

Table of Contents

Special Council Meeting

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS.....	2
2. DISCLAIMER	2
3. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE.....	2
5. PUBLIC QUESTION TIME (<i>in relation to Items 7 and 8 only</i>).....	2
6. PRESENTATIONS / PETITIONS / DEPUTATIONS.....	2
7. REPORT	2
7.1 Adoption of Draft Strategic Financial Plan for Public Comment	2
8. MEETING CLOSED TO THE PUBLIC.....	6
8.1 Matter for which the Meeting May be Closed.	6
8.1.1 <i>Confidential Staff Matter (Item 13.1.2 referred from Council Meeting 27.3.2007 and Item 8.1 referred from Special Council Meeting 3.4.2007)</i>	6
8.2 Public Reading of Resolutions that may be made Public.	6
9. CLOSURE	6



SPECIAL MEETING OF COUNCIL AGENDA

1. **DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
2. **DISCLAIMER**
The Chairperson to read the City's Disclaimer
3. **RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**
4. **DECLARATION OF INTEREST**
5. **PUBLIC QUESTION TIME** (*in relation to Items 7 and 8 only*)
6. **PRESENTATIONS / PETITIONS / DEPUTATIONS**
7. **REPORT**

7.1 Adoption of Draft Strategic Financial Plan for Public Comment
--

Location:	City of South Perth
Applicant:	Council
File Ref:	FS/FI/1
Date:	30 March 2007
Author/Reporting Officer:	Michael J Kent , Director Financial and Information Services

Summary

This report seeks the approval of Council to advertise the draft Strategic Financial Plan for the 2007/2008-2011/2012 period for public comment.

The Strategic Financial Plan (SFP) plays an important role in aligning the City's strategic direction with its financial and organisational capacity. It provides a strategic overview of where the City's financial resources are proposed to be directed over the next five years and it identifies the operational service areas and major projects proposed over the next five years. Proposals within the plan are required to be consistent with the City's approved strategic direction.

The plan indicates the manner in which these activities would be funded and it details the blend of funding options recommended to achieve the identified outcomes. It also acknowledges the level of human resources required to deliver the identified services and projects within each departmental activity area. The plan documents performance criteria for the delivery of services for each of the activities within the plan.

Background

All local governments are required to produce a ‘Plan for the Future of the District’ in accordance with Section 5.56 of the *Local Government Act*. Although the act is not prescriptive in terms of the exact nature of the Plan for the Future of the District, prudent and responsible business practice suggests that the plan should not only refer to the strategic initiatives that drive the City’s business - but also that it should ensure that the local government has the financial and organisational capacity to deliver the projects and services proposed in line with those strategic initiatives. Importantly, that financial capacity should be demonstrated to be sustainable over the longer term.

The City uses its Strategic Plan (based around the six agreed strategic goals) as the *conceptual plan* for the future of the district. That is, it provides the conceptual framework around which proposed projects and services should be structured. It uses the Strategic Financial Plan as the *resource plan* for the future of the district. This means that the SFP ensures that the organisation has the capacity to actually deliver what is being proposed.

The draft Strategic Financial Plan is prepared in a format that satisfies all identified statutory requirements as well as providing an informative, accountable presentation of the City’s financial blueprint for the next five years. This document may be effectively used by Council and the Administration in fulfilling their respective roles.

