



Finance Committee

25 February 2014

MINUTES



MINUTES OF FINANCE COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON TUESDAY, 25 FEBRUARY 2014 COMMENCING AT 6.32PM

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MINUTES OF A FINANCE COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON TUESDAY, 25 FEBRUARY 2014, COMMENCING AT 6.32PM

F1. OPENING OF MEETING

The Executive Manager, Finance & Admin, Mr Les Mainwaring, opened the meeting in the capacity of Presiding Officer pending a Presiding Member of the Committee being elected.

F1.1 Present

Mayor J O'Neill
Cr M McPhail
Cr S Martin
Cr M Rico
Cr A Watkins
Mr L Mainwaring Executive Manager Finance & Administration
Ms J May Minute Secretary

F2. ELECTION OF PRESIDING MEMBER

The Executive Manager, Finance & Admin called for nominations for the position of Presiding Member.

Mayor O'Neill nominated Cr McPhail who accepted the nomination.

As there were no further nominations, the Executive Manager, Finance & Admin declared Cr McPhail elected as Presiding Member of the Finance Committee.

Cr McPhail assumed the Chair.

F3. ACKNOWLEDGEMENT OF COUNTRY

"On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place."

F4. WELCOME TO GALLERY

There were no members of the public present.

F5. APOLOGIES

Nil.

F6. PUBLIC QUESTION TIME

Nil.

F7. CONFIRMATION OF MINUTES

F7.1 Finance Committee Meeting – 26 February 2013

Cr Martin – Cr Rico

That the Minutes of the Finance Committee held on 26 February 2013 and adopted at the Council Meeting held on 19 March 2013 be confirmed. CARRIED

F8. CORRESPONDENCE (LATE RELATING TO ITEMS IN AGENDA)

Nil.

**F9. BUSINESS****F9.1 2013/2014 Half Year Budget Review**

By Les Mainwaring Executive Manager Finance & Administration, on 20 January 2014

PURPOSE

A half yearly review of the Town's operations including forward estimates and budget recommendations to 30 June 2014.

BACKGROUND

Local Governments are required to conduct a budget review between 1 January and 31 March each financial year in accordance with Regulation 33A of the Local Government (Financial Management) Regulations 1996 (as amended). The results of the budget review are to be submitted to Council within 30 days of the review [FM Regulation 33A (2) and (3).] A copy of the review and Council's recommended solutions are to be forwarded to the Department of Local Government within 30 days of the Council meeting (Financial Regulation 33A(4)).

The Department of Local Government also advises that any budget amendments prior to 31 December 2013 should be included as part of the half yearly budget review.

Council has previously considered eight (8) amendments to the original budget.

This half yearly report provides commentary on operations by statutory program in addition to information already provided in regular monthly financial activity reporting, with the intent of specifically analysing forecast variations and providing recommendations for budgetary revisions.

REPORT

The following are the key organisational indicators taken from the December Monthly Financial Activity Report YTD Actuals against the Original Budget as at 31 December 2013. This is a slightly different view compared to our monthly year to date budget view taken in the regular monthly Financial Activity Reports, it also allows a comparative performance to last year.

Budget Year elapsed 50%Total Operating Expenditure 52% (Last Year 49%)

Operating expenditure is unfavourable by 2% to the half yearly original budget and 3% higher by comparison to last year, although the budget is 1% favourable to our year to date current budget position.

Total Operating Revenue 89% (Last Year 81%)

Operating revenue at 89% is influenced by the early collection of rates and rubbish services, however comparative positive signs are that income is 7% higher than the same time last year.

Total Capital Expenditure 10% (Last Year 41%)

The progress of capital programs shows a marked reduction in comparison to the same time last year, mainly where buildings have been 0% completed and Infrastructure 21% completed.

Total Sale of Asset Revenue 44% (Last Year 30%)

Sale of asset revenue of 44% indicates the progress of the planned plant replacement program where three of the five items of plant have been replaced in the first half.

