



**SPECIAL AUDIT COMMITTEE
MINUTES**

for the meeting held on Tuesday 24 May 2011
in the Margaret Coates Boardroom

(File Ref: FM.MEE.1, Synergy Ref: AM1118456)

The Chair declared the meeting open at 7.00 pm.

1. ATTENDANCE:

Mayor M Evans, JP (Member)

Councillors:

- Cr Wellington (Chair)
- Cr Matla (Member)
- Cr D Bostock (Observer)
- Cr J Bostock (Observer)
- Cr Dufty (Observer)
- Cr Holden (Observer)
- Cr Sutton (Observer)
- Cr Wolfe (Observer)

Staff:

- F James Chief Executive Officer
- P Wignall A/Executive Director Corporate Services
- G Bride Executive Director Planning and Development Services
- K Ketterer Executive Director Works & Services
- L Hill Team Leader Community Services
- S Jamieson (Secretariat) Executive Manager Business Governance

Apologies/Leave of Absence:

- Cr Hammond (Member)
- Cr Leavesley (Member)

2. DISCLOSURE OF INTEREST

Name	Item Number	Nature of Interest
Mayor Evans	3.1	Financial. The Mayor declared a Financial Interest in regards to the proposed budget discussion regarding the Mayoral Allowance. In accordance with section 5.63(c) (Some interests need not be disclosed) of the <i>Local Government Act 1995</i> , the Mayor remained in the meeting and participated in the discussion.

Presiding Member	Councillor Wellington
EMT Member Responsible for Committee:	Chief Executive Officer, Ms Faileen James

3. ITEMS FOR DISCUSSION

3.1 PROPOSED BUDGET 2011/2012

The CEO briefed the Committee on the draft budget premising the proposed budget against a zero percent rate increase as a starting point.

The following details the main points discussed during the meeting:

3.1.1 Capital Works

The CEO advised the Committee that the Capital Works programme consists of two proposed budget lines, being:

- Operating. (Maintain the current level of maintenance i.e. Roads and Parks); and
- Proposed new projects. (Specifically new roads and drainage upgrades).

The Committee sought further information from the CEO on the costing and capability of the City to resources new projects.

3.1.2 Mayoral Allowance

Mayor Evans opposed the proposed increase. The Mayor also stated that should Council agree to the increase, he proposed that the increased budget allocation of \$37,000 to the Mayor's Allowances be incremented over time, rather than from 1 July 2011.

3.1.3 Employee Costs (Additional Staffing)

Committee discussed additional budget allocation for staffing, in particular the positions of part-time Assistant Governance Officer (or consultant equivalent cost), an Energy Auditor, and a part-time Council Liaison Officer.

The CEO advised the Committee that there are areas within the City that are significantly under resourced from a staffing perspective, which has resulted in some Departments' staff accumulating excessive overtime or time-in-lieu, in some cases up to three weeks. In the short to medium term, if this situation is not addressed, serious occupational health and safety ramifications may result.

Overall 10 Full Time Equivalent (FTE) positions were proposed but there would also be some cost savings as current positions are re-valued or not filled when vacant.

The CEO advised the Committee the part-time Assistant Council Liaison Officer position was not necessary if response times to Councillor queries were not expected immediately. The CEO noted that if Councillors expectation is immediate response then the position will be needed.

If the Energy Auditor budget allocation was not approved, the City's attempts to reduce energy costs may not be achieved in a timely manner.

3.1.4 Approach to budget deliberations

Cr J Bostock expressed concern that going line by line through the budget is not Council's role, as it is operational. Cr Bostock stated that Council needed to acknowledge that it is Council's responsibility to set the parameters, rather than the specifics, that steer the formulation of the proposed budget.

CEO advised the Committee that she would be happy to be so guided, but that the proposed budget was presented in its current form based on feedback received from Council Members during her recruitment and appointment process. The common feedback received was that Councillors wanted a detailed proposed budget presented to them to determine what choices were available to them regarding individual expenditure items.

The Chair, Cr Wellington, responded that he particularly wanted the proposed budget presented line by line to enable him and the Audit Committee to query areas of concern including:

3.1.5 Tourism marketing

The Chair raised concern in regards to the amount currently allocated towards the Tourism Marketing budget allocation (\$40,000). The Chair queried the rationale behind reducing the Tourism Marketing budget allocation, compared to the (\$70,000) allocated to the City of Albany annual art prize, considering that 16 percent of Albany's GDP comes from Tourism.

Cr Wellington proposed that an extra \$50,000 go into the budget to match the 2010/11 Budget Allocation (\$90,000).

The CEO stated that while actual expenditure on promotional material may be lower, additional staff were being engaged for Tourism related services.

3.1.6 Proposed Rate Increase (including CPI)

The Chair requested all elected members present to indicate what they thought was a fair rate increase based on the information presented by the Executive so far.