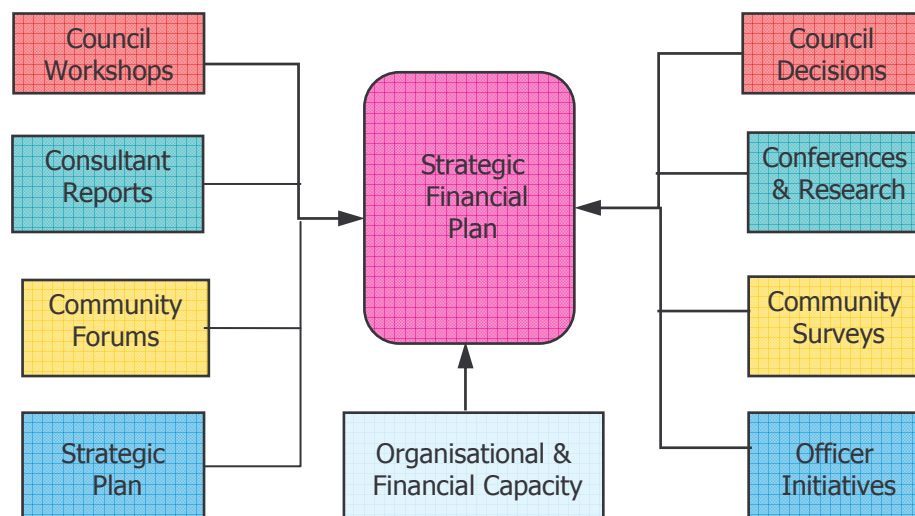
The Draft Strategic Financial Plan is required to be made available to residents and other interested parties for inspection and comment for a minimum period of 42 days. Council is then required to consider the written submissions made (which may or may not result in a change to the plan) before finalising the Strategic Financial Plan and the corresponding Budget for the first year of the plan period.

Comment

The Strategic Financial Plan for the 2007/2008 to 2011/2012 period has been developed through a comprehensive process that integrates technical input and ideas from a wide range of community forums, Council Member workshops / briefings, endorsed City strategies, officer proposals and sophisticated financial models.

The following diagram illustrates the model used to capture and incorporate all of the relevant inputs.

Figure 1 - Inputs to the Strategic Financial Plan



These inputs are then referenced against the Strategic Plan and management plans as well as being considered in the context of the prevailing economic and legislative environment before being developed into an integrated Strategic Financial Plan

In developing this draft Strategic Financial Plan, Council Members have participated in a number of structured briefings and workshops on topics including:

- Strategic Financial Plan and Budget Process / Theme.
- Legislative and Economic Environment.
- Major Capital Projects.
- Operational funding and expenditure components of the SFP.
- Overall funding mix to deliver the SFP proposals.

The Strategic Financial Plan (SFP) evolving from this process helps to plan for a sustainable future for our organisation and our community by:

- Aligning the City's financial, human and technical capacity with its strategic direction.
- Providing an integrated and coordinated approach to resource allocation.
- Establishing service levels and the costs of delivering them.
- Providing measures of success for achievement of strategic targets.
- Providing accountability for resource use.

The Strategic Financial Plan allocates indicative sums of money to potential projects to ensure that the City has the capacity to fund these projects when required ... if the project investigation, demographics, design, business and social models suggest that the projects will add value to our community and its quality of life.

This Strategic Financial Plan has been prepared based upon the agreed theme of building for a sustainable future. It encompasses sound asset management principles with the objective of consolidating and building upon the existing asset base of the City. Emphasis has been placed on the construction or revitalisation of a number of significant community facilities during the life of the plan.

The SFP activity areas are aligned to the departmental (business unit) groupings used to manage the City's administration. This encourages greater accountability and better performance management in relation to resource use. The plan provides an overview of major services / projects proposed during the life of the plan within each of these activity areas. It also includes a group of 'support services' that provide key administration services to support the timely and efficient delivery of the identified departmental activities.

The draft Strategic Financial Plan is tabled as a separate attachment to this report. All revenues and expenditures contained within the plan are, by their very nature, indicative. It should not be construed that the dollar values shown are the definitive amounts to be allocated to the nominated activities nor that the activities will necessarily be funded with absolute certainty from the sources indicated. The final allocation of resources for each activity will be determined by Council each year in the Budget process.

The details contained in the Strategic Financial Plan are sufficient to satisfy the disclosure requirements of the *Local Government Act 1995* and specify:

- Major responsibilities of each area of activity.
- Operating revenue and expenses.
- Major areas of capital expenditure.
- Sources of funding.
- The proposed funding mix.
- Relevant performance criteria.

Consultation

The Strategic Financial Plan informs the community of the City’s proposed activities and it identifies the performance indicators that will measure the City’s success in delivering these services to a professional standard - and in a timely manner.

