



City of  
**Melville**

## **AGENDA**

### **ORDINARY MEETING OF COUNCIL**

#### **NOTICE OF MEETING**

I respectfully bring to the attention of Elected Members that an Ordinary Meeting of the Council will be held in the Council Chambers, Melville Civic Centre, 10 Almondbury Road, Booragoon on Tuesday, 16 July 2024 commencing at 6:30 PM.

**Gail Bowman**  
**Chief Executive Officer**

The City of Melville acknowledges the Bibbulmun people as the Traditional Owners and custodians of the lands on which the City stands today and pays its respect to the Whadjuk people, and Elders both past, present and emerging.

Use this link to [Register to attend the Ordinary Meeting of the Council Tuesday, 16 July 2024 electronically](#)



## Our Vision

Engaging with our diverse community to achieve an inclusive, vibrant and sustainable future.

## Our Mission

To provide good governance and quality services for the City of Melville community.

## Our Values

### Excellence

Striving for the best possible outcomes

### Participation

Involving, collaborating and partnering

### Integrity

Acting with honesty, openness and with good intent

### Caring

Demonstrating empathy, kindness and genuine concern



## Making A Deputation

A deputation is a verbal presentation by one or more members of the public on a matter to be considered at the Council meeting. Deputations are made at the relevant Agenda Briefing Forum, held one week prior to the Ordinary Meeting of Council.

Information on making a deputation is available on the City's website. [Request to make a Deputation.](#)

## Public Question Time

You can ask a question at a Council meeting during Public Question Time. Information on how to ask a question can be found on the City's website. [Public Question Time.](#)

Complex questions or those related to matters on the agenda and requiring a response at the meeting are "questions on notice" and should be submitted in writing, by the close of business the Tuesday prior to the meeting.

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## Audio Recording/ Access to Recording

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The nature of the Council's decision making role in the matter:

<b>Advocacy</b>	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<b>Executive</b>	<i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<b>Legislative</b>	<i>Includes adopting local laws, town planning schemes &amp; policies.</i>
<b>Review</b>	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<b>Quasi-Judicial</b>	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

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**1 OFFICIAL OPENING**

**2 ATTENDANCE AND APOLOGIES**

**In Attendance**

Councillors

Ward

**Officers**

**Apologies**

**On Approved Leave of Absence**

Cr J Edinger

Bicton - Attadale - Alfred Cove Ward

Cr D Lim

Applecross - Mount Pleasant Ward

**3 DECLARATIONS BY MEMBERS**

**3.1 Declarations by Members who have not read and given due consideration to all matters contained in the business papers presented before the Meeting**

**3.2 Declarations by Members who have received and not read the Elected Members Bulletin**

**4 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)**

**Approved Deputations**

**Approved Written Submission**

**5 DISCLOSURE OF INTEREST**

**5.1 Financial or Proximity Interests**

Under sections 5.60A and/or 5.60B of the *Local Government Act 1995*

**5.2 Disclosure of Interest That May Cause a Conflict**

Under 22 *Local Government (Model Code of Conduct) Regulations 2021* or a City of Melville Code of Conduct)

**6 PUBLIC QUESTION TIME****6.1 Questions Received with Notice****6.2 Questions Received at the Meeting****6.3 Questions Taken on Notice at Previous Meeting****6.3.1 Ms S Flis, Applecross**

As per the minutes of the Ordinary Meeting of Council (OMC) held on 18 June 2024, the following questions were taken on notice with the advice a response would be provided in the agenda for the OMC to be held on 16 July 2024, as below.

Question 1:

*There is reference in the State government's operational policy - draft planning for public open space - June 2023 - to a fund of developer contributions made in lieu of public open space provision within developments. Does such a reserve account exist for the Canning Bridge Precinct Development? Is this under WAPC or council control and what is the balance?*

Response 1:

The Canning Bridge Activity Centre Plan identifies the option of using contribution mechanisms to generate funds for infrastructure and facilities such as Public Open Space (POS). The contribution options for funding open space, such as developer contribution plans and cash in lieu of open space through the land subdivision process, was most recently considered by Council in April 2023.

A decision to implement such contribution mechanisms has not been reached. Consequently, funds have not been collected and a reserve account for this purpose not created. The upcoming preparation of Public Open Space Strategy will revisit these POS contribution mechanisms and present implementation options for Council consideration.

Question 2:

*Why can't the climate action reserve fund which is accumulating at one percent of rates per year and currently sitting at slightly more than \$7 million in value, why can this fund not be used to fund a portion of the POS given that negating the heat island effect is 'climate action'?*

Response 2:

The City of Melville (the City) does not have a Climate Action Reserve and therefore it is assumed that this question relates to the Organisational Environmental Sustainability Initiatives Reserve. The purpose of this reserve is:

*To be used to fund environmental initiatives which are intended to reduce the energy usage and/or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.*

This reserve is committed to other projects (e.g. Smart LED Streetlight Replacement Project) and initiatives related to the City's Corporate Climate Action Plan and planned Community Climate Action Plan, which does to include POS development or the planting of trees.

Funds for The Esplanade POS development would need to be drawn from the Public Open Space and Urban Forest Reserve as its purpose is:

*To be used to fund the purchase, development, and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowings taken out for such purposes.*

The balance of the organisational Environment Sustainability Initiatives Reserve is currently \$7.3 million. The reserves are earmarked for future projects which reduce carbon emissions.

**7 AWARDS AND PRESENTATIONS**

Nil.

**8 APPLICATIONS FOR NEW LEAVE OF ABSENCE**

Nil.

**9 CONFIRMATION OF MINUTES**

**9.1 Ordinary Meeting Of The Council – 18 June 2024**

**That the minutes of the Ordinary Council Meeting held on 18 June 2024 be confirmed as a true and accurate record.**

**9.2 Agenda Briefing Forum – 9 July 2024**

**That the notes of the Agenda Briefing Forum held on 9 July 2024 be confirmed as a true and accurate record.**

**10 NEW BUSINESS OF AN URGENT NATURE**

**11 IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

**12 PETITIONS**

Nil.

**13 ADOPTION OF RECOMMENDATIONS EN BLOC**

**14 REPORTS**

**14.1 Reports from Committees**

Nil.

**14.2 Reports of the Chief Executive Officer**

**Management Services**

Nil.

**Corporate Services**

**C24/166 Update of Financial Policies**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Manager Financial Services
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No Officer involved in the preparation of this report has a declarable interest in this matter.
<b>Attachments:</b>	<ol style="list-style-type: none"> <li>1. <a href="#">CP-009 Investment of Funds Policy</a> ↓</li> <li>2. <a href="#">CP-010 Self Supporting Loans Policy</a> ↓</li> <li>3. <a href="#">CP-024 Borrowings and Asset Financing Policy</a> ↓</li> <li>4. <a href="#">CP-025 Accounting Policy</a> ↓</li> <li>5. <a href="#">CP-104 Related Party Disclosures Policy</a> ↓</li> </ol>

**COUNCIL’S ROLE**

Legislative: Includes adopting local laws, town planning schemes & policies.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>• CP-009 Investment of Funds Policy – update the maximum percentage allowable to any one banking institution to reflect requirements.</li> <li>• CP-010 Self Supporting Loans Policy – no major changes required.</li> <li>• CP-024 Borrowings and Asset Financing Policy – no major changes required.</li> <li>• CP-025 Accounting Policy – changes to reflect changes to Section 6.4 of the Local Government Act and Reg 34 and 35 of the Local Government (Financial Management) Regulations</li> <li>• CP-104 Related Party Disclosures Policy – no major changes required</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council adopts the five updated policies reviewed by the Manager Financial Services as contained in the attachments:**

- **CP-009 Investment of Funds Policy;**
- **CP-010 Self Supporting Loans Policy;**
- **CP-024 Borrowings and Asset Financing Policy;**
- **CP-025 Accounting Policy; and**
- **CP-104 Related Party Disclosures Policy.**

**PURPOSE**

A two-year review cycle remains in place to ensure all Council policies remain current. If there are changes to Accounting Standards or Legislation or other relevant information that impacts on the policies, outside of the set review period, the policies are updated and presented to the Council for approval. All changes are shown in the marked-up policies that form attachments to this report.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>5</b>	<b>Ensure long term financial sustainability</b>
	P5/1	Undertake efficiency improvements to maximise cost effectiveness.
<b>Outcome Indicator</b>	<b>2</b>	<b>Growth and Prosperity</b>
	Goal 1	Achieve Economic Resilience

**BACKGROUND**

Council policies provide direction to officers on the Council’s expectation of how a variety of matters will be addressed. Regular review ensures that policies are consistent with relevant legislation. The attached five policies have been reviewed to reflect the amendments resulting from the State Government review.

**CONSIDERATION**

A summary of changes to the policies is outlined below:

**CP-009 Investment of Funds Policy**

Adjustment to the maximum percentages held with any one institution to better reflect investment market conditions. Revision and addition to the definitions within Ethical Investing.

**CP-010 Self Supporting Loans Policy**

Regular review with no changes required.

**CP-024 Borrowings and Asset Financing Policy**

Regular review with minor wording changes required.