Methodology

This review is in two sections;

- Operating Budget by Program – budget amendments recommended



- Capital Budgets by Asset Classification – budget amendments recommended

The review methodology compares the original budget position to forecast actual values and recommends budget amendments where appropriate based on forecasts to the 30 June 2014. The threshold of reporting on material exceptions is guided by the materiality threshold in financial reporting at each program level, of either the greater of 10% or \$10,000 as set at the Ordinary Council Meeting 13 August 2013.

Variations to non-cash items such as depreciation, profit or loss on sale of assets and secondary allocation items are excluded as they have no cash impact on Council's forecast cash position.

Any budget revisions from this report will be considered for inclusion and reported as amendments in the next available Monthly Financial Activity Report.

Executive Summary

The net result of all half yearly review material forecast estimates is a forecast deficit movement of \$73,000. When added to the current forecast surplus of \$152,620, the net effect of this budget review will leave a projected end of year forecast surplus of \$77,620.

The projected surplus position represents 0.9% of budgeted operating revenue, therefore it is not considered to be significant in the context of our business, noting that budget reviews tend to take a conservative position of more readily identifying negative outcomes.

Given the projected surplus, finance staff will closely monitor results and trends during the remainder of the financial year with the intent of maintaining a balanced budget result or surplus.

Prior Budget Amendments

OCM 17 September 2013

\$92,000 I12091 Balance of Main Roads grant for the Preston Point Roundabout
\$16,000 E12712 Balance of delayed works by MRD and Western Power lighting.
\$20,000 E04257 Provision for Local Government Reform expenses
\$25,000 E10215 Town Centre Style Guide
\$23,000 E11238 Fill for Erosion Control at river foreshore near John Tonkin Park

OCM 19 November 2013

\$30,000 E10238 Additional project costs for Municipal Inventory
\$30,000 I13181 Additional Building Permit revenue.
\$15,000 I03055 Additional Rate revenue

Summary of amendments equalled a surplus of \$23,000.

OCM 10 December 2013

\$127,620 additional carried forward surplus not allocated

Operating Budgets by Program

Budget amendments are recommended for:

General Purpose Funding

Income

\$10,000 I03051 reduced income in Interim Rates from the demolition of 141 Canning Highway

\$17,000 I03055 increased income in Rates raised from the adjusted estimate of loss of income from 141 Canning Highway.



\$10,000 I03188 increased income return on Municipal Cash Investments from lower than expected draw on surplus funds to date.

The budget review outcome for General Purpose Funding is favourable by \$17,000.

Governance

Expenditure

\$10,000 E04253 savings on sitting fees from vacant Council positions.

The budget review outcome for Governance is favourable by \$10,000.

Law, Order, Public Safety

Income

\$10,000 I05087 increased income from greater volume of cat registrations than expected

The budget review outcome for Law, Order, Public Safety is favourable by \$10,000.

Education and Welfare

Income

\$5,000 I08086 increased income from HACC client program participation

\$25,000 I08088 increased grant income for growth

Expenditure

\$17,000 E08210 increased expenditure from long term staff termination salary

\$10,000 E08210 increased expenditure from new buses and growth in use

\$6,000 E08210 increased expenditure in program materials from growth.

The budget review outcome for Education and Welfare is unfavourable by \$3,000.

Community Amenities

Expenditure

\$13,000 E10203 increased expenditure for ratepayer usage of tip passes (370 in first 6 months) plus Cockburn had increased tip pass fees by 12.5%.

\$19,000 E10204 increased expenditure for kerbside general waste collection in November. Contractor fees remained steady however tipping fees rose substantially because of increased volume.

\$13,000 E10222 savings in recycling material recovery from a slightly lower collection volume than expected.

\$90,000 E10227 increased expenditure on much higher volumes of Waste Composting Facility materials than anticipated at \$215 per tonne.

The budget review outcome for Community Amenities is unfavourable by \$109,000.

Recreation and Culture

Income

\$50,000 I11167 decreased income from Department of Sport and Recreation projected withdrawal of funds toward the East Fremantle Oval master plan.

Expenditure

\$12,000 E11219 increased expenditure on additional turf and top dressing of upper and lower ovals at Wauhop Park

\$10,000 E11220 increased expenditure on septic maintenance at EF Lacrosse Clubroom during winter months, awaiting connection to reticulated sewerage during building upgrade.