The public release of the draft plan is a part of the City’s ongoing consultation process with the community and offers the community a chance to understand and comment on the City’s future strategic and financial direction. This is one of a number of City initiated forums throughout the year which provide an opportunity for the community to offer feedback on the development of our City’s future direction.

Public consultation is a statutory requirement of the *Local Government Act*. The City believes that such an important strategic financial document should be effectively communicated to our community and has developed an appropriate strategy to take the plan to the community. The principal objectives of this strategy are:

- To provide broad and representative coverage of the plan to the community.
- To make effective use of a variety of communication forums.
- To encourage understanding of the plan and the way in which its key elements inter-relate.
- To provide adequate opportunity for informed participation in the process of setting the City’s financial direction.

The City proposes to use a sophisticated communication strategy involving a variety of media to inform the community about the plan and the projects contained within it. The proposed public consultation strategy is presented below and clearly identifies the mechanisms by which the City will communicate the draft Strategic Financial Plan in order to invite public submissions on the plan.

Major initiatives relating to the communication of the plan are:

Date	Action to be taken	Responsibility
21 Mar	Present Draft Strategic Financial Plan (SFP) to Council	DFIS
30 Mar	Circulate Draft SFP to Council Members	DFIS
10 April	Draft SFP to Council for adoption	DFIS
12 April	Draft SFP available on www.southperth.wa.gov.au	DFIS / IT Dept
17 April	Advertisement in City Update - Southern Gazette	DFIS / CCO
	Press Release in Southern Gazette	CCO
21 April	Advertise SFP in West Australian Newspaper	DFIS / CCO
	Press Release on City website.	CCO
	Copies of SFP available in all City Libraries and in the Customer Foyer at the Administration Centre	DFIS
1 May	Advertisement in City Update - Southern Gazette	DFIS / CCO
7 May	Public Information Session on the SFP	DFIS / CEO
24 May	Public Submission Period closes	DFIS
29 May	Briefing to Council on Public Submissions	DFIS
26 June	Present Final SFP to Council for adoption	DFIS

Legend: DFIS = Director Financial and Information Services
 CCO = City Communications Officer
 CEO = Chief Executive Officer

Strategic Implications

This report deals with matters of financial management which relate to the key result area of Financial Viability identified in the City's Strategic Plan *'To provide responsible and sustainable management of the City' financial resources'*.

In addition to the statutory requirement that the Strategic Financial Plan be reviewed regularly, responsible business practice and sound financial management principles dictate that the Strategic Financial Plan be reviewed regularly to ensure that it remains relevant and reflects alignment with strategic direction and community expectations.

Policy and Legislative Implications

The attached draft Strategic Financial Plan (circulated separately) is consistent with all of the statutory requirements of Sections 5.56 of the *Local Government Act 1995* and with relevant Council Policies P601 - Strategic Financial Plan and Annual Budget Preparation and Policy P604 - Use of Debt as a Funding Option.

Financial Implications

The draft Strategic Financial Plan provides an innovative, but responsible, financial blueprint for the City. It embraces a total of \$220M worth of expenditure over the next five years. This is comprised of \$163M for delivery of ongoing services and programs plus a further \$57M for major capital initiatives relating to community facilities, infrastructure and asset management etc.

Most importantly, however, the entire five year program is fully funded by a responsible blend of funding from sources including realising unproductive assets, user fees and charges, rates, use of accumulated reserve funds, borrowings and grant funding opportunities. Specific information on the financial aspects of the plan is contained within the Strategic Financial Plan document itself.

OFFICER RECOMMENDATION ITEM 7.1
--

That....

- (a) the draft Strategic Financial Plan for the years 2007/2008 to 2011/2012 be advertised for public comment in accordance with the provisions of the *Local Government Act 1995*; and
- (b) a report on the submissions received be presented to Council at a briefing as part of the budget process after the conclusion of the public comment period.

8. MEETING CLOSED TO THE PUBLIC

8.1 Matter for which the Meeting May be Closed.

8.1.1 Confidential Staff Matter (<i>Item 13.1.2 referred from Council Meeting 27.3.2007 and Item 8.1 referred from Special Council Meeting 3.4.2007</i>)

8.2 Public Reading of Resolutions that may be made Public.

9. CLOSURE