

## **YARRA CITY COUNCIL**

### **FINANCE & GOVERNANCE COMMITTEE MEETING**

#### **AGENDA**

**to be held on Monday 5 February 2007 at 6.30 pm  
at the Richmond Town Hall**

**Councillor Membership**

Cr Paul D'Agostino (Chair)  
Cr Jenny Farrar  
Cr Jackie Fristacky  
Cr Stephen Jolly  
Cr Kay Meadows

**Council Officer Attendees**

Justin Hanney (Chief Executive Officer)  
Bruce Phillips (Director City Development)  
Craig Kenny (Director Community Development)  
Bryan Lancaster (Director Asset Management)  
Marc Giglio (Executive Manager Finance and  
Information Services)  
Ivan Gilbert (Executive Manager Governance and  
Organisational Development)  
Marg Elvey (Governance Officer)

**I. ATTENDANCE**

**II. DECLARATIONS OF PECUNIARY INTEREST AND CONFLICT OF  
INTEREST**

**III. COMMITTEE BUSINESS REPORTS**

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***Welcome to the City of Yarra.  
Council acknowledges the  
Wurundjeri community as the first  
owners of this country.  
Today, they are still the custodians  
of the cultural heritage of this land.***

***Further to this, Council acknowledges  
there are other Aboriginal and Torres  
Strait Islander people who have lived,  
worked and contributed to the  
cultural heritage of Yarra.***



# Public Participation at Council and Committee Meetings

## PrOCEDURE

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1. The Yarra City Council welcomes the opportunity for members of the public to address Council, Special Committees and Council's Internal Development Approvals Committee in accordance with this procedure.
2. The following guidelines apply to public questions and submissions:
  - (a) public question time is restricted to 15 minutes, 2 questions per person, and **five (5) minutes per speaker**;
  - (b) the Chairperson has the sole discretion to extend speaking times or vary conditions of these guidelines;
  - (c) the minute clerk or the Chief Executive Officer shall advise the Chairperson when speaking times have expired;
  - (d) within reason, there will be no time restriction imposed on submissions under section 223 of the *Local Government Act* 1989 (the opportunity to speak to a previously lodged formal written submission pursuant to that section of the Act);
  - (e) where a number of people wish to make a submission on the same subject, a representative speaker is encouraged. Speakers are asked to restrict themselves to new comments and not repeat points made by other speakers
  - (f) all public comment is to be made prior to commencement of debate on matters to be determined;
  - (g) persons addressing the meeting shall confine themselves to the subject under consideration;
  - (h) town planning permit applicants shall be given an opportunity to present their submission before objectors and may exercise a right of reply following the hearing of all submissions.
3. The general provisions of these guidelines shall be made known to all intending speakers and members of the public, prior to the commencement of business at meetings.

## **FINANCE & GOVERNANCE COMMITTEE MEETING**

<b>ITEM</b>	<b>PAGE</b>	<b>REC. PAGE</b>	<b>REPORT PRESENTER</b>
1.1	Municipal Association of Victoria – Strategic Plan December 2006 Milestone Report		Ivan Gilbert – Executive Manager Governance and Organisational Development
1.2	Apprenticeships Plus – Quarterly Report		Craig Kenny – Director Community Development
1.3	Quarterly Finance Report		Marc Giglio – Executive Manager Finance and Information Services

### **CONFIDENTIAL ITEMS**

- 1.4 Contractual Matter
- 1.5 Contractual Matter
- 1.6 Legal Advice

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## **1.1 Municipal Association of Victoria – Strategic Plan December 2006 Milestone Report**

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File:

Responsible Officer:                      Manager Governance

### **Purpose**

1. To receive the Municipal Association of Victoria (MAV) December 2006 Strategic Plan Milestone Report (Attachment 1).

### **Background**

2. As the peak local government body in Victoria and key advocate for the local government sector in the State, the MAV through the elected Board, each year formulates a Strategic Plan to guide and focus its operations.
3. The MAV provides periodic reports to its member Councils on achievements against the Strategic Plan.

### **Consultations**

4. The issues the MAV Strategic Plan address are drawn from matters presented to the MAV by member Councils and formally adopted through the MAV Annual State Council process, together with key issues referred by member Councils and which have a sector wide relevance and items deemed relevant by the Board.