\$40,000 E11246 savings from East Fremantle Oval master plan expenditure
\$10,000 E11249 savings in library shared services with City of Fremantle mainly due to lower than expected cost of operations budget.

\$10,000 E11228 savings in the community events budget with less than expected forecast expenditure.

The budget review outcome for Recreation and Culture is unfavourable by \$12,000.

Transport

Expenditure

\$12,000 E12233 savings in electricity costs of street lighting from lower than expected forecast increase.

\$18,000 E12245 increase in tree pruning of street trees due to a greater than estimated contractor requirement.

The budget review outcome for Transport is unfavourable by \$6,000.

Economic Services

Income

\$95,000 I13182 increased Building Construction Industry Training Fund collections, mainly due to the Town Centre development.

\$50,000 I13184 increased Building Services Levy collections, mainly due to the Town Centre development.

Expenditure

\$20,000 E13205 savings in building surveyor external contractors fees lower than estimates.

\$50,000 E13206 increased Building Services Levy payments, mainly due to the Town Centre development

\$95,000 E13207 increased Building Construction Industry Training Fund payments, mainly due to the Town Centre development.

The budget review outcome for Transport is favourable by \$20,000.

Capital Budgets by Asset Classification

All capital activities are funded from Reserves, therefore any variations to capital projects are recommended to be funded to and from Reserves, as the case may be, in preference to impacting the projected carried forward operating position.

Budget amendments are recommended for:

Plant and Equipment

Capital Income

\$11,400 000340 additional transfers from Plant and Equipment which has a forecast balance of \$241,000.

\$4,000 01272 decreased income from best available quote of trade in from Furokawa wheel loader

Capital Expenditure

\$7,400 E12613 increased cost of purchase from best available quote for new wheel loader.

The budget review outcome for Plant and Equipment is neutral at \$0.

**Statutory Requirements**

Local Government (Financial Management) Regulations 1996

33A. Review of budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must —*
 - (a) *consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *consider the local government's financial position as at the date of the review; and*
 - (c) *review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

Relevant Council Policies

The budget is based on the principles of the Strategic Plan and Plan for the Future.

Strategic Plan Implications

The budget review has been developed on existing strategic planning documents.

Financial/Resource/Budget Implications

The net result of all half yearly review material forecast estimates is a forecast deficit movement of \$73,000. Added to the current forecast surplus of \$150,620, the net effect of this budget review will be a projected end of year forecast surplus of \$77,620.

Conclusion

The projected surplus position represents 0.9% of budgeted operating revenue, therefore it is not considered to be significant as a proportion of our business.

Given the projected surplus, finance staff will closely monitor results and trends during the remainder of the financial year with the intent of maintaining a balanced budget result or surplus.

Voting Requirements

Absolute Majority

RECOMMENDATION TO COUNCIL

That Council:

1. receives the Half Yearly Budget Review report for the period ended 31 December 2013.
2. notes the budget amendments already adopted by Council during the period 1 July 2013 to 31 December 2013 adding a surplus of \$23,000.
\$92,000 I12091 Balance of Main Roads grant for the Preston Point Roundabout



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\$16,000 E12712 Balance of delayed works by MRD and Western Power lighting.
 \$20,000 E04257 Provision for Local Government Reform expenses
 \$25,000 E10215 Town Centre Style Guide
 \$23,000 E11238 Fill for Erosion Control at river foreshore near John Tonkin Park
 \$30,000 E10238 Additional project costs for Municipal Inventory
 \$30,000 I13181 Additional Building Permit revenue.
 \$15,000 I03055 Additional Rate revenue

