



MINUTES

SPECIAL COUNCIL MEETING

Monday 19 February 2018

6.00pm

City of Albany
Council Chambers

(102 North Road Yakamia WA 6330)

CITY OF ALBANY COMMUNITY STRATEGIC PLAN (ALBANY 2023)



SPECIAL COUNCIL MEETING
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1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS:

6.00PM: The Mayor declared the meeting open.

2. OPENING PRAYER:

“Heavenly Father, we thank you for the peace and beauty of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

“We would like to acknowledge the Noongar people who are the Traditional Custodians of the Land.

We would also like to pay respect to Elders both past and present”.

3. PUBLIC QUESTION AND STATEMENT TIME:

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

Mr Mervyn Leavesley submitted a number of questions in writing prior to this meeting. Mr Leavesley was not in attendance. Please find below Mr Leavesley's questions. Response to those questions are provided by the Executive Director Corporate Services in red.

Mayor and Councillors

1. For the record I wish to inform you once again that this report is in breach of the LG financial regulations with regard to the reporting of major land transactions. The City has lost millions of Rate Payers dollars in the Ridges development and this has never been reported in any Annual Report. For the benefit of new Councillors, you can refer to the attached extract from the financial regulations and look how every other Local Government reports. The liabilities are what the transaction owes the people of Albany, has anyone ever been given a full understanding of this transaction?

Response: As this transaction has not yet concluded, no final profit or loss can be given. Once this is concluded, the final amount will be disclosed as required. Previous questions on this matter have been put to the Department of Local Government and the City's position has been supported.

2. Depreciation, can you please explain to me why we have changed the depreciation schedule for buildings from last year 30-50 years to this year 4-145 years? Can you supply me with a complete list of all the city buildings with the depreciation applied (via email will be fine)? Your policy on Asset management sounds good however I cannot see any evidence that you as a Council have in place mechanisms to monitor how the staff are spending our \$16,767,081; can you please explain how you do this? In the last 10 years the depreciation burden on the people of Albany has risen from \$273 per person to \$447 per person, this is a rise of 65%. (This is a direct result of council not conducting proper cost benefit analysis and just chasing grant dollars.)

Can you please explain to me how you think this is sustainable? On the one hand the depreciation burden on our population is becoming too great and on the other hand your depreciation schedules are inadequate to comply with your stated policy (please refer to the DLG WA Accounting Manual Section 9 appendix 6, depreciation schedule South West Region for a guide for where you should be aiming.) How do you propose to address this dichotomy? As a side issue it seems to me your Strategic Assets Management Plan is little more than a PR motherhood statement.

Response: Assets are now subject to a 3 yearly valuation cycle to reflect the fair value of that asset. This is an ongoing process, and has an impact in many areas. The old methodology of every building having a useful life of 30-40 years is no longer valid and not usually accepted by auditors. Being one of the oldest settlements in WA, the City has a number of buildings that are already well over 100 years old, and may well be serviceable for another 145 years. For example, the main structure of the town hall could well last another 200 years with good management.

Buildings and land have been revalued as at year end June 2017, by a third party valuer, and part of that report is providing expected total life, remaining life, a fair value and condition rating. The required data collection for this is significant, and the City has a strong and well skilled asset team that have developed strong asset modelling over the past 3 or 4 years.

3. Audit fees, can you please tell me why Albany is paying almost twice the amount in audit fees than any other council in WA. Busselton \$23,730 – Albany \$60,306.

Response. As disclosed in note 2, all payments to the auditors have been disclosed, not just the fees for the end of year audit. While not privy to what Busselton report on, it would appear they have not separately disclosed any audit fees for grant acquittals (which is a requirement for most grants), training or internal audit they may have received from AMD Chartered Accountants. The City has taken the view to disclose all fees paid to Moore Stephens. The City is very satisfied with the audit conducted by Moore Stephens. The audit program is very comprehensive, with two on-site visits (usually May and October) and extensive requests for information after those visits. Again, the City is not privy to the audit program conducted by AMD for Busselton. Moore Stephens are highly regarded in the local government industry, and conduct a number of training programs specific to local government reporting. It is not uncommon to see staff from other audit firms attend these training sessions themselves. The audit includes reviewing the fair value process and associated depreciation methodology. As seen in the annual financial report, they have signed off an unqualified audit report.

