2001 and the Unfunded Strategic Projects have been consolidated in a single list, extending to 2005/06 – See Table 1.
3. Strategic initiatives have been grouped into three categories:-
 - Economic Development/Revenue Leveraging
 - Community advancement/Environmental Improvement
 - Service Delivery

With relative priority shown as H, M or L (High, Medium or Low). The rationale for categorisation and suggested priority rating is shown in **Attachment “A-1”**.

4. **Table-1** indicates the source of each initiative as requested. **Table-2** groups the estimated cost of initiatives, according to relative priority.
5. Each Strategic Initiative is outlined further in an individual Project sheet included in **Attachment “A-2”**.

METHODOLOGY

The proposed methodology to bring Council to adoption of a Principal Activity Plan and Five Year Forward Plan is outlined below:-

1. The Five Year Forward Plan currently shows \$2.552M available for Strategic Initiatives (NB 2001/02 dollars)
2. Certain initiatives are vital to achieving revenue projections later in the Plan.
3. The consolidated list of Strategic Initiatives 2002/03 to 2005/06 (Table-1) shows a total estimated cost of \$4.512M (NB: 2001/02 dollars)
4. Confirm consolidated list to 2005/06.
5. Note: Some projects have been limited or amortized. Aquatic Centre not included for funding but to be considered by Community Services Committee regarding long term direction.
6. Consider the suggested Priorities on Table-1 – Confirm
7. Consider Table-2, showing aggregated estimated cost of the relative priority groupings.
8. Allocate available funding according to strategic principles and priorities, as shown on Table-2. Note that available funding almost equates to High priorities
9. Add the selected Strategic Initiatives to the (now reviewed) “base” current Five Year Forward Plan.
10. Adopt the new Five Year Plan
11. Update all figures to 2002/03 (estimated)
12. Adopt the Principal Activity Plan
13. Review Strategic Plan in accord with Workshop guidelines and new Strategic Initiatives
14. Continue Strategic Plan and 2002/03 Budget process.

CONCLUSION

It will be recommended that the Five Year Plan and Principal Activity Plan to 2005/06 be formulated by including those projects listed as high priority (H) on Table-2, and adding them to the “base” Five Year Plan of recurrent activities, along

with projected rate revenue as outlined above (2.5% plus strategic development revenue).

This will also enable confirmation that the progressive deficit will not exceed limits set by statute.

The purpose of this report is to update the current Five Year Plan (to 2005/06) allowing for most recent trends and Council initiatives, and to adopt a Principal Activities Plan for public comment.

This will allow finalisation of the Strategic Plan, a new Five Year Plan to 2006/07, and guide the 2002/03 Budget.

For purposes of determining the Five Year Plan and Principal Activities Plan, Council has the following options:-

Option-1

Adopt the recommended high (H) priority Initiatives shown on Table-2, which when added to the recurrent activities shown in the Five Year Plan on Table-3, generates a Consolidated Five Year Plan result as shown on Table-4, i.e. showing a nett surplus of \$216,000

Option-2

Adopt alternative Strategic Initiatives from Table-2, which can be added to the recurrent Five Year Plan on Table-3 to generate an amended Consolidated Five Year Plan and Principal Activity Plan.

Option-3

Consider an alternative strategic financial direction, deferring adoption of a Five Year Plan and Principal Activity Plan until a later date.

Options (1) and (2) are achievable using the information currently provided. Option (3) can still meet statutory advertising requirements prior to the 2002/03 Budget, but will set back the programme of achieving a new Five Year Strategic Plan and Budget. Council's programme is already well behind that proposed in the Corporate Calendar, delaying strategic initiatives.

Following the methodology outlined above, **as an example**, Option-1 (which will be recommended) has been carried through into the supplementary Tables.

Table-3 Show the current Five Year Plan with updated trends, activities and revenues, including a 2.5% rate increase as requested in earlier workshops, *but does not include New Initiatives*.

Table-4 Shows the high (H) priority initiatives from Table-2, set into annual programmes, then added to cumulative deficit surplus shown in Table-3 resulting in a Consolidated Cumulative Deficit/Surplus at the bottom. It should be noted this “peaks” within the \$1.6M deficit beyond which Ministerial approval would be required.

A nett surplus of \$219,000 occurs in 2005/06.

Table-5 This shows the current updated Five Year Plan from Table-3, *with the current Perth CPI increase of 3% (nationally 3.1%)* added to years 2002/03 onwards. This effectively **converts the Five Year Plan to 2002/03 dollars**.

Table-6 Updates Table-4 to 2002/03 dollars, showing a nett surplus to 2005/06 of \$219,000. Note: Maximum cumulative deficit (2003/04) is \$1.25M still within statutory limits.

This enables inclusion of the Strategic Initiatives as a line item at the bottom of the Summary on Page 15 of the Draft Principal Activity Plan (PAP) in **Attachment “A-3”**. On Council adoption of this PAP (as amended) the Strategic Initiatives included as a line item on page 15, can be included in appropriate schedules within the PAP, for advertising.

Year 2002/03 of the Five Year Plan and PAP, now in 2002/03 dollars, can form the basis of Budget 2002/03 discussions.

The final (relatively simple step) will be to extend the Plan to 2006/07 and adopt as the new Five Year Plan, and basis for the Strategic Plan.

Strategic Plan

The Strategic Plan as distributed in December and amended to include comments forwarded, now extends to approximately 40 pages. While this may be appropriate as a working “Corporate Plan” (it now includes Action Plans and recurrent figures) it is not appropriate for advertising and public comment.