**CP-025 Accounting Policy**

Amendments to reflect the change to Sub-regulations 14 and 34 of the *Local Government (Financial Management) Regulations 1996*. A local government is required to present operating revenue or expenses classified by nature in the annual budgets and annual financial reports. Formerly a choice as to how the information was shown i.e.:

- A. According to nature and type classification;
- B. By program; or
- C. By business unit i.e. Directorate/Service Area.

Amendment to reflect the requirements of the provisions of regulation 17A of The Regulations and AASB 113 and 116 of The Standards requiring that a full revaluation of Investment Land and Buildings will be undertaken every year and all other assets classes at least once every five years. Previously it was once every three years.

**CP-104 Related Party Disclosures**

Regular review with no changes required.

**ENGAGEMENT**

There was no engagement required for this report.

**SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report.

**LEGISLATIVE AND POLICY ALIGNMENT**

This review of policies has particularly included references to legislation to support the policy position. The policies are consistent with the current Local Government Act and relevant Regulations.

**FINANCIAL IMPLICATIONS**

There are no financial implications for Council as a result of this report.

**CONSEQUENCE**

The Council could choose not to adopt the revised Policies, this would mean the existing policies would remain in place. The existing Policies do not reflect the current Local Government Act and relevant Regulations.

**C24/167 Common Seal July 2024**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Head of Governance
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No officer involved in the preparation of this report has a declarable interest in the matter.
<b>Attachments:</b>	Nil

**COUNCIL’S ROLE**

Information: For the Council / Committee to note.

<p><b>SUMMARY</b></p> <p>This report details the documents to which the City of Melville Common Seal has been applied for the period from Tuesday, 21 May 2024 up to and including Monday, 17 June 2024 for the Council’s noting. This is a standing report to the Council.</p>
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**OFFICER RECOMMENDATION**

**That the Council notes the actions of the Mayor and the Chief Executive Officer in executing the documents listed under the Common Seal of the City of Melville from Tuesday, 21 May 2024 up to and including Monday, 17 June 2024 for the Council’s noting.**

**PURPOSE**

Section 2.5 of the *Local Government Act 1995* states that a Local Government is a Body Corporate with perpetual succession and a common seal. A document is validly executed by a Body Corporate when the common seal of the Local Government is affixed to it and the Mayor and the Chief Executive Officer (CEO) attest the affixing of the seal.

The following documents were affixed with common seal during the period Tuesday, 21 May 2024 up to and including Monday, 17 June 2024.

Register Reference	Parties	Description	ECM Reference
CS2230	City of Melville and Dato Holdings Pty Ltd	Public Access Easement – Easement in Gross – Kardinya Park Shopping Centre	8002323
CS2231	City of Melville and Dream Alliance Development (Australia) Pty Ltd	Agreement requiring creation of easement for permitting 2-way vehicular access - Lot 592 (No. 107) Ardross Street, Applecross.	DA-2023-999

**CONSEQUENCE**

This is a standard report for the Elected Members’ that details the documents to which the City of Melville Common Seal has been applied for the period from Tuesday, 21 May 2024 up to and including Monday, 27 June 2024 for the Council’s noting.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>There are no applicable priorities in relation to this report.</b>
<b>Outcome Indicator</b>	There are no applicable outcome indicators in relation to this report.

**LEGISLATIVE AND POLICY ALIGNMENT**

The use of the Common Seal is provided for the information of the Council.

**C24/168 Investment Statements for May 2024**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Manager Financial Services
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No officer involved in the preparation of this report has a declarable interest in the matter
<b>Attachments:</b>	Nil

**COUNCIL’S ROLE**

Information: For the Council / Committee to note.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>This report presents the investment statements for the period ending 31 May 2024 and recommends that it be noted by the Council.</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council notes the Investment Report for the period ending 31 May 2024.**

**PURPOSE**

To report on the performance of the City’s investment portfolio for the month of May 2024.

The City’s investment portfolio is invested in highly secure investments with a low level of risk yielding a weighted average rate of return of 5.00% to 5.18% which exceeds the benchmark three month bank bill swap (BBSW) reference rate of 4.36%.

In the City’s investment portfolio, 27% is currently allocated to authorised deposit taking institutions that are committed to sustainability (including environmental, social and governance factors). This compared to 26% in April 2023.

Future investment earnings will be determined by the cash flows of the City and movements in interest rates on term deposits.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>5</b>	<b>Ensure long term financial sustainability</b>
	P5/1	Undertake efficiency improvements to maximise cost effectiveness.
	P5/2	Advocate at National and State levels to maximise funding.
	P5/3	Identify opportunities for appropriate alternative revenue streams.
<b>Outcome Indicator</b>	2	Growth and Prosperity
	Goal 1	Achieve Economic Resilience

**BACKGROUND**

The City of Melville (the City) has cash holdings as a result of timing differences between the collection of revenue and its expenditure. Whilst these funds are held by the City they are invested in appropriately rated and liquid investments.

The investment of cash holdings is undertaken in accordance with Council Policy CP-009 Investment of Funds, with the objective of maximising returns whilst maintaining low levels of credit risk exposure.

**CONSIDERATION**

The following statement details the investments held by the City of Melville as at 31 May 2024.

<b>CITY OF MELVILLE STATEMENT OF INVESTMENTS FOR THE PERIOD ENDING 31 MAY 2024</b>		
<b>SUMMARY BY FUND</b>		
Municipal Reserve		\$20,835,183
Trust Citizen Relief		\$155,028,668
		\$-
		\$228,246
<b>TOTAL</b>		<b>\$176,092,098</b>
<b>SUMMARY BY INVESTMENT TYPE</b>		
11AM		\$5,762,904
31Days at Call		\$-
60Days at Call		\$2,000,000
90Days at Call		\$16,600,000
Term Deposit		\$151,729,194
<b>TOTAL</b>		<b>\$176,092,098</b>
<b>SUMMARY BY CREDIT RATING</b>		
AAA Category	AAA	
AA Category (AA+ to AA-)	AA-	\$102,092,098
	A+	\$39,700,000
A Category (A+ to A-)	A	
	A-	
BBB+ Category	BBB+	\$34,300,000
<b>TOTAL</b>		<b>\$176,092,098</b>

Exposure to an individual institution is limited according to Council policy and in May 2024 the investments were within the acceptable limits.

Investment with financial institutions						
Institution	Credit Rating	Credit Rating Category	Funds held at period end	Actual %	Limit Per Policy	
ANZ	AA-	AA Category	\$ -	0.00%	30.00%	✓
AMP	BBB+	BBB+ Category	\$ -	0.00%	15.00%	✓
Bankwest	AA-	AA Category	\$ -	0.00%	30.00%	✓
Bank of Queensland	BBB+	BBB+ Category	\$ 25,800,000	14.65%	15.00%	✓
ING Bank	A-	A Category	\$ -	0.00%	25.00%	✓
Bendigo & Adelaide	BBB+	BBB+ Category	\$ 8,500,000	4.83%	15.00%	✓
CBA	AA-	AA Category	\$ -	0.00%	30.00%	✓
Macquarie	A+	A Category	\$ -	0.00%	25.00%	✓
NAB	AA-	AA Category	\$ 50,350,538	28.59%	30.00%	✓
St George	AA-	AA Category	\$ -	0.00%	30.00%	✓
Suncorp	A+	A Category	\$ 39,700,000	22.55%	25.00%	✓
Westpac	AA-	AA Category	\$ 51,741,560	29.38%	30.00%	✓
<b>TOTAL</b>			<b>\$ 176,092,098</b>	<b>100%</b>		

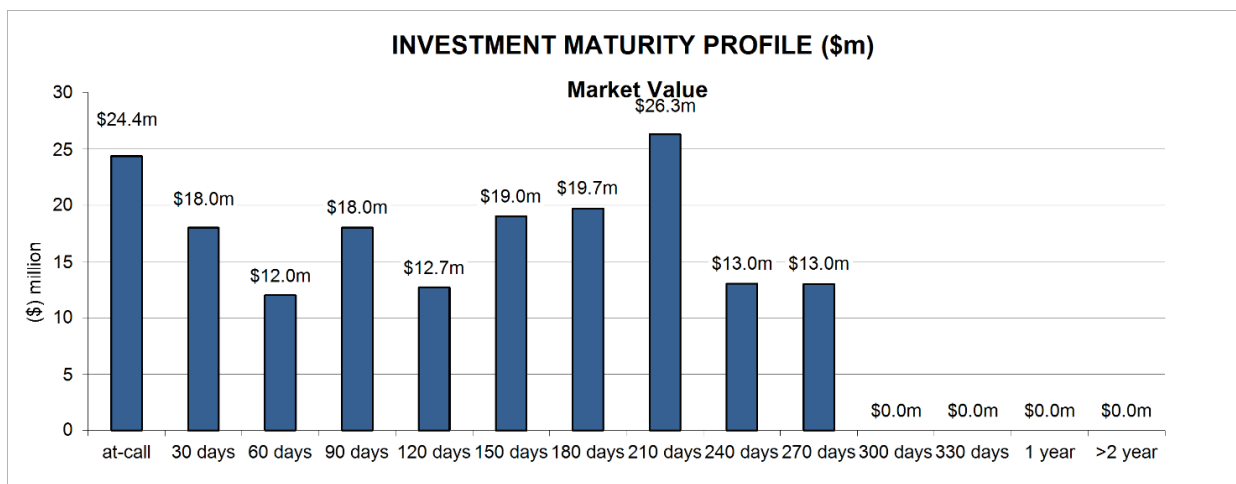
\*Standard & Poor's ratings. Source: Policy No. CP-009: Investment of Funds

The City's investments were invested within the limits allowed within each category rating for May 2024.

