



11 April 2007

AGENDA

MINUTES OF FINANCE COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON WEDNESDAY 11 APRIL 2007 COMMENCING AT 6.35PM

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**MINUTES OF A FINANCE COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON WEDNESDAY 11 APRIL 2007, COMMENCING AT 6.35PM**

**F1. OPENING OF MEETING**

The Presiding Member declared the meeting open.

**F1.1 Present**

Cr R Olson Presiding Member  
Cr S Dobro  
Cr A Ferris  
Cr M Rico  
Cr Martin  
Mr J Roberts Executive Manager Finance & Administration

**F2. WELCOME TO GALLERY**

There were no members of the public in the gallery.

**F3. APOLOGIES**

Mayor O'Neill

**F4. PUBLIC QUESTION TIME**

Nil.

**F5. PRESENTATIONS/DEPUTATIONS/PETITIONS**

Nil.

**F6. CONFIRMATION OF MINUTES**

**F6.1 Finance Committee – 18 October 2006**

Cr Dobro – Cr Ferris

That the Minutes of the Finance Committee held on 18 October 2006, and adopted at the Council Meeting held on 7<sup>th</sup> November 2006 be confirmed. CARRIED

**F7. QUESTIONS OF WHICH DUE NOTICE HAS BEEN GIVEN WITHOUT DISCUSSION BY COUNCIL MEMBERS**

Nil.

**F8. MOTIONS OF WHICH DUE NOTICE HAS BEEN GIVEN BY COUNCIL MEMBERS**

Nil.

**F9. CORRESPONDENCE (LATE RELATING TO ITEMS IN AGENDA)**

Nil.

**F10. REPORTS OF OFFICERS**

**F10.1 2006/07 Budget Review**

By John Roberts Executive Manager Finance & Administration on 4 April 2007

**PURPOSE**

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



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forwarded to the Department of Local Government within 30 days of the Council meeting (Financial Regulation 33A(4)).

**REPORT**

This report, together with the financial information attached, form part of the budget review. A review has been carried out using actual figures as at 28 February 2007 and projected estimates to June 30 2007. Included is a detailed breakdown of each program showing projections to June 2007. It is proposed that budget amendments be made where the material variances have been listed.

**ATTACHMENT**

In respect to material variances, Council is required to establish materiality levels either as a percentage and/or dollar value as per Financial Management Regulation 34(5). These materiality levels are to be used in the preparation of monthly Financial Activity Statements and undertaking the annual Budget review. Council adopted materiality levels of 10% or \$20,000 whichever the lesser, at the 18<sup>th</sup> April 2006 Council meeting It is suggested that the material variance level be changed to 10% or \$5,000 whichever is the greater.

The following review, program by program, details the variances in Council's Operational and Capital Budgets.

**General Purpose Funding**

This program represents Rates, Interest earned on investments and General Purpose grants received from the West Australian Grants Commission.

The net effect is a projected surplus of \$30,000 at 30th June 2007, due to:

1. Interim rates raised on property improvements
2. Additional interest on invested funds

**Governance Expenses**

This program represents expenditure for elected members and general administration

The net effect is a projected deficit of \$17,449 at 30th June 2007, due to:

1. Members of Council deficit of \$1,250, savings of \$1,750 due to resignation of Cllr Le May ( 1 Qtr Sitting Fee) offset by an increase of \$3,000 in reception and telephone expenses.
2. An increase in Sundry Income of \$5,000, offset by
3. An increase of \$15,309 in Administration expenditure on advertising, computer system support, training and motor vehicle expenses.

**Law, Order and Public Safety**

This program represents fire prevention, animal control, and ranger services.

The net effect is a projected deficit of \$5,463 at 30th June 2007, due to:

1. Animal Control. An increase of \$3,564 in employee costs, vehicle expenses and general expenses
2. Ranger Services. An increase of \$1,849 in employee costs.

**Health**

This program represents expenditure in relation to environmental health control.

The net effect is a projected surplus of \$2,320 at 30th June 2007, due to:

1. An increase of \$420 in fees and infringements.
2. Savings of \$1,800 in conferences and equipment purchases.

**Education and Welfare**

This program represents expenditure for Pre-School and Kindergarten maintenance together with the provision of the Home and Community Care program. The HACC program is 100% funded by the State and Commonwealth Governments. Council's contribution to the Glyde-In Centre is also included. This program is anticipated to be in line with budget at 30<sup>th</sup> June 2007.

**Housing**

This program represents income and expenditure in relation to the Allen Street units. This program is anticipated to be in line with budget at 30<sup>th</sup> June 2007.