- Councillor Sutton stated that before considering a proposed rate increase, Council needs to look at the Capital Works Programme, in particular road and drainage. Recent history has shown that as a result of a lack of investment in drainage infrastructure has had poor outcomes. Councillor Sutton proposed that Council needs to identify what it needs to do, then ascertain if a rate increase is required.
- Councillor Matla, agreed with Councillor Sutton and stated that drainage and roads needed attention. That Council needed to defer building up cash reserves and progress infrastructure work that requires to be done now (i.e. Flood mitigation, drainage and roads).
- Councillor Wolfe stated the City is still "playing catch up" upgrading and repairing road and draining infrastructure that was not maintained at the appropriate time.
- Councillor J Bostock would like Council to have a serious look at cost savings and feels that Council is building an administration at the cost of services to our community.
- Councillor D Bostock agreed with Councillor Sutton.
- Cr Holden advised that he has identified savings that could be proposed in some of the budget line items, in particular the Albany Art Prizes.
- Council members supported a 4 to 5 percent rate increase.

3.1.7 Capital Works Program

Councillor Wellington requested the Acting Executive Director Corporate Services (A/EDCCS), Pam Wignall to investigate how much extra capital works could be undertaken if Rates were increased 4 to 5 percent.

A/EDCCS and the Executive Director Works & Services, Kevin Ketterer, advised the Committee that the proposed drainage programme could be implemented.

The CEO clarified for the Committee that to maintain our current roads and parks at the current levels, the budget needs to include an amount of at least \$800,000.

3.1.8 Increase to Staffing levels

CEO advised the Committee that Council needs to determine what activities Council would like to be involved in, as current staffing levels do not facilitate the City being able to do properly a number of current and proposed activities (i.e. improved management of community services and involvement with the ANZAC Alliance). If staffing in key identified areas is not increased, staff will “burn out”.

The following positions were discussed:

- Strategic Town Planner
- Strategic Waste Manager Position
- Financial Accountant
- More Senior Management Capacity in Community Services Directorate

The CEO requested the elected members present at the Committee meeting to identify what they did not want staff doing, work wise.

Assistant Part-time Councillor Liaison Officer. The majority of elected members present at the Committee meeting expressed that they are happy to wait 3 to 4 days for a response to a Councillor inquiry, to save costs and not fill the Councillor Liaison position.

Assistant Part-time Governance Officer. This position was required to progress the Governance Review work, including revision of the Standing Orders and the Code of Conduct.

Energy Auditor Position. The elected members present at the Committee meeting expressed that they are happy to save costs and not fill this position and felt that other measures could be taken to reduce energy consumption.

The CEO advised the Committee that by not filling the part-time Councillor Liaison Officer and Energy Auditor Positions would save \$95,000.

Councillor J Bostock requested details of all additional staff.

CEO responded:

Media Liaison Officer. Involvement with, and response to, media enquiries and City promotional publications has increased significantly. The current incumbent has been promoted to a position where her capacity to focus on and provide timely media response is being limited. Other work being done includes supervision of the website, City/Council publications, events management and project liaison Officer for the ANZAC Alliance.

Part-time Assistant Councillor Liaison (or consultant equivalent). This amount is to quickly complete the review of Governance Policies and Standing Orders.

The Committee discussed the actions required to review the current Standing Orders and the proposed uniform local law being proposed by the Department of Local Government.

The CEO proposed to the Committee that if Council was happy to adopt the uniform local law being proposed by the Department of Local Government that would save approximately 0.5 Full Time Equivalent (FTE) in staffing costs (approx. \$27,000).

Action: The CEO to prepare a report to Council to formally discuss the review and adoption of the proposed Department of Local Government Standing Orders Local Law once received from the Department, in lieu of allocating funds to employ a part-time Assistant Governance Officer or Consultant equivalent. Until that report is received the budget amount should remain within the draft budget.

Administrative Support Officer Trainee Position. In support of Council's commitment to youth employment and training and for backfill when administrative staff go on holidays (rather than engaging temporary contract staff), approximately \$27,000 per annum.

1.3 FTE in Administrative (Records Management). The City's Records management, including legislative compliance could be improved. This area is significantly under resourced.

Community Services Management Positions.

- 1 x FTE. This management position will be commercially focused (including increasing revenue) and oversee the implementation of the Tourism Strategy and the operations of the:
 - Visitors Centre
 - Airport
 - Forts

- 1 x FTE. Not a senior management position. Responsible for managing the teams of the:
 - Rangers
 - Emergency Management Officers
 - Community Development Officers

- 1 x FTE Community Manager (Increase in position level).

Financial Accountant. To allow current staff time to conduct business analysis duties, to relieve the Acting EDCCS when on leave and complete financial legislative duties in a timely manner.

Strategic Town Planner. The strategic town planning position was outsourced in the last financial year; however based on recommendations made by the Charles Johnston Review of Development Services, it is recommended that this position be re-established. This position would be cost neutral as two positions (Strategic Planner and Manager Planning Services) are currently vacant.

Waste Supervision. Oversight of the Waste Services contract requires greater rigour and strategic waste management planning.

CEO advised the Committee that the City's "running lean" on staff numbers, based on comparative sized Councils.