Maximum Percentage of Average Investment Portfolio Balance				
Long Term Rating	Funds held at period end \$	Actual %	Limit Per Policy	
AAA Category	\$ -	0%	100%	✓
AA Category (AA+ to AA-)	\$ 102,092,098	58%	80%	✓
A Category (A+ to A-)	\$ 39,700,000	23%	50%	✓
BBB+ Category	\$ 34,300,000	19%	25%	✓
<b>TOTAL</b>	<b>\$ 176,092,098</b>	<b>100%</b>		

\*Standard & Poor's ratings. Source: Policy No. CP-009: Investment of Funds

The below graph summarises the maturity profile of the City's investments at market value as at 31 May 2024. The immediacy of the demand for funds depends on the particular Fund or Reserve Account(s) of the City. The maturity profile provided in the table above meets the liquidity requirements of the Council policy.

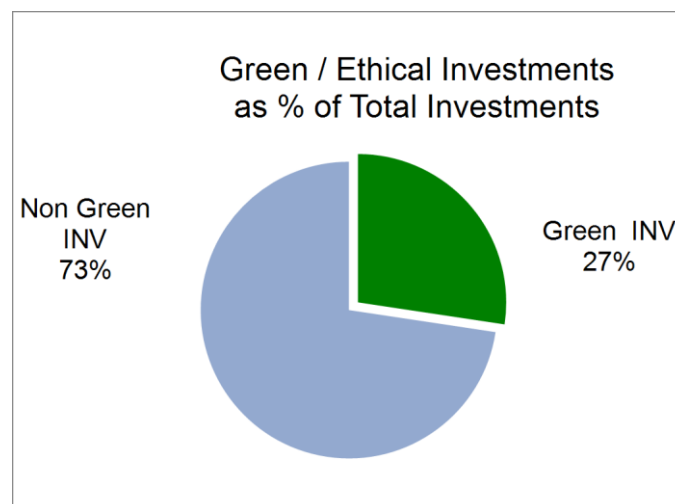


The City exercises a deliberative preference in favour of green/ethical investments. This preference will however only be exercised after the foremost investment considerations of credit rating, comparable rate and risk diversification are fully satisfied.

“Green investments” are authorised investment products made in authorised institutions that respect the environment by not investing in fossil fuel industries.

Environmental, Social & Governance Term Deposit (ESGTD) is a similar product to Green investments. ESGTD’s provide the opportunity to invest in products that seek to mitigate environmental and social risks.

The total investment in authorised institutions as at 31 May 2024 was \$48,200,000 or 27% of total investment holdings being in non-fossil fuels institutions, compared to \$48,200,000 (26%) in April 2023. The total investments holding for May and April were \$176,092,098 and \$185,522,697 respectively.



Green / Ethical Investment with financial institutions			
Institution	Credit Rating	Credit Rating Category	Funds held at period end
Bendigo & Adelaide	BBB+	BBB+ Category	\$ 8,500,000
CBA	AA-	AA Category	\$0
Suncorp	A+	A Category	\$ 39,700,000
<b>TOTAL</b>			<b>\$ 48,200,000</b>

Green/Ethical investments are invested in the two banks listed above, in accordance with the City’s Investment Policy. Suncorp have indicated that they are unable to accept new money or process rollovers of Green/Ethical Investments. Their product will be withdrawn in October and December 2024.

The City continues active discussions with financial institutions in relation to the availability of ESGTD products. Westpac is in the process of developing a new “green” investment product however no commitment has been made regarding timing. There are currently no other ESGTD products available in the market that meet the City’s Investment Policy requirements.

## **ENGAGEMENT**

This report is available to members of the public on the City’s website. A wide range of suitably credit rated Authorised Deposit-taking Institutions (ADI’s) were engaged with during the month in respect to the placement and renewal of investments.

## **SUSTAINABILITY IMPLICATIONS**

### **Strategic**

The interest earned on invested funds assists in addressing the following key priority area identified in The City of Melville Corporate Business Plan 2020-2024.

Priority Number One – “Restricted current revenue base and increasing/changing service demands impacts on rates”.

### **Risk**

The Council’s Investment of Funds Policy CP-009 was drafted to minimise credit risk through investing in highly rated securities and diversification. The Policy also incorporates mechanisms that protect the City’s investments from undue volatility risk as well as the risk to reputation because of investments that may be perceived as unsuitable by the Community.

### **Environmental**

When investing the City’s funds, a deliberative preference will be made in favour of authorised institutions that respect the environment by not investing in fossil fuel industries. This preference will, however, only be exercised after the foremost investment considerations of credit rating, risk diversification and interest rate return are fully satisfied.

## **LEGISLATIVE AND POLICY ALIGNMENT**

The following legislation is relevant to this report:

- *Local Government (Financial Management) Regulations 1996* Regulation 19 – Management of Investments
- *Trustee Act 1962* (Part 3)

Authorised Deposit-taking Institutions are authorised under the *Banking Act 1959* and are subject to Prudential Standards oversighted by the Australian Prudential Regulation Authority (APRA).

The *Local Government (Financial Management) Regulations 1996* (regulation 19C) allows local governments to deposit funds for a fixed term of three years or less. Deposits of greater than one year may, depending on the shape of the yield curve, enable the City to achieve better investment returns.

**POLICY IMPLICATIONS**

Council Policy CP-009 Investment of Funds provides guidelines with respect to the investment of City of Melville (the City) funds by defining levels of risk considered prudent for public monies. Liquidity requirements are determined to ensure the funds are available as and when required and take account of appropriate benchmarks for rates of return commensurate with the low levels of risk and liquidity requirements. The types of investments that the City has the power to invest in is limited by prescriptive legislative provisions governed by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Part III of the *Trustees Act 1962*.

**FINANCIAL IMPLICATIONS**

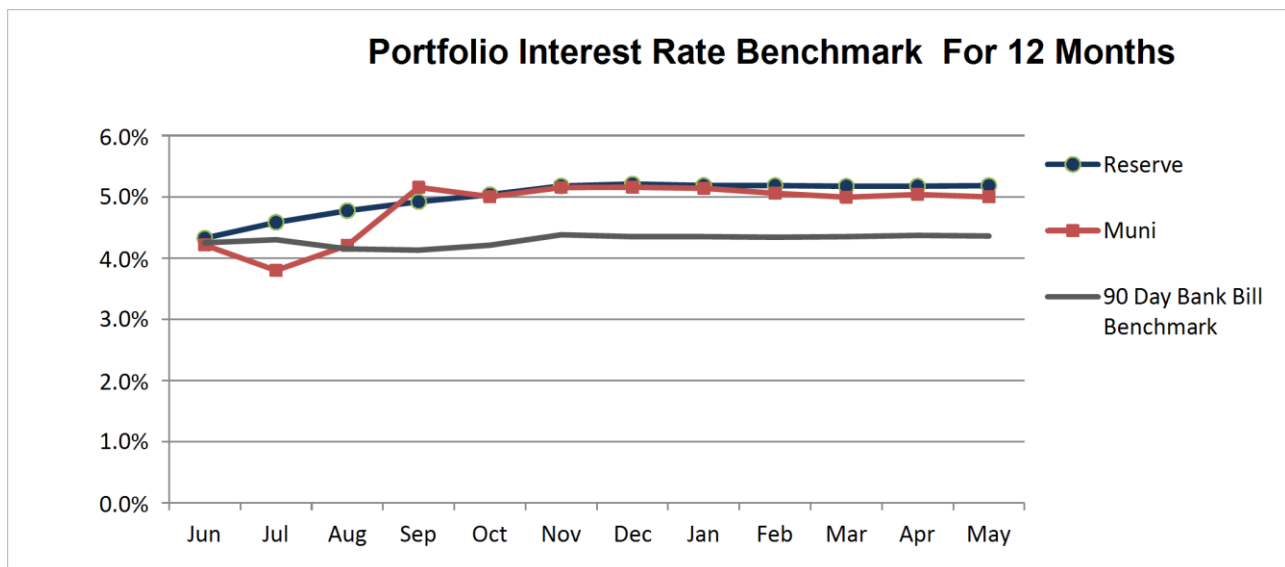
For the period ending 31 May 2024:

- Investment earnings on Municipal and Trust Funds were \$1,569,411 against a year-to-date budget of \$2,000,000 representing a negative variance of \$430,589.

The weighted average interest rate for Municipal and Trust Fund investments as at 31 May 2024 was 5.00% which compares favourably to the benchmark three month bank bill swap (BBSW) reference rate of 4.36%.