### **Financial Implications**

5. There are no direct financial implications to Council from the Milestone Report. However, financial benefits could arise for Yarra City Council from revised funding agreements which may be successfully pursued by the MAV with funding agencies (e.g. government departments, etc). The mid-term financial strategy achievement highlights are noted in the attachment.

### **Economic Implications**

6. The Strategic Plan includes a range of matters which, individually and collectively seek to improve the economic capacity of councils by, in some instances passing the responsibility of maintenance or service provision from Councils to other providers, the adoption of programs which will introduce new and/or enhance existing service provisions by government agencies, cut red-tape on local planning policy to improve capacity/opportunity for local development to occur, etc. The mid-term strategy achievement highlights which have some impact on the economic capacity of Councils, are noted in the attachment - refer sections on finance, access and mobility, planning, infrastructure, business collaboration and reform, human services and environment.

### **Environmental Implications**

7. The Milestone mid-term achievements note that advances have been made by agreement of government to undertake a domestic wastewater management costing study and to conduct a 12 month review of the “new approach” to native vegetation management. Advocacy is continuing in seeking to improve the waste management capacity of Councils.

### **Social Implications**

8. A number of Milestone mid-term achievements are noted, including on a sustainable transport action plan, establishment of an accessible housing program, government to undertake costing studies for HACC and MCH services, support for the delivery of positive aging strategies and funding of \$6 million in Volunteer Support Grants.

### **City Plan, Strategy and Policy Implications**

9. A number of the MAV Strategic Plan issues are similar to/support principles in Council’s own Strategic Plan.

### **Legal Implications**

10. There are no legal implications to Council in this matter.

### **RECOMMENDATION**

11. That the report be noted.

**CONTACT OFFICER:** Ivan Gilbert  
**TITLE:** Executive Manager Governance and Organisational Development  
**TEL:** 9205 5110

### **Attachment 1 – MAV Milestones, Issue 7 December 2006**



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## 1.2 Apprenticeships Plus – Quarterly Report

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File: 10/10/07 18  
Responsible Officer: Director, Community Development

### Purpose

1. This report provides Council with an update on the related activities of Apprenticeships Plus (A+).
2. This report provides Council with an update on:
  - (a) structure of A+ and associated businesses;
  - (b) performance for the 2006 business year; and
  - (d) update on apprenticeship numbers and performance.

### Background

3. A+, originally trading as Inner Northern Group Training Limited, was formed in late 1982 by a consortium of the former municipalities of Brunswick, Coburg, Northcote, Preston and Fitzroy. The major impetus was concern over high unemployment levels and a lack of training opportunities for local young people. These municipalities then covered what was Melbourne's and indeed Australia's highest concentration of manufacturing industry. Then, as now, there was concern that industry was not training enough people with the right skills to meet the needs of industry.
4. Changing patterns in the regional, Victorian and Australian economies reflected in a dramatic drop in manufacturing jobs placed obvious pressure on A+ to adapt its business to respond to emerging industry sectors. Traineeships in office administration, aged care, nursing and education-integration aide jobs now exceed the more traditional apprenticeship jobs of motor mechanics and gardening.
5. A+ has a Board comprising 7 members, 4 independent Directors appointed by the Board and three appointed by the member Councils. The Cities of Yarra, Darebin and Moreland each appoint one member to the Board. Currently these positions are held by Officers of each Council. The four independent are selected for their expertise in various aspects of A+ activities. The Director's of A+ as at December 2005 were: Alan Brown (Chair); Michael Francis (Deputy Chair), Kevin Breen (Darebin City Council); Roger Collins (Moreland City Council); Craig Kenny (Yarra City Council); Elizabeth Board and Naomi Corlett.

### Company Structure

6. There are four interconnected business operations associated with A+, these are:
  - (a) Apprenticeships Plus, the trading name for Inner Northern Group Training, is a Group Training company that currently employs over 550 apprentices and trainees;
  - (b) Work and Training, the largest Tasmanian Group Training company and now a fully owned subsidiary of A+, currently employs 430 apprentices and trainees;
  - (c) MAS National is a joint venture entity of A+ and a Melbourne western suburbs group training company, Workplace Connect, now operates New Apprenticeships Centres in Sydney, NSW country and South Australian country, and
  - (d) MAS Administration Services, a not-for-profit company jointly owned by A+, has as its main business the national contract for administering the Federal Government's Tools for Trade program.
7. All four companies have delivered operational surpluses over the financial year ended 30 June 2006.