**Community Amenities**

This program represents the collection of household refuse and recycling; the contribution to the South Metropolitan Regional Council, Town Planning, Regional Development and Community Amenities.

The net effect is a projected surplus of \$15,935 at 30th June 2007, due to:

1. A reduction of \$14,756 in Commercial Service Charges
2. An increase of \$2,500 in bin maintenance expenditure
3. A reduction of \$2,000 in Other Sanitation expenditure
4. Savings in Town Planning of \$30,745

**Recreation and Culture**

This program represents Swimming Areas and rivers, General parks and reserves, Libraries and the East Fremantle festival.

The net effect is a projected surplus of \$11,885 at 30th June 2007, due to:

1. An increase of \$17,370 in mooring pen fee income as a result of ensuring pens are let on an annual basis offset by
2. An increase of \$2,485 in mooring pen maintenance
3. A new budget allocation of \$3,000 for the Festival Coordinator

It is anticipated that other Recreation and Sport expenditure will be in line with budget amounts.

**Transport**

This program represents road and footpath maintenance, parking facilities and the purchase of road plant.

The net effect is a projected surplus of \$13,121 at 30th June 2007, due to:

1. The Cycleway grant of \$15,000 will not be received.
2. An increase of \$34,346 in Special Event income due to the Left Bank Xmas and New Year functions.
3. An increase of \$6,225 in employee costs, vehicle expenses and repair/maintenance of equipment and signs.

**Economic Services**

This program represents Building Control.

The net effect is a projected surplus of \$53,348 at 30th June 2007, due to:

1. An increase of \$52,700 in building fee and verge licence income. This is due to increased activity in the value and volume of building licence applications.
2. Savings of \$1,408 in employee and travelling expenditure

**Other Property and Services**

This program represents Public Works Overheads, Plant operation Costs and Unclassified Expenditure.

The net effect is a projected surplus of \$3,919 at 30th June 2007, due to:

1. An increase of \$3,919 in general property maintenance.

**Capital Works**

There are a number of projects that will not be completed this financial year which has resulted in a projected surplus of \$95,739. However, it is important to note that most of the surplus relates to funding from either grant funds or loan funds. Major projects not being undertaken are as follows:

- Cycleway – Marmion St/Stirling Highway. \$15,000 Municipal Funds



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- Replacement of the Works Dual Cab Ute – was to be traded for the ETO. This position is not currently filled due to a lack of applicants. A saving of \$12,000 in Municipal Funds
- Plympton Steps – although subject to staff resources it may be possible to complete this project in the current year it is likely it will be carried forward to 2007/08. Expenditure of \$30,000 Municipal funds.

The remaining surplus is derived from savings on projects that will be completed by 30<sup>th</sup> June 2007

A number of projects have been identified as needing to be carried forward to 2007/08 and are shown as CFWD in the Capital Works section in the attachment.

**Summary**

The review of the 2006/07 Budget has identified a projected surplus of approximately \$155,730 at 30<sup>th</sup> June 2007. As indicated in this report the main elements of this surplus are as follows:

Operating expenditure.

Additional incomes of \$104,416, over budget, have been derived from mooring pen fees, Special event fees, and building application and verge licences.

Capital expenditure.

There are savings on completed Capital Works projects of \$34,086 and savings of \$28,653 in completed Plant & Equipment purchases.

It is suggested that the surplus amount should be transferred to the Civic Building Reserve.

The following is a summary of variances in the budget relating to Council's own resource, ie Municipal, funds.

**Operational Program**

<b>General Purpose Funding</b>		<b>(30,000)</b>
Rates - Interim	(20,000)	
Interest on investments	(10,000)	
<b>Governance</b>		<b>17,559</b>
Members of Council	1,250	
Sundry Income	(5,000)	
Advertising	3,000	
Computer Systems Support	8,600	
Motor Vehicle expenses	2,709	
Training Conferences	2,000	
Consultants – Local Law review	5,000	
<b>Law Order &amp; Public Safety</b>		<b>(5,463)</b>
Animal Control	3,564	
Ranger Expenditure	1,849	
Public Safety	50	
<b>Health</b>		<b>(2,320)</b>
Outdoor eating fees	(170)	
Noise infringements	(250)	
Subscriptions	200	
Training/Conferences	(1,500)	
Furniture/equipment	(500)	
Sundry income	(100)	