- Investment earnings on Reserve accounts were \$7,842,412 against a year-to-date budget of \$7,270,000 representing a positive variance of \$572,412.

The weighted average interest rate for Reserve account investments as at 31 May 2024 was 5.18% which compares favourably to the benchmark three month bank bill swap (BBSW) reference rate of 4.36%.



**CONSEQUENCE**

There are no consequences or alternative options presented as part of this report.

**C24/169 Schedule of Accounts Paid for May 2024**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Manager Financial Services
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No officer involved in the preparation of this report has a declarable interest in the matter
<b>Attachments:</b>	<ol style="list-style-type: none"> <li><a href="#">Payment Details May 2024</a> ↓</li> <li><a href="#">Card Payment Details May 2024</a> ↓</li> </ol>

**COUNCIL’S ROLE**

Information: For the Council / Committee to note.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>This report presents the details of payments made under delegated authority (DA-035) to suppliers for the period of May 2024 and recommends that the Schedule of Accounts Paid be noted.</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council notes the Schedule of Accounts paid for the period May 2024 as approved by the Manager Financial Services in accordance with delegated authority DA-035, and detailed in the attachments to this report; Payment Details May 2024 (Attachment 1) and Card Payment Details May 2024 (Attachment 2).**

**PURPOSE**

The Schedule of Payments for the month totals \$31,154,899. The report and the attached Schedule of Accounts Paid are presented for the Council’s information.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>5</b>	<b>Ensure long term financial sustainability</b>
	P5/1	Undertake efficiency improvements to maximise cost effectiveness.
	P5/2	Advocate at National and State levels to maximise funding.
	P5/3	Identify opportunities for appropriate alternative revenue streams.
<b>Outcome Indicator</b>	2	Growth and Prosperity
	Goal 1	Achieve Economic Resilience

**BACKGROUND**

Delegated Authority DA-035 has been granted to the Chief Executive Officer to make payments from the Municipal and Trust Funds. This authority has then been on-delegated to the Director Corporate Services. In accordance with Regulation 13.2 and 13.3 of the *Local Government (Financial Management) Regulations 1996*, where this power has been delegated, a list of payments for each month is to be compiled and presented to the Council.

A total of \$13,140,232 direct creditor payments were paid during the month, of which, 19% of payments were paid to suppliers located within the City of Melville and 33% to suppliers within the Southwest Metropolitan Region, compared to 15% and 27% of total of \$10,378,228 direct creditor payments made over April 2024 respectively.

The biggest payment of \$990,010 made during the month was the waste expenses payment to the Resource Recovery Group. Approximately 96% of supplier invoices are paid within 30 days of receipt of the invoices.

The list is to show each payment, payee name, amount and date of payment and sufficient information to identify the transaction.

**CONSIDERATION**

The Schedule of Accounts Paid for May including Payment Register numbers, Cheques: 859-859, Electronic Funds Transfers batches: 894-898, Trust Payments, Card Payments and Payroll will be distributed to the Elected Members of the Council on 16 July 2024.

The below table details the Summary of Payments Made for the period:

<b>SCHEDULE OF PAYMENTS MADE</b>		
<b>May 2024</b>		
<i>Payments made under Delegated Authority DA-035</i>		
<b>MUNICIPAL FUNDS - DIRECT CREDITOR PAYMENTS</b>		
<b><i>Cheques</i></b>	Chq Payment Register No. 859	\$635.99
	Chq Payment on Restricted Funds Register No.	
	Less Cancelled Chqs	-
<b><i>Electronic Funds Transfers</i></b>	EFT Payment Register No. 895, 896 and 898	\$12,825,438.94
	EFT Payment on Restricted Funds Register No. 894, 897 and 144	\$173,703.76
	Less Cancelled EFTs	(\$2,492.25)
		<b>\$12,997,286.44</b>
<b><i>Direct Debits</i></b>	Bank Fees	\$11,661.59
	Ampol Fuel	\$120,220.80
<b><i>Direct Payments</i></b>		\$11,063.69
	<b>Total Direct Creditor Payments</b>	<b>\$13,140,232.52</b>
<b><i>Payroll</i></b>	Total Pay 23 and 24	\$4,430,674.56
	<b>Total Payroll</b>	<b>\$4,430,674.56</b>
<b><i>Cards</i></b>	Westpac Corporate Cards	\$13,171.94
	Westpac Purchase Cards	\$70,820.14
	<b>Total Card Payments</b>	<b>\$83,992.08</b>
	<b>Total Direct Creditor Payments from Municipal Account</b>	<b>\$17,654,899.16</b>

*Schedule of Payments Made continued.*

<b>INTERFUND &amp; INVESTMENT TRANSACTIONS</b>		
<b><i>Interfund Transfers</i></b>		
Loan		\$0.00
Citizen Relief Trust		\$0.00
Citizen Relief Operating		\$0.00
Municipal Reserve		(\$5,988,009.17)
Trust		\$5,988,009.17
	<b>Total Interfund Transfers</b>	<b>\$0.00</b>
<b><i>New Municipal Investments</i></b>		
Westpac Bank	01/05/2024	\$3,500,000.00
Westpac Bank	09/05/2024	\$2,700,000.00
Westpac Bank	16/05/2024	\$3,300,000.00
Westpac Bank	29/05/2024	\$4,000,000.00
	<b>Total New Investments</b>	<b>\$13,500,000.00</b>
	<b>Grand Total</b>	<b>\$31,154,899.16</b>

Details of the payments are shown in Attachment 1.

Any payment over and above \$25,000 has been highlighted under the Payment Amount column in Attachment 1.

A new Regulation (13A. of the *Local Government (Financial Management) Regulations 1996 - Payments by Employees via Purchasing Cards*) effective from 1 September 2023 requires that if a local government has authorised an employee to use a credit, debit or other purchasing card, a list of payments made using the card must be prepared each month and is to be presented to the Council at the next Ordinary Meeting of the Council and is to be recorded in the minutes of that meeting.

The list of payments made using purchase cards during April 2024 and settled in May 2024 is provided as an attachment to this report.

**ENGAGEMENT**

There are no applicable engagement considerations presented as part of this report.

**SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications presented as part of this report.

**LEGISLATIVE AND POLICY ALIGNMENT**

This report meets the requirements of the *Local Government (Financial Management) Regulations 1996* Part 2: General financial management (s.6.10) regulations 11, 12 & 13.

Procurement of Products and Services is conducted in accordance with Council Policy CP-023 and Systems Procedure 019 Purchasing and Procurement.

Regulation 13A was recently introduced to prescribe reporting for payments made by employees via purchasing cards. As with other payments, the Local Government must report payee name, amount date and sufficient information to identify the payment. The attached payment listings meet this requirement.

**FINANCIAL IMPLICATIONS**

Expenditures were provided for in the adopted Budget as amended by any subsequent Budget reviews and amendments.

**CONSEQUENCE**

There are no consequences or alternative options presented as part of this report.

**C24/170      Statements of Financial Activity for May 2024**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Manager Financial Services
<b>Voting Requirements:</b>	Absolute Majority
<b>Officer Disclosure of Interest:</b>	No officer involved in the preparation of this report has a declarable interest in the matter
<b>Attachments:</b>	<ol style="list-style-type: none"> <li>1. <a href="#">Statement of Financial Activity by Nature May 2024</a> ↓</li> <li>2. <a href="#">Statement of Financial Activity by Program May 2024</a> ↓</li> <li>3. <a href="#">Statement of Comprehensive Income May 2024</a> ↓</li> <li>4. <a href="#">Net Working Capital May 2024</a> ↓</li> <li>5. <a href="#">Reconciliation Net Working Capital May 2024</a> ↓</li> <li>6. <a href="#">Notes to Statement of Financial Activity May 2024</a> ↓</li> <li>7. <a href="#">Summary Rate Debtors May 2024</a> ↓</li> <li>8. <a href="#">Rates Collection Graph May 2024</a> ↓</li> <li>9. <a href="#">General Debtors Aged 90 Days May 2024</a> ↓</li> <li>10. <a href="#">Budget Amendments May 2024</a> ↓</li> </ol>

**COUNCIL’S ROLE**

Executive: The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>• This report presents the Statements of Financial Activity by Nature and Statements of Financial Activity by Program and Nature for the period ending 31 May 2024 and recommends that they be noted by the Council; and</li> <li>• Presents the variances for the month of May 2024 and recommends that they be noted by the Council; and</li> <li>• Presents the Budget amendments required for the month of May 2024 and recommends that they be adopted by Absolute Majority decision of the Council.</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council:**

1. **Notes the Rate Setting Statement and Statements of Financial Activity for the month ending 31 May 2024 as detailed in the following attachments:**
  - **Statement of Financial Activity by Nature May 2024 (Attachment 1);**
  - **Statement of Financial Activity by Program May 2024 (Attachment 2);**
  - **Statement of Comprehensive Income May 2024 (Attachment 3);**
  - **Net Working Capital May 2024 (Attachment 4);**
  - **Reconciliation Net Working Capital May 2024 (Attachment 5);**
  - **Notes to Statement of Financial Activity May 2024 (Attachment 6);**
  - **Summary Rate Debtors May 2024 (Attachment 7);**
  - **Rates Collections Graph May 2024 (Attachment 8); and**
  - **General Debtors Aged 90 Days May 2024 (Attachment 9).**
2. **By Absolute Majority Decision adopts the budget amendments, as detailed in the attached Budget Amendment Reports for May 2024 (Attachment 10).**

**PURPOSE**

The attached financial reports reflect a positive financial position of the City of Melville as at 31 May 2024.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>5</b>	<b>Ensure long term financial sustainability</b>
	P5/1	Undertake efficiency improvements to maximise cost effectiveness.
	P5/2	Advocate at National and State levels to maximise funding.
	P5/3	Identify opportunities for appropriate alternative revenue streams.
<b>Outcome Indicator</b>	2	Growth and Prosperity
	Goal 1	Achieve Economic Resilience

**BACKGROUND**

The Statements of Financial Activity for the period ending 31 May 2024 have been prepared and tabled in accordance with the *Local Government (Financial Management) Regulations 1996*.