3. adopts the budget review recommendations with the following variations for the period 1 July 2013 to 31 December 2013 and amend the budget accordingly:
- \$10,000 I03051 reduced income in Interim Rates
 - \$17,000 I03055 increased income in Rates raised
 - \$10,000 I03188 increased income on Municipal Cash Investments
 - \$10,000 E04253 savings on Council sitting fees
 - \$10,000 I05087 increased income from cat registrations
 - \$5,000 I08086 increased income from HACC client program participation
 - \$25,000 I08088 increased HACC grant income for growth
 - \$17,000 E08210 increased expenditure from HACC staff termination salary
 - \$10,000 E08210 increased expenditure from HACC buses and usage growth
 - \$6,000 E08210 increased expenditure in HACC program materials from growth
 - \$13,000 E10203 increased expenditure for ratepayer tip passes.
 - \$19,000 E10204 increased expenditure for kerbside general waste collection.
 - \$13,000 E10222 savings in recycling material recovery.
 - \$90,000 E10227 increased expenditure on Waste Composting Facility materials
 - \$50,000 I11167 decreased income from DSR grant.
 - \$12,000 E11219 increased expenditure on upper and lower ovals at Wauhop Park
 - \$10,000 E11220 increased expenditure on maintenance at EF Lacrosse Clubroom during winter months.
 - \$40,000 E11246 savings from East Fremantle Oval master plan expenditure
 - \$10,000 E11249 savings in library shared services with City of Fremantle.
 - \$10,000 E11228 savings in community events activity
 - \$12,000 E12233 savings in electricity costs of street lighting.
 - \$18,000 E12245 increase in tree pruning of street trees.
 - \$95,000 I13182 increased Building Construction Industry Training Fund collections.
 - \$20,000 I13184 increased Building Services Levy collections.
 - \$50,000 E13205 savings in building surveyor external contractors fees.
 - \$50,000 E13206 increased Building Services Levy payments
 - \$95,000 E13207 increased Building Construction Industry Training Fund payments.
 - \$11,400 000340 additional transfers from Plant and Equipment Reserve.
 - \$4,000 01272 decreased income from trade in from wheel loader
 - \$7,400 E12613 increased cost of purchase for new wheel loader.
 - \$73,000 decrease in closing funds
- Absolute Majority Resolution Required**

The Executive Manager, Finance & Administration gave a brief overview of the contents of his report.

Committee members sought clarification from Mr Mainwaring on issues relating to:

- Increased income of \$17,000 for interim rates on 141 Canning Highway
- Funds available for staff terminations
- Reduced capital expenditure – currently 10%
- The accounting definition of “significant”

Cr Martin queried the projected withdrawal by the Department of Sport and Recreation of \$50,000 grant towards the East Fremantle Oval Master Plan.

The Mayor declared a financial/proximity interest in this item as he lives opposite East Fremantle Oval and left the meeting at 6.49pm.



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The Executive Manager Finance & Administration stated that he had been advised by the Manager Planning Services of the likely withdrawal of this grant by the Department of Sport and Recreation due to the guidelines for the grant not being met.

RECOMMENDATION TO COUNCIL(i) **Cr Martin – Cr Watkins**

That a report be prepared on the status of the Department of Sport & Recreation funding of \$50,000 to clarify whether Council could salvage the grant, given the East Fremantle Oval Master Plan was still progressing. CARRIED

The Mayor returned to the meeting at 6.53pm and it was noted he neither spoke nor voted on the previous motion.

Elected members sought clarification from Mr Mainwaring on issues relating to:

- over expenditure of \$12,000 at Wauhup Park for additional turf and top dressing
- over expenditure of \$18,000 for tree pruning.

Following a request from Cr Watkins, Mr Mainwaring undertook to ascertain Council's tree pruning expenditure for the year.

RECOMMENDATION TO COUNCIL(ii) **Cr Martin – Cr Watkins**

That the Executive Manager Finance & Administration provide a report for the next Finance Committee Meeting outlining the process for engagement of the Town's tree pruning contractors and any mechanism for keeping these costs within the budget. The report to include how the works are scheduled and prioritised. CARRIED