4. Other Expenditure; I have asked about this in the past and have been sent a meaningless list of expenditure items that did not add up to the total and most of which should have been included in department budgets already. So, I will try again, I fully understand the need of an item for unexpected expenditure in Busselton they budgeted \$1,153,754 for this item but spent only \$613,788- numbers you could expect. Albany budgeted \$2,494,649 and spend \$2,542,806. Can you please send me a breakdown on this and explain why any items on this list were not already in the appropriate department's budget?

Response. Allocation to this expense code is per guidance in the WA Local Government Accounting Manual Section 5. 'Other Expenditure' is not "unexpected expenditure". The financial report is compiled in accordance to set standards, and expenses need to be categorised to one of 7 areas, as shown. Essentially, 'other expenses' are not any of the types listed above i.e. not

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employee costs, not materials or contracts, not depreciation, not interest and not insurance. Employee costs, depreciation, interest and insurance are very specific costs. While comparing to Busselton, you will not that Busselton has higher employee costs, depreciation charges have increased by a far greater percentage, and interest charge is \$330 000 higher (given total debt is over \$30 million compared to just over \$16 million for Albany). Each local government has unique circumstances that make comparisons interesting and worthwhile, but caution needs to be exercised to ensure that like is being compared to like. A further breakdown (rounded to nearest \$1 000) of other expenditure is shown below, with some brief comments.

Detail	Total	Comments
Donation and Sponsorship	\$1 253 000	Includes \$436 800 contribution towards the AEC, \$234 000 community financial assistance which includes rating subsidy to eligible community groups and contribution to various progress associations, \$268 000 for Kids 4 Sport and Silversport recreational subsidy (fully funded by the State government), \$50 000 ongoing contribution Cemetery, and the balance is the ongoing support for events such as the Albany Show, Anzac Day and other events.
Grants, Contributions and Subsidies	\$250 000	Includes \$113 000 for payment of greenwaste pass recoups (supplied with the rates notice), \$68 000 SES and bush fire brigade operating grant payments, \$33 700 to the AEC for specific project (largely grant funded and auspiced by the City),
Councillor Allowances and Fees	\$580 000	Per note 32.
Memberships and Subscriptions	\$161 000	Includes WALGA membership, regional alliance and various professional association across the City e.g. planning, engineering, finance.
Refreshments, Entertainment and Ceremonies	\$123 000	Includes various public meetings, civic functions and citizenship ceremonies, and hosting of visitors..
Councillor training, conferences and travel	\$44 000	As described.
Other Taxes and Charges	\$34 000	FESA ESL charge for council owned property
Refunds and Write-offs	\$17 000	Includes writeoff of interest and penalties on overdue rates upon account settlement, and various refunds across the City for various business units.

5. Employee costs; it costs an average of \$88,434 per employee in Busselton and \$92,019 here in Albany. The difference being staff paid in excess of \$100,000 per annum. Busselton has 20 Albany has 35. Can you please explain, as this difference is costing Ratepayers an extra \$964,365 per annum?

Response: Employee costs.

- a. Note 31 (note 32 for Busselton) shows full time equivalents of 269 and 310.5. The City uses the FTE of permanent part time and full time staff only, and does not include casuals. Busselton may include some allowance for casuals, this is unknown.
 - b. For employees over \$100 000, the City includes all elements of the salary package as at 30 June. That is, cash salary, superannuation, any motor vehicle (if any), and other elements that may make up the entire package to employ a certain staff member. Many other local governments only include the cash component, and it would appear that Busselton disclose on this basis, as stated on page 35 "...entitled to an annual cash salary of \$100 000 or more." It should also be noted that this is the salary package an employee is entitled to as at 30 June. This will include an employee who may have started in June with a contract over \$100 000, but not actually been paid for a full year.
6. Councillor's remuneration; as you know councillors you pay yourselves the highest possible remuneration for a councillor in WA. Other councils do likewise how do we compare to them? Wanneroo, population 197,000 average household income 9% above the national average. Stirling population 220,000 average household income 15% above the national average. Albany population 37,500 average household income 15% BELOW the national average. As leaders in this community what message does you remuneration package give?

Response: The Salaries and Allowances Tribunal has considered the size and complexity of the City of Albany and determined Albany to be a Band 1 Council. Comparisons with Wanneroo and Stirling, the largest Councils in this State are noted. However, SAT also considers that the Cities of Bunbury and Busselton are Band 1 Councils.