## Overall Summary of the City's Financial Position

The City's total investments holding for May 2024 were \$ 176.09m of which the Municipal cash balance at the end of the month was \$20.84m and \$155.03m was held in reserve accounts, which are restricted to the defined purpose for which the reserve account was established.

The investment in green/ethical term deposits as at 31 May 2024 was \$48.2m or 27% of total investment holdings, compared to \$48.2m (26%) in April 2023. Green/Ethical investments are invested in two banks, in accordance with the council credit rating policy. CBA do not offer Green / Ethical Investments currently and Suncorp is unable to accept new term deposit or process rollovers of existing Green /Ethical Investments which will be withdrawn in October and December 2024.

Rates raised as of May were \$102,543,201, compared to a year-to-date budget of \$102,816,558. The negative variance of \$ 273,357 is due to interim adjustments in respect to both Commercial and Residential improved properties.

Total debtor collections for May 2024 equalled \$1.4m. The Rates collection target was 94.1% and the actual collection is tracking slightly higher at 95%, compared to 95.7% for the same period in 2022-2023. The total outstanding debtors (including all rates and sundry debtors) is \$7.3m as of 31 May 2024.

## CONSIDERATION

The attached reports have been prepared in compliance with the requirements of the legislation and Council policy. The three monthly reports that are presented are the:

1. Statement of Financial Activity by Nature  
Provides details on the various categories of income and expenditure.
2. Statement of Financial Activity by Program  
Provides details on the Program classifications.
3. Statement of Comprehensive Income  
Provides details on the Nature classifications.

## Variances

A detailed summary of variances and comments based on the Statement of Financial activity by Nature is provided in attachments:

- Statement of Financial Activity by Nature May 2024: Statement of Financial activity by Nature
- Notes to Statement of Financial Activity May 2024: Statement of Variances in Excess of \$100,000

## Revenue

Rates raised as at May were \$102,543,201, compared to a year to date budget of \$102,816,558. The negative variance of \$273,357 is due to interim adjustments in respect to both Commercial and Residential improved properties.

**Rates Collection**

<b>SUMMARY OF RATE DEBTOR MOVEMENT</b>					
Detail	Actuals Current Month YTD	Actuals Previous Month YTD	% Diff Current Mth to Previous Mth	Actuals This Month Last Year YTD	% Diff Current Mth to Current Mth Last Yr
Opening Balance - 1 July	4,487,816	4,487,816	0%	5,453,565	-18%
Debtors Raised	126,397,541	126,334,303	0%	120,284,513	5%
Payments Received	(124,121,656)	(123,388,732)	1%	(120,045,713)	3%
Closing Balance	6,763,701	7,433,388	-9%	5,692,365	19%

Total rate debtor collections for the month equalled \$732,924.

**Sundry Debtor Movement**

<b>SUMMARY OF SUNDRY DEBTOR MOVEMENT</b>					
Detail	Actuals Current Month YTD	Actuals Previous Month YTD	% Diff Current Mth to Previous Mth	Actuals This Month Last Year YTD	% Diff Current Mth to Current Mth Last Yr
Opening Balance - 1 July	901,439	901,439	0%	642,878	40%
Invoices Raised	5,506,019	5,128,231	7%	6,594,744	-17%
Receipts	(5,791,014)	(5,095,370)	14%	(6,618,704)	-13%
Prepayments	(15,750)	(9,868)	60%	1,416	-1212%
Closing Balance	600,694	924,433	-35%	620,335	-3%

Sundry debtor balances decreased by \$323,739 over the course of May from \$924,433 to \$600,694 of which total 90-day sundry debtors for the month is \$241,856, representing 40% of total sundry debtors.

**Corporate Climate Action Plan**

A summary of the expenditure associated with the City’s climate action plan initiatives, compared to a year-to-date budget, is provided below. These costs encompass various activities aimed at reducing our carbon footprint and promoting sustainable practices across the City.

Description	YTD Actuals	YTD Budget
Sustainability & Climate Action Salaries	423,422	456,960
Electric Vehicles	36,192	40,001
Micro Grid Project	26,795	30,000
Sustainability Initiatives	91,785	132,525
<b>Total</b>	<b>\$578,194</b>	<b>\$659,486</b>

**Money Expended in an Emergency and Unbudgeted Expenditure**

There was no money expended for the month of May 2024.

**Budget Amendments**

Details of Budget Amendments requested for the month of May 2024 that reflect effective changes to budgets are shown in the attachment Budget Amendments May 2024 (Attachment 10). Budget amendments that are purely administrative and detail movements between budget responsible officers are not included in the attachment. This reporting is aligned with legislative requirements.

Variances greater than \$100,000 processed in May 2024 are highlighted in the attachment.

**Granting of concession or writing off debts owed to the City**

Delegation DA-032 empowers the Chief Executive Officer (CEO) to grant concessions and write off monies owing to the City to a limit of \$10,000 for any one item. The CEO has partially on-delegated this to the Directors to write off debts or grant concessions to a value of \$5,000 and the Manager Financial Services to a value of \$1,000.

**Sundry Debtors**

There were no Sundry Debts written off for the month of May 2024.

**Rate Debtors**

There were no rate debts written off for the month of May 2024.

**ENGAGEMENT**

There are no applicable engagement considerations presented as part of this report.

**SUSTAINABILITY IMPLICATIONS**

The City of Melville (the City) has well developed business continuity plans in place and an Incident Response Team (IRT) to coordinate and plan the City's response to the significant situations as was the case with the COVID-19 crisis.

**LEGISLATIVE AND POLICY ALIGNMENT**

*Local Government Act 1995* Division 3 – Reporting on Activities and Finance Section 6.4 – Financial Report.

*Local Government (Financial Management) Regulation 1996* Part 4 – Financial Reports Regulation 34 requires that:

**34. Financial activity statement report — s. 6.4**

(1) *A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail —*

- (a) annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);*
- (b) budget estimates to the end of the month to which the statement relates;*
- (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;*
- (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and*
- (e) the net current assets at the end of the month to which the statement relates.*

(2) *Each statement of financial activity is to be accompanied by documents containing —*

- (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;*
- (b) an explanation of each of the material variances referred to in subregulation (1)(d); and*
- (c) such other supporting information as is considered relevant by the local government.*

(3) *The information in a statement of financial activity may be shown —*

- (a) according to nature and type classification; or*
- (b) by program; or*
- (c) by business unit.*

(4) *A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be —*

- (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and*
- (b) recorded in the minutes of the meeting at which it is presented.*

(5) *Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.*

The variance adopted by the Council is 10% or \$100,000 whichever is greater.

*Local Government Act 1995* Division 4 – General Financial Provisions Section 6.12; Power to defer, grant discounts, waive or write off debts.

The format of the Statements of Financial Activity as presented to the Council and the reporting of significant variances is undertaken in accordance with the Council's Accounting Policy CP-025.

## **FINANCIAL IMPLICATIONS**

### **Variances**

Variances are detailed and explained in the attachment Notes to Statement of Financial Activity May 2024 (Attachment 6): Notes on Statement of Variances in excess of \$100,000 by Nature.

## **CONSEQUENCE**

There are no consequences or alternative options presented as part of this report.

**Community Development**

**CD24/24 Managing Unreasonable Customer Behaviour Policy**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Director Community Development
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No officer involved in the preparation of this report has a declarable interest in the matter.
<b>Attachments:</b>	1. <a href="#">Managing Unreasonable Customer Behaviour Policy</a> ↓

**COUNCIL’S ROLE**

Executive: The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>The Managing Unreasonable Customer Behaviour Policy ensures a balance of providing good customer service; and safeguarding both Elected Members and staff whilst delivering services efficiently.</li> <li>The City of Melville has zero tolerance towards any harm, abuse or threats directed towards staff.</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council endorses the Managing Unreasonable Customer Behaviour Policy.**

**PURPOSE**

This Policy outlines the management of unreasonable behaviour by customers, providing details about what is defined as unreasonable customer behaviour and clarifying how the City will manage this type of behaviour to ensure a safe workplace whilst delivering the best possible outcome for the customer.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	3	<b>Empower the voices of our diverse community by strengthening engagement</b>
	P3/4	Enhance opportunities for civic engagement and building community capacity.
<b>Outcome Indicator</b>	4	Safe and Secure
	Goal 2	People Feel Safe and Secure in All Places at All Times

**BACKGROUND**

In some instances, during customer interactions City of Melville staff can experience challenging customer behaviours that may escalate in frequency and voracity over time. This Policy provides a definition for unreasonable customer behaviour – which includes unreasonable persistence, demands and lack of cooperation.