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<b>Community Amenities</b>		<b>(15,935)</b>
Commercial Service Charges	14,756	
Over-compaction Charges	(446)	
Rubbish bin maintenance	2,500	
Purchase of bin liners	(1,000)	
Purchase of compost bins	(1,000)	
Service planning fees	(500)	
TPS 3 Completion	(12,000)	
Legal expense – Cornell	(20,000)	
Municipal Inventory	(8,000)	
Town Planning Salaries	984	
Town Planning Superannuation	272	
Control expenses – Legal fees	8,000	
<b>Recreation &amp; Culture</b>		<b>(11,885)</b>
Mooring Pens Fees	(17,370)	
Mooring Pens maintenance	2,485	
Community Art Officer	3,000	
<b>Transport</b>		<b>13,120</b>
Cycleway Grant	15,000	
Fines & penalties	(20,000)	
Parking fees	20,000	
Special events	(34,346)	
Parking employee costs	3,000	
Parking employee superannuation	300	
Motor Vehicle expense	625	
Printing and stationery	(1,000)	
Equipment repairs	1,000	
Parking signs	2,301	
<b>Economic Services</b>		<b>(58,348)</b>
Building Control – Permit Fees	(46,000)	
BCITF commission	(250)	
Sign/verge licence	(6,700)	
Builders levy commission	(635)	
Salary cost	(1,235)	
Superannuation	(173)	
Travelling expenditure	(3,355)	
<b>Other Property &amp; Services</b>		<b>(3,919)</b>
Recoverable works income	26,589	
Recoverable works expenditure	(26,589)	
General building maintenance	(3,919)	
<b>Sub-Total – Operational Costs Savings</b>		<b>(97,191)</b>
<b>Capital Program</b>		
<b>Furniture &amp; Equipment</b>		<b>4,200</b>
Depot IT equipment	4,200	
<b>Infrastructure</b>		<b>(34,086)</b>
Cycleway – Marmion St/Stirling Highway	(15,000)	
Sumpton Green Playground equipment	780	
Footpath – WH Kitson Park	(700)	
Footpath – Fortescue St	(6,101)	
Footpath – Fletcher St	(1,773)	



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Kerbing replacement	(3,522)	
Footpath – Riverside Red Herring	(7,770)	
<b>Plant &amp; Equipment</b>		<b>(28,653)</b>
Sedan for SEHO – Changeover Price	(2,608)	
Sedan for Town Planner – Changeover Price	(5,025)	
Sedan for Planning Officer – Changeover Price	(2,608)	
Replacement mower	110	
Leading Hand vehicle	(3,822)	
Sedan for Works Manager – Changeover Price	(2,700)	
Works Dual Cab Ute	(12,000)	
<b>Sub Total – Capital Cost Saving</b>		<b>(58,539)</b>
<b>Overall Total Savings</b>		<b>(155,730)</b>

**RECOMMENDATION**

That Council:

1. set the materiality threshold for each program of activity at 10% or \$5,000, whichever the greater.
2. adopt the Budget Review report for 2006/07 financial year.
3. amend the 2006/07 Budget in line with the financial projections to 30/06/07.

**RECOMMENDATION TO COUNCIL****Cr Dobro – Cr Ferris**

That Council

1. receive the Budget Review report for 2006/07 financial year.
2. set the materiality threshold for each program of activity at 10% or \$5,000, whichever the greater.
3. amend the 2006/07 Budget in line with the financial projections to 30/06/07.
4. consider the identified surplus during the 2007/08 budget process. CARRIED

**F11. CONFIDENTIAL BUSINESS**

Nil.

**F12. NOTICES OF MOTION BY ELECTED MEMBERS FOR CONSIDERATION AT THE FOLLOWING MEETING**

Nil.

**F13. BUSINESS WITHOUT NOTICE BY PERMISSION OF THE MEETING****F13.1 Outstanding Council Resolutions**

Cr Olson tabled a copy of the Town of Cottesloe's Outstanding Council Resolutions report. **ATTACHMENT**

The Committee discussed the merit of using a similar format to track the status of Council resolutions.

Cr Dobro raised the issue of specific outstanding items from the 18<sup>th</sup> October 2006 Finance Committee meeting. A report on 128 George Street, including a valuation to be presented as soon as possible, and that reports providing information on bus shelter maintenance and cost effectiveness, and a review of financial policies be presented at the next Finance Committee meeting on 27<sup>th</sup> June 2007.

**RECOMMENDATION TO COUNCIL****Cr Dobro – Cr Martin**

That Council consider the introduction of a Council resolution tracking system.



CARRIED

**14. CLOSURE OF MEETING**

There being no further business, the meeting closed at 7.15pm

*I hereby certify that the Minutes of the meeting of the Finance **Committee** of the Town of East Fremantle, held on **11 April 2007**, Minute Book reference **F1. to F14.** were confirmed at the meeting of the Committee on*

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**Presiding Member**