RECOMMENDATION TO COUNCIL(iii) **Mayor O'Neill – Cr Rico****That Council:**

1. receives the Half Yearly Budget Review report for the period ended 31 December 2013.
2. notes the budget amendments already adopted by Council during the period 1 July 2013 to 31 December 2013 adding a surplus of \$23,000.
 - \$92,000 I12091 Balance of Main Roads grant for the Preston Point Roundabout
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 - \$5,000 I08086 increased income from HACC client program participation
 - \$25,000 I08088 increased HACC grant income for growth
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\$13,000	E10203	increased expenditure for ratepayer tip passes.
\$19,000	E10204	increased expenditure for kerbside general waste collection.
\$13,000	E10222	savings in recycling material recovery.
\$90,000	E10227	increased expenditure on Waste Composting Facility materials
\$50,000	I11167	decreased income from DSR grant.
\$12,000	E11219	increased expenditure on upper and lower ovals at Wauhop Park
\$10,000	E11220	increased expenditure on maintenance at EF Lacrosse Clubroom during winter months.
\$40,000	E11246	savings from East Fremantle Oval master plan expenditure
\$10,000	E11228	savings in community events activity
\$12,000	E12233	savings in electricity costs of street lighting.
\$18,000	E12245	increase in tree pruning of street trees.
\$95,000	I13182	increased Building Construction Industry Training Fund collections.
\$50,000	I13184	increased Building Services Levy collections.
\$20,000	E13205	savings in building surveyor external contractors fees.
\$50,000	E13206	increased Building Services Levy payments
\$95,000	E13207	increased Building Construction Industry Training Fund payments.
\$11,400	000340	additional transfers from Plant and Equipment Reserve.
\$4,000	01272	decreased income from trade in from wheel loader
\$7,400	E12613	increased cost of purchase for new wheel loader.
\$73,000		decrease in closing funds

CARRIED UNANIMOUSLY**F9.2****Final Audit Management Report 2012-2013**

By Les Mainwaring Executive Manager Finance & Administration on 14 January 2014

PURPOSE

To address the findings of the final audit management letter dated 29 November 2013 of the Town's operations for the year ended 30 June 2013 to elected members.

BACKGROUND

The audit committee is required to examine the reports of the auditor and subsequently decide if any matters raised require action to be taken by the local government.

At the Council Meeting on 10 December 2013 Council resolved:

"That the CEO, in consultation with the relevant officer, prepare a report for the next Finance Committee meeting regarding annual leave liability as outlined in the Auditor's Management letter dated 29 November 2013."

The management letter had made a general point that some employees had accrued annual leave in excess of their annual entitlement.

Recommendations from the auditors were that, *"where possible employees are encouraged to take their annual leave regularly so as not to build up balances that could create financial pressures, should large amounts of leave be taken at the same time or in close proximity. This is also to avoid the management risk to the Council of having key personnel on leave for an extended period"*.

In response to a question at the meeting the auditor advised that this situation was very common for local governments throughout the State and he included the same statements in about 80% of the audits which he conducted.

REPORT

Management follow up of outstanding leave, through relevant supervisors, occurs at least annually.



Outstanding leave as at 31 December 2013 was reviewed to assess the extent of annual leave accrued in excess of 200 hours. Supervisors were then asked to provide information on current leave plans for staff who met that criterion, which was 14% of staff. Of those 14% of staff, 7% already had plans in place (in some cases with leave applications already submitted and approved) to reduce the excess leave to below the 200 hour benchmark and the remaining 7% have been asked to make appropriate leave plans during 2014 and to report back to the relevant manager when that decision was made.

From a financial perspective the Annual Leave liability as at 30 June 2013 was \$366,417, which is offset by cash held in the Staff Leave Reserve \$456,652. Cash in the Staff Leave Reserve covered 63% of current entitlements for both annual leave and long service leave, and 60% - 70% cash backing is considered sufficient for current leave entitlements.

Management will continue to monitor outstanding annual leave balances, with the objective of maintaining outstanding liabilities below 200 hours where possible.

Relevant Council Policies

F8.7 Significant Accounting Policies

Strategic Plan Implications

Nil

Financial/Resource/Budget Implications

Nil.

Conclusion

The auditors' concerns have been addressed by this report. Due to there being sufficient financial reserves there is no situation of "financial pressures" with respect to existing leave balances and nor is there a perceived threat of Council "having key personnel on leave for an extended period", since all leave requires management approval and approval would not be granted if a management risk was being created.