**CONSIDERATION**

This Policy seeks to confirm the Council's commitment and demonstration of support to ensure a safe working environment for both staff and Elected Members.

**ENGAGEMENT**

Relevant internal stakeholders have developed and reviewed the proposed Policy. In addition, research was undertaken to review the Ombudsman' recommendations across various Australian States with regards the management of customer complaints.

**SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications presented as part of this report.

**LEGISLATIVE AND POLICY ALIGNMENT**

- Occupational Health and Safety
- Code of Conduct – Employees
- Code of Conduct – Elected Members

**FINANCIAL IMPLICATIONS**

There are no financial implications presented as part of this report.

**CONSEQUENCE**

If this Policy is not adopted customers may not fully understand what the City considers to be unacceptable behaviour and the consequences if they demonstrate these behaviours.

**Environment and Infrastructure**

**E24/40 Environment and Infrastructure Policy review**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Director Environment & Infrastructure
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No officer involved in the preparation of this report has a declarable interest in the matter
<b>Attachments:</b>	<ol style="list-style-type: none"> <li>1. <a href="#">CP-029 Tree Policy</a> ↓</li> <li>2. <a href="#">CP-031 Asset Management Policy</a> ↓</li> <li>3. <a href="#">CP-033 Path Policy</a> ↓</li> <li>4. <a href="#">CP-034 Road Safety Audit Policy</a> ↓</li> <li>5. <a href="#">CP-035 School Parking Policy</a> ↓</li> <li>6. <a href="#">CP-086 Verge Treatment Policy</a> ↓</li> <li>7. <a href="#">CP-102 Urban Forest and Green Space Policy</a> ↓</li> <li>8. <a href="#">CP-110 Crossover Policy</a> ↓</li> <li>9. <a href="#">CP-119 Active Reserve Parking Policy</a> ↓</li> </ol>

**COUNCIL’S ROLE**

Executive: The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>• The Council policies within the responsibility of the Environment and Infrastructure Services directorate have been reviewed and brought forward with amendments for consideration and adoption.</li> <li>• Policies that are defined as Council Policy require the approval of the Council, whereas an Operational Policy can be approved by the CEO.</li> <li>• It is recommended these nine policies be approved as amended.</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council approves the nine Environment and Infrastructure Services policies as amended and contained in the following attachments:**

- **CP-029 Tree Policy;**
- **CP-086 Verge Treatment Policy;**
- **CP-102 Urban Forest and Green Spaces Policy;**
- **CP-033 Path Policy;**
- **CP-110 Crossover Policy;**
- **CP-119 Active Reserve Parking Policy;**
- **CP-035 School Parking Policy;**
- **CP-034 Road Safety Audit Policy; and**
- **CP-031 Asset Management Policy.**

**PURPOSE**

A two-year review cycle is implemented to ensure all Council Policies remain current.

The existing Environment and Infrastructure services policies presented in this report have been reviewed by staff and the Director Environment and Infrastructure with substantial and minor changes undertaken to reflect updated information, standards, or changes in legislation. All changes are shown in the marked-up policies that form attachments to this report.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>There are no applicable priorities in relation to this report.</b>	
	<b>1</b>	<b>Ensure the improvement of sustainability of our environment</b>
	P1/1	Protect and improve our natural assets to enhance our environment
	<b>2</b>	<b>Improve the approach for diverse and sustainable urban development and infrastructure</b>
	P2/2	Enhance amenity and vibrancy through placemaking and creating well designed and attractive public spaces.
	P2/1	Implement innovate, efficient and appropriate initiatives that support community centred infrastructure within integrated transport solutions.
	<b>4</b>	<b>Support healthy lifestyles and wellbeing</b>
	P4/1	Invest strategically in local infrastructure and built environments that support physical activity and healthy lifestyles.
	P4/2	Increase advocacy and partnerships for identified needs relating to community health, safety and security.
	<b>6</b>	<b>Encourage local economic development</b>
	P6/1	Encourage opportunities for increased private sector commercial and residential development in strategic locations.
<b>Outcome Indicator</b>	<b>There are no applicable outcome indicators in relation to this report.</b>	
	1	Clean and Green

Goal 1	Greening the City
Goal 2	Promoting Sustainable Environment
Goal 3	Reducing Carbon Emissions
3	Healthy Lifestyles
Goal 1	A Safe and Healthy Urban Environment
Goal 3	Increased Physical Activity
Goal 4	Mentally Healthy Community
4	Safe and Secure
Goal 6	Reduce Transport Crashes
Goal 7	Safe and Secure Places and Environment
5	Sense of Community
Goal 3	Place Activation and Liveability
6	Sustainable and Connected Transport
Goal 1	Appropriate Infrastructure
Goal 2	Balancing Transport Priorities
Goal 3	Choice and Use of Transport Options
Goal 4	Ease of Movement
Goal 5	Prioritizing Urban Development Near Transport Nodes and In Activity Centres

**BACKGROUND**

All policies established in the City of Melville relate to one of two categories being Council Policies or Operational Policies. Council Policies that are required to be approved by Council relate to:

- Strategic Positioning of Council;
- Executive Functions;
- Legislative Functions;
- Chief Executive Officer and Senior Officer Appointments; and
- Termination payments in excess of contracts of employment and Award positions.

All other policies are considered to be operational in nature and have therefore been designated as Operational Policies relating to the functions of the Chief Executive Officer (CEO) as prescribed by section 5.41 of the *Local Government Act 1995* (the Act) as follows:

This report provides comment on Council Policies from the Environment and Infrastructure Directorate, under the responsibility of the Director and includes:

- CP-029 Tree Policy;
- CP-086 Verge Treatment Policy;
- CP-102 Urban Forest and Green Space Policy ;
- CP-033 Path Policy;

- CP-110 Crossover Policy;
- CP-119 Active Reserve Parking Policy;
- CP-035 School Parking Policy;
- CP-034 Road Safety Audit Policy; and
- CP-031 Asset Management Policy.

The proposed changes and/or additions to each nominated policy are outline below:

### **CP-029 Tree Policy**

Overall, the Tree Policy has been effective in meeting its purpose, with only 1 tree removal request report referred to Council under the current policy, which was refused.

Several changes to the wording and formatting have been undertaken to improve consistency and readability.

Changes to Clause 4. Tree Structures and Ornaments. This section will now include the following:

*Swings and Ladders are considered permissible street tree attachments with the following conditions.*

- *Swings and Ladders cannot be permanently fixed to street trees and must not incorporate sharp objects, protrusions, or other elements which, in the City's opinion would present a hazard to people or property.*
- *Swings and Ladders must not, in the City's opinion, adversely affect the health or structural integrity of the street tree to which they are attached.*
- *Swings and Ladders shall not swing or protrude into and must not be able to swing or protrude into the space immediately above any road carriageway or path for pedestrians or cyclists.*

*Loose string lighting (Solar) such as Christmas lighting is allowed around the trunk of the tree.*

This change provides more clarity as to what play equipment and lighting may be attached to a tree.

One significant change to this Policy is in relation to removal and replacement costs for trees being approved for removal by the Council. Currently when a tree is approved to be removed by the Council, the applicant requesting for the tree to be removed is responsible for all costs associated with the removal and two replacement trees. Given the tree is a Council asset and the decision to remove the tree is made by the Council, it is proposed that the policy be amended so that the cost of the removal and replacement tree is the responsibility of the Council.

In addition, when a tree is removed by the City only one replacement tree is planted in its place. The Policy has been amended and will now read that when the Council has approved removal of a tree that only one replacement tree will be required to ensure consistency.

**CP-086 Verge Treatment Policy**

Minor changes to the wording and formatting to improve consistency and readability.

Synthetic turf is a topical subject that is debated amongst the community with concerns being raised about the turf contributing to the Urban Heat Island Effect and that it provides limited environmental benefits. There are also those in the community who support the use of synthetic turf as it is low maintenance and presents well.

The City's position on synthetic turf on verges has changed over the years. Prior to 2013, the City provided no guidelines on the use of synthetic turf. In 2013, Council Policy CP-086 Verge Treatment Policy was created which allowed 100% of the verge to be covered in synthetic turf. The allowance of 100% of verge coverage remained in place until November 2017 when a change was made to the Policy to only allow 50% of the verge to be covered.

Unfortunately, the 2014 City of Melville Activities in Thoroughfares, Public Places and Trading Local Law describes as permissible the use of synthetic turf on the verge and there are no parameters on the amount of synthetic turf that can be used contained within the Local Law.