Once Council confirms the Five Year Plan, subject of this report, it is recommended that a condensed public document similar in size to the Armadale Alive document, be produced as the Strategic Plan (2002/03 to 2006/07) for publication.

Moved Cr Hopper that Standing Orders be suspended to allow Committee-style debate to occur.

The Chief Executive Officer advised that corrections to the Agenda were required on page 4, being that the date should read 13th March and not 15th March as stated, and on page 5 under methodology, item 3 –the total estimate to read \$4.512M rather than \$4.652M. (Minutes will reflect correct figures.)

The Chief Executive Officer delivered a PowerPoint presentation of points, tables and recommendations relating to the Five Year Plan and Principal Activity Plan – information that had been circulated to Council in the Agenda and Supplementary report. (Refer to Attachment “A-4”).

Committee acknowledged that over the two Workshops held to discuss these matters, Council and staff have recognised that the original Five Year Forward Plan, based on a 3% “real” increase in rate revenue, is not going to yield all the outcomes originally put forward. (Indeed, only a 1% increase had been achieved in 2001/02.)

In addition, a number of things had come up in the past 9 months which significantly affected the current 2001/02 Budget (see City Strategy CS20/02) which when extended over the balance of the Five Year Forward Plan, meant that the City would fall well short of its current objectives.

Accordingly, the revised Plan outlined in this Report, based on a genuine 2.5% rate increase per annum, was prepared.

The Chief Executive Officer reminded Council it was important that we keep our focus in the first couple of years of the Plan on those projects that will generate income and sustainability in the latter stages of the Plan.

The Mayor referred to Table 5 and Table 6 of the report which reflects the current Perth annual CPI increase of 3%, noting the conversion of the Plan to 2002/03 dollars. It was pointed out to Committee that a 3% CPI increase plus 2.5% “real” increase would result in an overall rate revenue increase of 5.5% in 2002/03.

The Chief Executive proceeded through the Agenda and Supplementary report, with matters raised by Committee being:

- *clarification was sought as to whether the project scoping in Attachment “A-2” is a broad brush figure to indicate that a certain amount is to be allocated towards a certain project and is not set in concrete – the Chief Executive Officer confirmed that Budget discussions will determine actual allocations.*
- *the funding for the Neighbourhood Improvement Program shows funding by the City for \$33,000 but \$50,000 had been budgeted – it was confirmed that it is recommended to increase the City’s allocation to \$50,000;*

- *the Recreation Needs Study report includes the use of data from the 2001 ABS Census. As that data has not been released yet, the Executive Director Community & Corporate Services needed to ensure that the data was clarified*
- *the name for the new Tree Management Program to be changed to “Enhanced Tree Management Plan” as a Tree Management Plan already exists in recurrent programmes;*
- *consideration be given to drawing on existing knowledge and resources within the organisation in regard to grant funding opportunities rather than having a further stand-alone program as outlined in the Community Services Needs Framework and Community Plan Program;*
- *a report be provided to Council after the conclusion of the Budget which provides more information on the proposal to upgrade the Administration building, given that this matter has not previously been the subject of a report or discussion by Council . The Chief Executive Officer advised that this matter came out of strategic discussions by management looking at the future accommodation needs of the organisation. Council required that the Five Year Plan consider all strategic needs and the ability to function and grow with service demand is a critical factor in future planning.*
- *the proposed Principal Activity Plan be adopted in terms of the dollars and programmes recommended but that the prelude and words surrounding each principal activity be redrafted in briefer and more “layman” terms, with the Plan, once redrafted, being circulated to Councillors to allow them the opportunity to comment before it is advertised.*

Officer Recommendation:

That:-

1. the proposed Principal Activity Plan for the (4) year period ending 30th June 2006, as tabled and amended at the April 2nd 2002 Special Meeting of Council to include priority Strategic Initiatives as shown at **Attachment “A-3”**, be adopted.
2. local public notice of the Plan be given in accordance with Section 5.57 of the Local Government Act 1995;
3. the first year (2002-03 Year) of the proposed Principal Activity Plan (as amended to include strategic initiatives) form a guide to Council’s Standing Committees in developing Draft Budgets for the 2002-03 year;

4. the Standing Committees when developing Draft Budgets examine the cost and relevance of all current programs with a view to minimising cost and seeking further opportunities to fund identified strategic initiatives.

Cr Stubbs proposed the addition of a part (5) to the officer recommendation as follows:

5. that an Establishment report be incorporated in the 2002-02 Budget documentation.

Moved Cr Clowes-Hollins

That:

1. the proposed Principal Activity Plan for the (4) year period ending 30th June 2006, as tabled and amended at the April 2nd 2002 Special Meeting of Council to include priority Strategic Initiatives as shown at Attachment “A-3”, be adopted.
2. local public notice of the Plan be given in accordance with Section 5.57 of the Local Government Act 1995;
3. the first year (2002-03 Year) of the proposed Principal Activity Plan (as amended to include strategic initiatives) form a guide to Council’s Standing Committees in developing Draft Budgets for the 2002-03 year;
4. the Standing Committees when developing Draft Budgets examine the cost and relevance of all current programs with a view to minimising cost and seeking further opportunities to fund identified strategic initiatives.
5. that an Establishment report be incorporated in the 2002-03 Budget documentation.

112/2002 MOTION not opposed, DECLARED CARRIED (12/0)

Moved Cr Hopper that Standing Orders be resumed.

113/2002 MOTION not opposed, DECLARED CARRIED (12/0)

5 CLOSURE

Mayor, Cr Reynolds, declared the meeting closed at 6.40 pm

MINUTES CONFIRMED THIS 15th DAY OF APRIL 2002

MAYOR