### 2006 Highlights

8. The financial year ended 30 June 2006 proved to be very successful for A+. Some of the highlights are outlined in the following paragraphs.
9. Purchase of a 3 storey office building at 192 – 194 High St, Northcote that will provide the new head office for A+. This purchase is also important in that it provides ongoing net rental income to the business in the future through the leasing of 2 floors to commercial tenants. On current trends, it is anticipated that the building will be fully paid off within 12 months. Securing a permanent headquarters and a quality office environment in an excellent location provides a real opportunity to improve the profile of the core business and therefore grow the number of apprentices and trainees in group training.
10. Apprenticeships Plus' own business performance was very strong in the 2006 financial year. This included the company reaching the highest number of apprentices and trainees over its 23 year history with over 550 employed. The company also posted a net surplus of over \$350,000 for 2006.
11. A formal resolution by the Board to establish a Community Foundation has also been taken. This will supersede the former Social Investment Policy that allocated 20% of the net operating surplus to the benefit of projects in the areas covered by the member Councils. The Community Foundation aims to build a corpus (funds under investment) of \$5m over the next 10 years with the annual income generated available for disbursement to eligible organisations. It is worth noting that over the past 3 years over \$112,000 has been distributed through the Social Investment Policy.
12. At the end of the 2006 financial year A+ had a net equity of \$6.035m. This compares with a net equity position of \$269,500 in 1996. This strong growth

and the very sound financial position promise a long term future for the company.

13. Apprenticeships Plus' core business remains highly focussed on the northern regional economy with around 65% of apprentices and trainees and a similar proportion of host employers (247) living or doing business in the region.

### **Consultations**

14. The CEO of A+ and two Board members provided an informative presentation to Yarra City Council on 16 October 2006. A subsequent invitation was received for A+ to address the Business Advisory Group in November 2006.
15. No consultations were undertaken in writing this report.

### **Financial Implications**

16. Under the rules of incorporation the member Councils cannot directly receive financial benefit from their interest in A+.

### **Economic Implications**

17. Significant economic benefit derives from the operation of A+ in the Northern Region. As stated previously around two thirds of the apprentices and trainees placed by Apprenticeships Plus come from the region. The numbers of apprentices and placements in the local Yarra area is low and this reflects both the decline in demand for apprenticeships from the current population and reduction in the number of manufacturing and trade positions.
18. A+ has made a commitment to look to increase the numbers of placements and apprenticeships during 2007 and outcomes of these efforts will be reported in future updates.

### **Environmental Implications**

19. There are no significant environmental implications contained within the report.

### **Social Implications**

20. The social implications of creating effective pathways to employment are significant for the most disadvantaged members of the Yarra community. Training and transitional support to employment are a key focus on each of the housing estates and are central increasing levels of community resilience and sense of optimism.
21. The establishment of a Community Foundation will allow supported programs to be targeted to members of the Yarra community most at risk of long term unemployment.

## **Council Plan, Strategy and Policy Implications**

22. Local employment for young people is a key objective outlined in the Council Plan.

*“LEB02.1 Local Employment*

*Investigate training opportunities and incentives to promote local employment.*

*Employment for Young People:*

*Facilitate trainee placements within Council.  
Expand on the preliminary work done to date with INLLEN,  
Apprenticeships Plus and Brotherhood of St Laurence.”*

## **Legal Implications**

23. There are no significant legal implications contained in this report.

## **Conclusion**

24. A+ is a major provider of apprenticeship and training services in the northern region. It has operated effectively for over 20 years and continues to make available employment and apprenticeship opportunities for young people from the region and broader metropolitan area.
25. The company has experienced significant growth over the past few years and has successfully adapted to the changing economic landscape. A+ has committed to further efforts to ensure the numbers of placements and traineeships are increased in Yarra and progress will be reported in future quarterly updates to Council.

## **RECOMMENDATION**

26. That Council note the Apprenticeships Plus Quarterly Report.

**CONTACT OFFICER:** Craig Kenny  
**TITLE:** Director, Community Development  
**TEL:** 9205 5100

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### 1.3 2006/07 Monthly Financial Report – Quarter ending 31 December 2006

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File: 40/40/02  
Responsible Officer: Executive Manager Finance & Information Services

#### **Purpose**

1. To provide a financial report for the six months ending 31 December 2006 and information on the current status of Council's financial performance and position.