The Thoroughfares, Public Places and Trading Local Law 2014 is essentially a higher order document that has statutory backing, and therefore prevails without restrictions related to synthetic turf. The City will be reviewing the Local Law this year to rectify this and other required changes, where it is planned to present a revised Local Law for Council adoption in the latter part of 2024-2025.

Until a review of the Local Law is completed, the City will continue encourage residents to only install synthetic turf to no more than 50% of the verge. The use of paving will also be reviewed as currently 100% of the verge can be paved, which is no longer supported by the City from stormwater management and groundwater infiltration perspectives.

**CP-102 Urban Forest and Green Space Policy**

Minor changes to the wording and formatting to improve consistency and readability.

**CP-033 Path Policy**

Minor updates to wording and formatting to improve consistency and readability. References also updated.

**CP-110 Crossover Policy**

Included description of a standard crossing. Minor updates to wording and formatting to improve consistency and readability. References and directorate name also updated.

**CP-119 Active Reserve Parking Policy**

Minor updates to wording to improve consistency and readability.

**CP-035 School Parking Policy**

Minor changes to the wording and formatting to improve consistency and readability. Updated references and names of programs.

**CP-034 Road Safety Audit Policy**

Updated terminology for audit types as they are not referred to by stage numbers anymore. Also included is the option for post-opening audits, rather than a pre-opening audit, as City Projects are open to traffic during construction.

Minor updates to wording and formatting to improve consistency and readability. References also updated.

**CP-031 Asset Management Policy**

Minor updates to wording and formatting to improve consistency and readability. References also updated.

**CONSIDERATION**

Changes to these nine policies were undertaken to reflect updated information, standards, or changes in legislation.

There are no major changes to the scope or objectives of the Policies and therefore no changes to the strategic direction or position of Council.

**ENGAGEMENT**

There was no public engagement undertaken as part of this report, noting that the policy changes were presented to the Elected Members Engagement Session (EMES) on 25 June 2024.

**SUSTAINABILITY IMPLICATIONS**

Impacts on environmental and social sustainability these items may have of the City, residents or business may include:

- Travel or movement of staff or community around the City;
- Local biodiversity in the City; and
- Health and wellbeing of the City and Community.

**LEGISLATIVE AND POLICY ALIGNMENT**

These policies are consistent with Current Local Government Act 1995 and relevant Regulations.

**FINANCIAL IMPLICATIONS**

Council Policies set our various strategic positions of the Council. The commitments of the Council as identified in Council Policies will be reflected in future Capital and Operational Programs, which will be presented as part of the formal budget setting process and the Long Term Financial Plan.

**CONSEQUENCE**

If the Council resolve not to adopt a policy, subject to any amendments, then the existing policy would remain in place until a review of the policy is finalised and adopted.

**E24/41 Draft Community Climate Action Plan**

<b>File Number:</b>	
<b>Responsible Officer:</b>	Director Environment & Infrastructure
<b>Voting Requirements:</b>	Simple Majority
<b>Officer Disclosure of Interest:</b>	No Officer involved in the preparation of this report has declared interest in the matter.
<b>Attachments:</b>	1. <a href="#">Draft Community Climate Action Plan</a> ↓

**COUNCIL’S ROLE**

Executive: The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>The City of Melville Council resolved to prepare a Climate Action Plan to be presented to Council in two years from the 21 June 2021 as part of its declaration of a climate emergency.</li> <li>A Corporate Climate Action Plan for the City to reach carbon neutral by 2030 was endorsed by Council in July of 2023.</li> <li>It was proposed to prepare a Community Climate Action Plan for net zero by 2050 in 2023-2024 through a consultative process with the Climate Action Reference Group (CARG) and the broader community.</li> <li>Significant public consultation has been undertaken to develop the draft Community Climate Action Plan.</li> <li>The officers recommend the draft Community Climate Action Plan is released for public comment.</li> </ul>
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**OFFICER RECOMMENDATION**

**That the Council endorses the draft Community Climate Action Plan for public consultation and that the final Community Climate Action Plan be presented to 17 September 2024 Ordinary Meeting of Council.**

**PURPOSE**

The purpose of this report is to present to Council the draft Community Climate Action Plan in accordance with the climate emergency declaration in June 2021. The Community Climate Action Plan relates to the geographic area of the City of Melville achieving net zero carbon emissions by 2050. The Officers are seeking approval to advertise the draft plan for public consultation.

**STRATEGIC ALIGNMENT**

<b>Priority</b>	<b>1</b>	<b>Ensure the improvement of sustainability of our environment</b>
	P1/1	Protect and improve our natural assets to enhance our environment
	P1/2	Utilise technological opportunities to efficiently enhance the sustainability of the environment through monitoring and reporting.

	P1/3	Advocate and utilize the Nation and State level policies to protect and enhance the biodiversity of our environment and natural assets.
<b>Outcome Indicator</b>	1	Clean and Green Goal 1 Greening the City Goal 2 Promoting Sustainable Environment Goal 3 Reducing Carbon Emissions Goal 4 Sustainable Energy Management Goal 5 Sustainable Waste Management Goal 6 Sustainable Water Management

**BACKGROUND**

At the Ordinary Meeting of Council held on 15 June 2021, the Council declared a climate emergency and committed to achieving net zero for emissions caused by the operations of the City of Melville by 2030 and for the geographical area by 2050 as point 1 of the resolution. Points 2 and 3 of the Council resolution specific to this report are outlined below:

2. *Notes the actions taken to date and that the City will commence preparation of a Draft Climate Action Plan that will guide the city on addressing Council's commitments. That plan will:*
  - *Develop a public engagement and education program on Climate Action;*
  - *Undertake research and assessments to plan the actions towards Climate Change Mitigation and Adaptation;*
  - *Identify additional resources to implement actions identified in the Climate Action Plan;*
  - *Identify opportunities to advocate for at State and Federal Government level for policies consistent with a climate emergency response; and*
  - *Identify the additional costs associated with transitioning to carbon positive rather than carbon neutral operations by 2030.*
  
3. *Directs the Chief Executive Officer to prepare a Draft Climate Action Plan to be presented to the Council within two years;*

In developing the climate action plan, it became clear that there needs to be an action plan specific to the City as an organisation (Corporate Climate Action Plan) and another relevant to the geographic area of the City (Community Climate Action Plan). This report presents the draft Community Climate Action Plan for consideration by the Council, before it is released for public comment.

**CONSIDERATION**

The impacts of climate change are already being felt by communities around the world, including increasing temperatures, longer droughts, more frequent and intensive natural disasters such as heatwaves and bushfires, and sea level rise, with associated increases in coastal erosion and inundation. With these impacts projected to further increase over the coming years and decades, it is important for the City of Melville to act now to safeguard our community and our environment.

The risks associated with climate change are becoming more important to Local Governments. Being the government closest to the people, the need for Local Governments to respond to, and manage, the impacts of climate change has never been greater. Local Governments are on the front line of addressing climate change and have an important role to play. In acknowledging this role, Council resolved to commit to a climate emergency declaration in June 2021 and to prepare a draft Climate Action Plan within two years.

In response, this Community Climate Action Plan 2024 – 2030 has been developed to guide the City's services and programs over the next six years, emphasising emissions reduction and climate resilience. The actions outlined in the Community Climate Action Plan will be pivotal in advancing the City of Melville's shared objective of achieving net zero emissions by 2050. The Plan works alongside the City of Melville's Corporate Climate Action Plan (2023), which drives the organisation's activities to reach carbon neutral by 2030.

Addressing the climate emergency requires concerted effort from all parts of society. In recognition of this, the Community Climate Action Plan has been developed collaboratively with input from the City's residents, businesses, and community leaders. Through this collaborative approach, the City of Melville aims to cultivate a resilient community capable of meeting its net zero emissions target while confronting the challenges posed by climate change.

The Community Climate Action Plan identifies the climate-related risks and challenges facing the City, while also presenting opportunities for the City of Melville to assist its residents in overcoming them. It also highlights where residents, businesses and community groups can take action now to live in a sustainable, resilient and biodiverse community.

The actions outlined in the Community Climate Action Plan build on existing programs of work and are designed to enable both the City of Melville and the community to achieve the following vision and objectives:

Vision: We are a climate resilient community living in harmony with biodiversity and creating a positive future for all.

- Climate Leadership: Demonstrating climate change leadership through initiatives and strategic partnerships.
- Resilience: Building a resilient community and infrastructure capable of withstanding the impacts of climate change.
- Energy: Transitioning to more sustainable energy sources to reduce greenhouse gas emissions.
- Transport: Promoting sustainable forms of transport, including low-carbon solutions and infrastructure to reduce the environmental impact of mobility.
- Food: Promoting climate sensitive food choices to enhance environmental, social and economic resilience.
- Waste: Implementing comprehensive waste strategies to reduce landfill waste and participating in the circular economy.
- Greening: Collaborating with the community to increase biodiversity within both natural and urban 'green spaces'.

These objectives encompass a total of 57 actions the City of Melville is proposing to undertake to support the community in their efforts to combat climate change. The Community Climate Action Plan will undergo a review in 2028 to ensure its continued relevance and effectiveness in addressing the evolving challenges and opportunities.