RECOMMENDATION TO COUNCIL

That Council endorses the Final Audit Management Report 2012-2013.

In response to questions raised by the Mayor by email earlier today, the Executive Manager had earlier this evening provided the following additional information:

- (i) *At the time of my original report eight employees had an annual leave liability greater than five weeks. This has currently reduced to six employees.*
- (ii) *Two of the six are in managerial positions.*
- (iii) *In terms of the "the amount of leave" involved, I would prefer to comment on this at the meeting.*
- (iv) *Long service leave is not included in the annual leave liability. This wasn't included in the report because it wasn't the matter that the auditors commented on, nor did Council include this in their resolution.*
- (v) *Regarding the last question of whether leave can be placed against positions or departments, I would prefer to comment on this at the meeting.*

The Executive Manager Finance & Administration answered further queries by elected members.



Mayor O'Neill stated that the report did not satisfactorily address the issue of Council's leave liability for key personnel as indicated in the Auditor's Management letter.

RECOMMENDATION TO COUNCIL

Mayor O'Neill – Cr Watkins

That the Executive Manager of Finance & Admin/CEO prepare a confidential report on leave liability, including long service leave, in relation to the CEO and "key personnel" given the issues raised in the Auditor's Management letter of 29 November 2013. CARRIED

Under s.5.21(4)(b) of the Local Government Act 1995, Cr Rico requested that the voting of Council members be recorded.

Mayor O'Neill and Crs Martin, Watkins and McPhail voted in favour of the recommendation with Cr Rico having voted against the motion.

F9.3

Leasing Status Report

By Les Mainwaring, Executive Manager Finance & Administration on 19 February 2014

PURPOSE

The purpose of this report is to progress the Council resolution in relation to the status of tenancy arrangements of Council owned buildings in the Town, and related matters.

BACKGROUND

At the Council Meeting 10 December 2013, Council resolved that;

"The CEO be requested to prepare a draft standard lease template for the next Finance Committee meeting in February 2014. The report to include the status of other leases in the Town as to their expiration date and related matters."

This resolution followed an earlier Council Meeting 20 August 2013, where Council resolved to:

"1. commence a review of the status of all its non-government organisations' tenancies throughout the Town, including community and sporting organisations, such that these arrangements of either; lease, MOU, or management agreement, are progressed towards a state of good order prior to the end of 2013."

REPORT

All Council owned buildings were investigated to determine current tenancy arrangements with the Town.

DISCUSSION

There are 22 Council owned buildings and structures occupied by 59 organisations or individuals, for various purposes and under various tenure arrangements.

The 59 arrangements are covered by 44 current leases, 4 monthly leases, 9 informal MOUs and 2 expired leases. It is identified that 11 of the arrangements require formal review to either renegotiate leases or create other tenure arrangements suitable for the purposes of the occupant.

The groups that require review are as follows:

- East Fremantle Croquet Club
- East Fremantle Bowling Club
- 1st Leeuwin Sea Scouts
- 1st Fremantle Sea Scouts
- East Fremantle Tricolore Soccer Club
- East Fremantle Junior Football Club
- East Fremantle Lacrosse Club



- East Fremantle Cricket Club
- East Fremantle Football Club
- WA Health Department
- East Fremantle Play Group

A quick précis on the above groups is as follows:

East Fremantle Croquet Club

The Club has operated for many years with a record of mutual co-operation with Council, paying a ground levy and building insurance.

East Fremantle Bowling Club

Has a carryover lease with rights and responsibilities that could be reviewed with new lease conditions.

1st Leeuwin Sea Scouts

Has an expired lease that should be reviewed with new lease conditions.

1st Fremantle Sea Scouts

Has an expired lease that should be reviewed with new lease conditions.

East Fremantle Tricolore Soccer Club

Use of change rooms and share some facilities in Respite Community Centre, whilst paying club fees and player fees. Need delineation of rights and responsibilities.

East Fremantle Junior Football Club

Use of building at Henry Jeffery Oval whilst paying club fees, player fees and building insurance.

East Fremantle Lacrosse Club

Share building at Preston Point reserve whilst paying club fees, player fees and building insurance. The building is planned to undergo redevelopment. Need delineation of seasonal rights and responsibilities.