Thank you for taking the time to consider the above and I look forward to your response in due course.

Mervyn Leavesley

4. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED):

Mayor D Wellington

Councillors:

Breaksea Ward	R Hammond
Frederickstown Ward	G Stocks
Frederickstown Ward	R Stephens
Kalgan Ward	E Doughty
Vancouver Ward	T Sleeman
Vancouver Ward	J Shanhun
West Ward	A Goode JP
West Ward	S Smith
Yakamia Ward	R Sutton
Yakamia Ward	A Moir

Staff:

Chief Executive Officer	A Sharpe
Executive Director Corporate Services	M Cole
Executive Director Community Services	S Kay
Executive Director Infrastructure & Environment	M Thomson
Executive Director Development Services	P Camins

Meeting Secretary J Williamson

Apologies:

Kalgan Ward	B Hollingworth
Breaksea Ward	P Terry

5. DECLARATIONS OF INTEREST:

Name	Report Number	Nature of Interest
Nil.		

AR033: ANNUAL REPORT 2016-2017

Proponent / Owner	:	City of Albany
Attachments	:	<ul style="list-style-type: none">• City of Albany Annual Report 2016/17 (which includes the City of Albany Annual Financial Report & Independent Auditors Report for the year ended 30 June 2017)• Audit & Risk Committee Minute Report AR023 – 19/12/2017
Report Prepared By	:	Manager Governance & Risk (S Jamieson) Communications Manager (N Watson)
Responsible Officers:	:	Executive Director Corporate Services (M Cole) Executive Director Community Services (S Kay)

STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the City of Albany Strategic Community Plan and Corporate Business Plan:
 - a. **Theme: 1.** Leadership.
 - b. **Objectives: 1.1** To establish and maintain sound business and governance structures.
 - c. **Community Priority: 1.1.2.** Provide informed and transparent decision making that is consistent with our strategic direction, meets our legal obligations, reflect the level of associated risk and are adequately explained to community.

In Brief:

- Consider the acceptance of the City of Albany Annual Report 2016/17.
- Set the proposed date for the conduct of the Annual General Meeting of Electors meeting.

**AR033: RESOLUTION
VOTING REQUIREMENT: SIMPLE MAJORITY**

**MOVED: COUNCILLOR GOODE
SECONDED: COUNCILLOR STEPHENS**

THAT Council:

- (1) In accordance with the requirements of section 5.54 of the *Local Government Act 1995* **ACCEPT** the City of Albany Annual Report 2016/17 (which includes the Auditors Report).
- (2) In accordance with section 5.27 of the Act, the Annual General Meeting of Electors for the purpose of receiving the City of Albany Annual Report 2016/17 and other General Business as listed will be held on Tuesday 13 March 2018 at 6.00pm prior to the Corporate & Community Services Committee.

CARRIED 11-0

BACKGROUND

2. The City of Albany is required to prepare annual financial reports in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.
3. On the 19 December 2017, the Audit & Risk Committee resolved to:
“(1) RECEIVE the Independent Auditor’s Report for the year ended 30 June 2017 and ACCEPT the City of Albany Annual Financial Report for the year ended 30 June 2017, which forms part of the Annual Report 2016/17.
(2) NOTE that in accordance with the requirements of section 5.54 of the Local Government Act 1995 (the Act) Council will be required to accept the City of Albany Annual Report 2016/17 at a Special Meeting of Council to be held on, or no later than the 19 February 2018.
(3) NOTE that in accordance with section 5.27 of the Act, Council is required to set the date for the Annual General Meeting of Electors for the purpose of receiving the City of Albany Annual Report 2016/17 and other General Business as listed.

CARRIED 7-0”
4. There are also statutory annual reporting requirements under the Local Government (Administration) Regulations, such as the disclosure of the number of employees within certain salary bands.
5. In meeting these legal requirements, progressive, pro-active and transparent local governments also take the opportunity to provide the community with a broad report profiling their activities and achievements for the financial year.
6. The City of Albany has traditionally published a small annual report that met reporting obligations.
7. The City’s Communications Team researched annual reports for similar sized and other progressive local governments around the country for inspiration to improve the quality of the City’s annual report and better reflect its standing as a Band 1 Local Government.
8. This culminated in a 2015-2016 report that was a first attempt at an improved and more engaging annual report for residents and ratepayers.
9. Our 2016-2017 design builds on this work to create a contemporary, personal document that is visually engaging and shows the good work and people at the City of Albany.