#### **Background**

2. The 2006/07 Annual Budget was adopted by Council on 18 July 2006.
3. This report is being presented in accordance with section 138 of the *Local Government Act 1989* and Regulation 5 of the *Local Government (Finance & Reporting) Regulations 2004*.
4. The report has been prepared on an accrual basis, to ensure accurate matching of income and expenditure, both operating and capital, for the quarter ending 31 December 2006.
5. The report is prepared on the basis of year to date, year end forecast, cash and key balance sheet items analysing trends against budget.

#### **Issues**

6. The end of year forecast operating result at 31 December 2006 is projected to be a surplus of \$7.713m being a favourable variance of \$0.571m compared to the Annual Budget surplus of \$7.142m. This result is reflected by a favourable forecast income variance of \$1.165m and an unfavourable forecast expenditure variance of \$0.594m. The overall forecast variance comprises of the following significant variances:
  - (a) user charges, fees and other fines favourable to budget by \$0.358m;
  - (b) leisure centre fees favourable to budget by \$0.198m;
  - (c) reimbursements & contributions favourable to budget by \$0.390m;
  - (d) employee costs favourable to budget by \$0.211m;
  - (e) maintenance costs unfavourable to budget by \$0.430m
  - (f) other materials & services unfavourable to budget by \$0.437m.

For the detailed forecast results, refer paragraph 16.

7. As outlined in the Income Statement, the year to date operating result, before reserve transfers, reflects a favourable variance of \$3.085m. Refer paragraph 16.
8. The overall year to date variance in income is a favourable result of \$1.003m comprising the following significant variances:
  - (a) rates are favourable compared to budget by \$0.101m or 1.3 percent. This is the mainly as a result of a favourable increase in Supplementary Valuations completed to date;
  - (b) government grants are favourable compared to budget by \$0.120m or 9.5 percent. Favourable result is mainly due to additional Strategic & Economic Development grants for Melbourne 2030 implementation, unbudgeted grant for Art in Public Places and Metro Access grant received earlier than anticipated;
  - (c) parking revenue is unfavourable compared by \$0.173m or 2.0 percent. The variance is mainly as a result of lower than anticipated parking infringements issued to date. Parking meter income continues to run according to budget to date;
  - (d) user charges, fees and other fines are favourable compared to budget by \$0.346m or 7.7 percent. Favourable variances in Public Open space contributions, Insurance Premium Recoveries, Commercial Property Rental and Inspection Fees and Other Income;
  - (e) leisure centre fees are favourable compared to budget by \$0.430m or 14.9 percent. This is a result of favourable variances in gym memberships across all three centres, casual pool entry at Richmond and Fitzroy which has also generated additional retail sales; and
  - (f) reimbursements and contributions are favourable compared to budget by \$0.165m or 29.4 percent. The favourable variance relates mainly to Road Reinstatements performed for services authorities, which is offset by additional maintenance costs and higher than anticipated Road Opening Permits.
9. The overall year to date variance in Expenses is a favourable result of \$2.082m comprising the following variances:
  - (a) employee costs are favourable compared to budget by \$0.886m or 5.1 percent. Favourable variances in Salaries & Wages, as a result of a number of vacancies existing of which some are expected to be filled in the next quarter;
  - (b) maintenance is favourable compared to budget by \$0.299m or 12.1 percent mainly due to scheduled building maintenance occurring later than anticipated and traffic light maintenance contribution occurring later on in the financial year;
  - (c) other materials and services are favourable to budget by \$0.757m or 7.3 percent. Favourable variances in Advertising, Consultants, Contributions & Donations, Community Grants, Insurance Premiums, Utilities; and