East Fremantle Cricket Club

Share building at Preston Point reserve whilst paying club fees, player fees and building insurance. The building is planned to undergo redevelopment. Need delineation of seasonal rights and responsibilities.

East Fremantle Football Club

Has a carryover lease with rights and responsibilities that could be reviewed with new lease conditions.

WA Health Department

Shares Sumpton Green as a child health clinic. Needs delineation of rights and responsibilities.

East Fremantle Play Group

Shares Sumpton Green without any fee contribution. Needs delineation of rights and responsibilities.

Other

The use of the building at 80 Canning Highway for midwifery and other alternative medical practices for a nominal weekly rent, by the Independent Midwives Association has earlier been reviewed by Council. Requires a planning change of use approval before calling for expressions of interest to lease. No further review required.

At the time of writing this report, the Glyde-In Community Learning Centre Inc (Glyde-In) had a review considered by Council on 18 February 2014. Included with that review



came the opportunity to consider a draft standard lease template which was endorsed in principle, subject to review by a solicitor.

It is recommended that the issue of a “draft standard lease template” be deferred until Council’s solicitor has reviewed the proposed Glyde-In lease. That lease appeared acceptable to all elected members however should be appropriately reviewed.

It is also recommended that the solicitor be asked to review the East Fremantle Lawn Tennis Club lease (as attached) at the same time. This lease could provide an alternative template – particularly for sporting clubs.

ATTACHMENT

In addition to the above, it should be noted that lease reviews, by their very nature, can be time consuming depending upon the complexity of the situation and also because the necessary consultation with the organisations involved can also be time consuming. For this reason it would be appropriate to allow sufficient time for an orderly review, where leases would be brought before Council for final determination, prior to statutory advertising.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 3.58 Disposing of property

- (1) In this section —
 - dispose** includes to sell, lease, or otherwise dispose of, whether absolutely or not;
 - property** includes the whole or any part of the interest of a local government in property, but does not include money.
- (2) Except as stated in this section, a local government can only dispose of property to —
 - (a) the highest bidder at public auction; or
 - (b) the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.
- (3) A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —
 - (a) it gives local public notice of the proposed disposition —
 - (i) describing the property concerned; and
 - (ii) giving details of the proposed disposition; and
 - (iii) inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given;and
 - (b) it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.
- (4) The details of a proposed disposition that are required by subsection (3)(a)(ii) include —
 - (a) the names of all other parties concerned; and
 - (b) the consideration to be received by the local government for the disposition; and
 - (c) the market value of the disposition —



- (i) as ascertained by a valuation carried out not more than 6 months before the proposed disposition; or
- (ii) as declared by a resolution of the local government on the basis of a valuation carried out more than 6 months before the proposed disposition that the local government believes to be a true indication of the value at the time of the proposed disposition.

CONCLUSION

Even if an amalgamation occurs on July 2015, there is no impediment to Council formalising lease or other tenancy arrangements right up until June 30 2015.

It is recommended the review of leases and related arrangements proceeds in an orderly manner and such as to allow sufficient time for legal advice and consultation with the organisations concerned.

RECOMMENDATION

That Council:

- 1. endorses the report.
- 2. notes the CEO will obtain legal advice on the Melville "template" lease and the East Fremantle Lawn Tennis Club lease and report further to Council when this advice is received.

Cr McPhail – Cr Martin

That the matter be deferred to the next Council Meeting on 18 March 2014.

CARRIED UNANIMOUSLY

F10. NOTICE OF MOTION FOR CONSIDERATION AT THE FOLLOWING MEETING

Nil.

F11. URGENT BUSINESS WITHOUT NOTICE BY PERMISSION OF THE MEETING

Nil.

F12. CLOSURE OF MEETING

There being no further business, the meeting closed at 7.37pm.

*I hereby certify that the Minutes of the meeting of the **Finance Committee** of the Town of East Fremantle, held on **25 February 2014**, Minute Book reference **F1. to F12.** were confirmed at the meeting of the Committee on*

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Presiding Member