DISCUSSION

Design

10. The 2016-2017 Annual Report design reflects the ‘Your City’ branding to create its own identity while fitting into a family of documents that complement the broader ‘Your City’ campaign.
11. Its design is fun, visually engaging and personal while retaining a corporate feel that reflects a professional, innovative, modern and dynamic organisation.

Features

Images

12. The Annual Report features an array of images that give a balanced visual representation of Albany’s scenery, facilities, staff, community, activities, events and projects during the financial year.

Infographics

13. Infographics throughout the document reflect interesting statistics or snippets of information about our community, economy, projects or level of service delivery during the financial year. An infographic of the Centennial Park Sporting Precinct on Pages 54-55 is a highlight.

GOVERNMENT & PUBLIC CONSULTATION

14. Post acceptance of the Annual Report (which includes the Annual Financial Report), Council is required to convene an Annual General Meeting of Electors as soon as practicable after the report has been accepted by the local government.
15. The CEO is to publish the annual report on the local government's official website within 14 days after the report has been accepted by the local government.
16. The recommended date for the Annual General Meeting of Electors is held on Tuesday 13 March 2018 at 6.00pm prior to the Corporate & Community Services Committee.

STATUTORY IMPLICATIONS

17. In accordance with section 7.9 of the Act, an audit is required to examine the accounts and Annual Financial Report prepared for the Mayor, the CEO and the Minister.
18. Under the Audit and Risk Committee – Terms of Reference, the committee is to review the audit report and make appropriate recommendations to Council.
19. Section 5.54 of the Act, states in part: The Annual Report (which includes auditor's report) is to be accepted by the local government no later than 2 months after the auditor's report becomes available.
20. The auditor's report was made available on 19 December 2017 at the Audit & Risk Committee meeting.
21. Section 5.27 of the Act, requires that a General Meeting of the electors of a district be held once every financial year, not more than 56 days after the local government accepts the annual report for the previous financial year, and any other nominated general business.
22. The CEO is required to give at least 14 days local public notice of an electors meeting.
23. The voting requirement of Council is Simple Majority.

POLICY IMPLICATIONS

24. There are no policy implications related to this item

RISK IDENTIFICATION & MITIGATION

25. The risk identification and categorisation relies on the City's Enterprise Risk and Opportunity Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
Operational. Management Audit Report not accepted by the Audit & Risk Committee.	Unlikely	Minor	Low	Audit & Risk Committee and Officers work with the auditors to address areas of concern to come to position of acceptance.
Statutory Non-Compliance. Council does not accept the Annual Report.	Unlikely	Minor	Low	City Officer will work with Council to come to a position of acceptance. Council set an alternate date to ensure compliance with the prescribed time period in accordance with the Act.
Reputation. Lack of community engagement.	Possible	Insignificant	Low	Notice of AGM published, but not limited to, newspapers circulating throughout the district, on the City's website and notices placed on community notice boards.

FINANCIAL IMPLICATIONS

26. There are no budget financial implications related to this report.

LEGAL IMPLICATIONS

27. The City has received an unqualified auditor's report, therefore there are no legal implications related to this report.

ENVIRONMENTAL CONSIDERATIONS

28. There are no direct environmental considerations related to this item.

ALTERNATE OPTIONS

29. The Committee may recommend to Council to accept or reject the Annual Financial Report.

CONCLUSION

30. As no matters of concern have been noted in the auditor's report, it is recommended that the Responsible Officer's Recommendation be adopted.

Consulted References	:	<ul style="list-style-type: none">• <i>Local Government Act 1995</i> (the Act);• <i>Local Government (Administration) Regulations 1996</i>,• Local Government Operational Guidelines: Number 09 - The appointment, function and responsibilities of Audit Committees
File Number (Name of Ward)	:	<ul style="list-style-type: none">• IM.PUB.24 (All Wards) – Publication - Annual Budget – City of Albany• FM.MEE.3 (All Wards) – Meetings – Audit & Risk Committee
Previous Reference	:	<ul style="list-style-type: none">• AR028 – OCM 6/12/2016• AR033 – Audit & Risk Committee – 19/12/2017

10. CLOSURE OF MEETING:

6.03PM: There being no further business the Mayor declared the meeting closed.

(Unconfirmed Minutes)

Dennis W Wellington
MAYOR