Action: Employee Costs for this year and the number of overall staff to be provided to next meeting of Council members as part of budget discussions.

The Chair requested information on staffing:

Economic Development. CEO provided the Committee an updated on the City's vision for this Economic Development role.

The CEO advised the Committee that the Manager Economic Development, Jon Berry, is currently leading the Strategic Planning Process.

Ranger Services. Cr Wolfe asked has the Executive considered increasing the number of Rangers. The CEO advised the budget allows for an additional FTE Ranger.

The Team Leader Community Services gave an overview of potential changes to Ranger Services.

3.1.9 Rate Increase

Chair requested all elected members in attendance to consider an acceptable rate increase.

ITEM 3.1 – COMMITTEE RECOMMENDATION

MOVED: MAYOR EVANS
SECONDED: COUNCILLOR WELLINGTON

(i) THAT Council approve a Rate Increase (including CPI) of up to 5 % be included in 2011/12 proposed budget.

(ii) THAT the CEO is requested to advertise proposed differential rates (up to a 5% increase), in accordance with section 6.36 of the *Local Government Act 1995*.

MOTION CARRIED 3-0

3.1.10 Advertising of Differential Rate

The CEO advised the Committee on the requirement to advertise the differential rate in accordance with the *Local Government Act 1995*.

Action: The Committee requested:

- The draft budget be reconsidered in regards to Capital Works and Tourism Marketing given a proposed rates increase to 5%.

3.1.11 Art Prize

Councillor Holden gave the Committee an overview of the changes he considers could be implemented to improve the attendance and yield cost savings in regards to the conduct of the Albany Art Prize events.

The Team Leader Community Services advised the Committee that any changes would need to be discussed with the Jack Family Trust.

Action: The Committee agreed that the current budget allocation to the Albany Art Prize to remain in place and that further review is conducted at a later point in time during 2011/12 after consultation with the Jack Family Trust.

Action: CEO to invite Cr Holden to attend the consultation with the Jack Family Trust.

3.1.12 Members of Councillor Fees, Allowances, Training and Conferences

The CEO advised the Committee that the increase to the Mayor/Councillors Fees and Allowance budget line allocation (\$37,000) directly relates to the proposed increase in Mayoral Allowance. The amount is included in the budget as discussions with a number of Councillors indicated a preference to debate this issue.

3.1.13 Legislative Changes to Mayoral Vehicle Allocation

The CEO advised of recent changes to the *Local Government (Administrative) Regulations 1996* (Tuesday 3 May 2011), particularly in relation to the provision of a Mayoral Vehicle.

Situation

It has been the custom for many years for the City to provide a motor vehicle to the Mayor.

The vehicle has been provided in addition to other allowances provided for in the *Local Government Act 1995 (the Act)* and use of the vehicle has included private use without reimbursement to the City. This practice is common in a number of other local governments that provide a Mayoral Vehicle.

Council has limited policy direction in relation to provision of the Mayoral Vehicle.

Discussion

Council may resolve to provide a mayoral vehicle or vehicle allowance as part of the Mayoral Allowance.

The Department of Local Government has recently advised that the Local Government Regulations have been amended to specifically allow the provision of a motor vehicle to the Mayor for official purposes.

Up until this Amendment no such provision existed and vehicles were allocated or provided to Mayors on the understanding that the provision complied with the general competence, powers' of local government which was a principle of the *Local Government Act 1995*.

In amending the legislation the Department has made it clear that it now expects that Mayors to personally contribute/reimburse the cost of private usage of any Mayoral vehicle. Procedural requirements are also contained in the Amendment.

In order to comply with the new provisions of the legislation the Mayor would be required to, for example: maintain, a log book and/or sign a Statutory Declaration in relation to the vehicle use (private versus Mayor duties).

Reimbursement for cost of private mileage would be required to be made.

Action: The following actions are required to recognise the new legislative requirements: Development of Council Policy in respect of 'Provision of Mayoral Vehicle' which complies with the new Legislation, including calculation of amount payable by the Mayor for the reimbursement of private mileage.

3.1.14 Additions to the proposed budget

CEO advised the Committee of two additions to the proposed budget, being unplanned, but needed repairs to the Albany Airport (approx \$30,000) and an agreement made by a previous CEO with the Department of Transport for the maintenance to the Fishing Platform located in the vicinity of the Albany Waterfront Project (\$30,000 over 20 years or \$1500 per year).

These amounts will also have to be included in the budget.

Action: CEO requested to have discussions with the Department of Transport regarding the timing of those payments.

3.1.15 Additional Workshops & Special Meeting to Adopt Proposed Budget

Action: The Committee requested the Executive to arrange for an additional proposed budget workshop.

The CEO advised the Committee that it is recommended that a Special Meeting of Council be called in the second or third week of July to adopt the proposed budget.

4. **DATE OF NEXT MEETING:** The next ordinary Audit Committee meeting be held on Tuesday 14 June 2011.
5. **CLOSURE OF MEETING:** The Chair declared the meeting closed at 8.20pm.