- (d) written down value of asset sold is favourable to budget by \$0.234m or 100 percent due to the later than anticipated turnover of Councils motor vehicle fleet which was scheduled to occur in November. The majority of fleet turnover will now occur in February 2007.
- 10. Council's cash position at the end of December stood at \$19.1m, reflecting a net cash inflow of \$2.6m for the quarter ended December.
- 11. Rates debtors as at the end of December totalled \$28.0m, of which \$1.4m pertains to rates outstanding from previous rate years.
- 12. Parking debtors amounted to \$4.1m (net of doubtful debt provisions). Infringements outstanding for more than 90 days are referred to the PERIN Court for collection.
- 13. Other debtors (net of doubtful debt provisions), including GST receivable, outstanding at the end of December were \$2.8m of which \$1.0m has been outstanding for more than 90 days.
- 14. The attached capital works report reflects expenditure to the end of December of \$6.9m compared to a year to date budget of \$9.3m and represents 32 percent of the annual capital works program. The current year end Capital Works program forecast is currently \$21.4m.
- 15. The purchase order compliance rate for the month of December was 99.5 percent against a target of 100 percent (excluding exempt payments). This reflects invoices processed against purchase orders in total. The compliance rate for purchase orders raised before the invoice date was 84.6 percent against a target of 90 percent.

16. Income Statement for the period ending 31 December 2006

	<b>Actual YTD \$,000</b>	<b>Budget YTD \$,000</b>	<b>Variance YTD \$,000</b>	<b>Adopted Budget \$,000</b>	<b>Current Forecast \$,000</b>	<b>Budget Variance \$,000</b>
<b>Revenue from ordinary activities</b>						
Rates	28,791	28,690	101	57,324	57,311	(13)
Victoria Grants Commission	753	749	4	1,497	1,504	7
Government Grants	3,077	2,957	120	5,826	5,970	144
Parking Revenue	8,318	8,491	(173)	16,665	16,665	0
User Charges, Fees and Other Fines	4,794	4,448	346	8,820	9,179	358
Leisure Centre Fees	3,314	2,883	430	5,821	6,020	198
Interest Received from Other Entities	430	350	80	700	780	80
Reimbursements & Contributions	726	561	165	1,268	1,659	390
Proceeds from Disposal of Assets	187	256.85	(70)	514	514	0
	<b>50,388</b>	<b>49,385</b>	<b>1,003</b>	<b>98,435</b>	<b>99,600</b>	<b>1,165</b>
<b>Expenses from ordinary activities</b>						
Employee Costs	16,180	17,065	886	33,481	33,270	211
Contract Payments	8,530	8,481	(48)	16,907	16,783	124
Maintenance	2,156	2,456	299	4,624	5,054	(430)
Other Materials & Services	9,580	10,336	757	19,447	19,883	(437)
Bad and Doubtful Debts	733	715	(18)	1,430	1,430	0
Depreciation & Amortisation	6,997	6,997	0	14,000	14,000	0
Borrowing Costs	495	469	(27)	937	1,000	(63)
Written Down Value of Assets Sold	0	234	234	467	467	0
	<b>44,671</b>	<b>46,753</b>	<b>2,082</b>	<b>91,293</b>	<b>91,887</b>	<b>(594)</b>
<b>Net Result before Transfers</b>	<b>5,717</b>	<b>2,632</b>	<b>3,085</b>	<b>7,142</b>	<b>7,713</b>	<b>571</b>
Transfers to Reserves	679	700	(20)	1,400	1,500	100
Transfers from Reserves	0	0	0	0	0	0
<b>Net Result after Transfers</b>	<b>5,038</b>	<b>1,933</b>	<b>3,105</b>	<b>5,742</b>	<b>6,213</b>	<b>471</b>

## **RECOMMENDATION**

17. That the financial report for the six months ending 31 December 2006 as attached be noted by Council.

**CONTACT OFFICER:** Marc Giglio  
**TITLE:** Executive Manager Finance & Information Services  
**TEL:** 9205 5236

### **Attachment 1 – Financial Report**



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## **CONFIDENTIAL BUSINESS REPORTS**

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The following items were deemed by the Chief Executive Officer to be suitable for consideration in closed session in accordance with section 89 (2) of the *Local Government Act* 1989. In accordance with that Act, Council may resolve to consider these issues in open or closed session.

### **RECOMMENDATION**

1. That the meeting be closed to members of the public, in accordance with section 89 (2) of the *Local Government Act* 1989, to allow consideration of:
  - (a) contractual matters; and
  - (b) legal advice.
2. That all information contained within the Confidential Business Reports section of this agenda and reproduced as Council Minutes be treated as being and remaining strictly confidential in accordance with the provisions of sections 77 and 89 of the *Local Government Act* 1989 until Council resolves otherwise.