**ENGAGEMENT**

The actions contained were developed and refined through the following engagement processes:

- Independent Climate Vulnerability, Risks and Opportunity assessment completed in May 2023. During this process, staff were engaged in workshops run by the Sustainability and Climate Action team in September 2022, facilitated by the independent consultant in December 2022 and community workshops in February 2023;
- The Climate Action Reference Group (CARG) met on 12 occasions between November 2022 and May 2024 to listen to local expert speakers and workshop recommendations to reduce carbon emissions and climate related risks in our community. City staff also attended some CARG sessions to provide subject matter advice on the role of local government. The CARG have also reviewed the draft Community Climate Action Plan and provided a collective vision for the plan; and
- Community priority survey launched in early 2024 seeking feedback and recommendations to achieve net zero carbon emissions across the City by 2050 and how the City can support our community to make changes. 425 community responses were received.

**SUSTAINABILITY IMPLICATIONS**

The research, analysis and planning of the Community Climate Action Plan has considered opportunities to address the community’s climate risk, opportunities to adapt to climate change and address climate impacts faced by the community.

	Environmental	Social	Economic
Pros/Opportunities	Reducing carbon emissions. Lowering temperatures. Increasing biodiversity. Reducing water use. Combat air pollution. Protecting and enhancing biodiversity.	Physical and mental health benefits. Improved amenity. Building resilience in vulnerable communities to the impact of climate change. Improved food certainty.	More long-term resilient power supply. Reduced energy and fuel costs in the long term.
Cons/Drawbacks	N/A	N/A	Upfront cost of implementation actions.

**LEGISLATIVE AND POLICY ALIGNMENT**

1. *Local Government Act 1995.*
2. Council Policy CP-120 – Climate Action Policy.

**FINANCIAL IMPLICATIONS**

The City has developed a Climate Action Framework that will complement the annual Service Planning and budget process to establish the financial costs and associated carbon emissions benefits of actions included in the Community Climate Action Plan each year. The Climate Action Framework implementation schedules will be used as the basis for funding and input into the annual budget process to ensure transparency and accountability in progressing toward the 2050 net zero target.

**CONSEQUENCE**

The Community Climate Action Plan will guide the actions and initiatives undertaken by the City to support the community to net zero emissions by 2050. If the Council does not agree to release the draft Community Climate Action Plan, this would delay implementation of the Plan and potentially impact the progress towards net zero emissions by 2050.

**Urban Planning**

Nil.

**15 MOTIONS WITH PREVIOUS NOTICE**

**15.1 Notice of Motion - Council Owned Land (67-69 Canning Beach Road & 2 Kintail Road, Applecross)**

<b>File Number:</b>	
<b>Related to Item:</b>	Nil
<b>Elected Member:</b>	Cr Glynis Barber
<b>Attachments</b>	Nil

**MOTION**

**That the Council:**

- 1. Requests the Chief Executive Officer to prepare a report on the resources, budget, and requirements to undertake a scope of works that investigates the feasibility and potential development options for the Council owned land at 67-69 Canning Beach Road and 2 Kintail Road, Applecross.**
- 2. Request that the scope of works include the exploration of opportunities for revenue streams associated with the potential development, sale, or long-term lease of the land and incorporate options that include but are not limited to; multi-storey car parking, office, tourism related uses, tourism accommodation and residential.**
- 3. Request that the report be presented at an Elected Member Engagement Session and then Council by December 2024.**

**REASONS FOR THE MOTION**

1. With our Tourism objective, providing some type of short stay accommodation at Canning Bridge could be an asset to the City.
2. With the State Government’s planned Ferry expansion to Canning Bridge, some extra parking near the jetty could be handy.
3. With the upcoming planning of the Moreau Mews Town Square, extra parking may be deemed necessary in the area.
4. Leasing or possibly selling this land would provide a substantial economic return to the City of Melville.

**16 MOTIONS WITHOUT PREVIOUS NOTICE (APPROVAL BY ABSOLUTE MAJORITY)**

**17 MATTERS FOR WHICH MEETING WAS CLOSED TO THE PUBLIC**

**18 DECISIONS MADE WHILE MEETING WAS CLOSED TO THE PUBLIC**

**19 CLOSURE**



## Investment of Funds

<b>Policy Type: Council Policy</b> <b>Policy Owner: Manager Financial Services</b>	<b>Policy No. CP- 009</b> <b>Last Review Date: 16 July 2024</b>
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### Policy Objectives

To provide guidance for the investment of the City of Melville (the City) funds, with due consideration of legislative requirements and risk at the most favourable rate of return available to the City at the time for the particular investment type, while ensuring that the City's liquidity requirements are being met.

### Policy Scope

This Policy applies to all funds invested by the City. It should be noted that the type of investments that the City has the power to invest in is limited by prescriptive legislative provisions as noted in point 2 of the following Policy Statement.

### Policy Statement

The City's investment objectives will be met through the application of this Policy which provides guidelines with respect to the investment of **City of Melville (the City)** funds by defining levels of risk considered prudent for public monies. Liquidity requirements are determined to ensure the funds are available as and when required and take account of appropriate benchmarks for rates of return commensurate with the low levels of risk and liquidity requirements. The policy ensures that perceived or potential conflicts of interest for the City's officers, investment advisers and fund managers or the sellers or promoters of investment products, are carefully managed and that investments are appropriately authorised and meet ethical and public acceptability standards.

#### 1. Investment Objectives

- Preservation of the real value of capital is the principal objective of the investment policy. Investments are to be placed in a manner that seeks to ensure security and safeguarding of the funds in the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters;
- The investment portfolio will ensure there is sufficient liquidity to meet all reasonably foreseeable cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment;
- The investment portfolio is expected to achieve a predetermined market average rate of return that takes into account the Council's risk tolerance.
- To achieve a high level of security for the overall portfolio by investing in investment products that have achieved high credit ratings using recognised rating criteria;

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- To maintain an adequate level of diversification across allowable Authorised Deposit-Taking institutions;
- To ensure that before investments are made they are appropriately authorised;
- To appropriately manage any actual or potential conflicts of interest that may arise from the actions of investment advisers, managers and the sellers/promoters of investment products;
- To invest in investments that are ethically sound and do not result in a loss of public confidence in the City or the Council due to the nature of the investment or their potential to incur a capital loss;
- To exercise a deliberative preference in favour of “green investments”.

## 2. Legislative Compliance

At all times all investments are to comply with the minimum requirements as set out in the:

- *Local Government Act 1995 - Section 6.14 (1) which provides that ‘Money held in the municipal fund or trust fund of a local government that is not, for the time being, required by the local government for any other purpose may be invested as trust funds (sic) under the Trustees Act 1962 Part III’.*
- *Local Government Act 1995 - Section 6.14 (2A) which provides that ‘A local government is to comply with the regulations when investing money referred to in subsection (1).’*
- *Local Government Act 1995 - Schedule 9.3 Division 2 clause 44 which provides that ‘Section 6.14(1) as in force immediately before the coming into operation of section 19(1) of the amending Act (the **amending provision**) continues to operate in respect of any investment made under section 6.14(1) before the coming into operation of the amending provision but does not operate so as to allow any reinvestment under that provision.’ The relevant date referred to above is 21 April 2012.*
- *Local Government (Financial Management) Regulations 1996 - specifically Regulation 19 Investment, control procedures for and 19C – “Investment of money, restrictions on.”*
- *Local Government (Financial Management) Regulations 1996 - Regulation 28 Investment information required in notes prescribe the disclosure requirements for investment in the annual budget.*
- *Australian Accounting standards prescribe the financial reporting requirement and require extensive balance sheet and income statement disclosures.*
- Part III of the *Trustees Act 1962*.



### 3. Delegation of Authority for Authorisation of Investments

Authority for implementation of the Investment Policy is delegated by the Council to the Chief Executive Officer (CEO) in accordance with the *Local Government Act 1995*.

Investments that meet the requirements of this policy may be authorised by the delegated authorised category A and B signatories of the City as defined by the delegated authorities of the Council. At no time shall officers, investment managers or advisers commit to an investment unless so authorised.

No investments are to be authorised by City officers that fall outside the parameters of this policy.

### 4. Prudent Person Standard

The investments will be managed with the care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy and not for speculative purposes.

### 5. Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of the City's investment portfolio. This Policy and the City of Melville Code of Conduct requires officers to disclose any actual or perceived conflict of interest to the CEO.

### 6. Approved Institutions

Investments shall be made with institutions that meet this Policy's guidelines including diversification, credit risk, liquidity, and ethicality.

### 7. Authorised Investments

In accordance with the powers conferred on it by the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and the *Trustees Act 1962 Part 3*, Authorised Investments shall be limited to Australian currency denominated:

- Deposits (including Flexi / 30 day at call Deposits) with Authorised Deposit-Taking Institutions;
- Deposits with Authorised Deposit-Taking Institutions (ADIs) as defined in section 5 of the Banking Act 1959 (Commonwealth) with a Standard & Poors long term credit rating (or its equivalent ~~Moody's or Fitch~~) credit rating of BBB+ or higher (subject to overall limits) and the Western Australian Treasury Corporation (WATC), for a term not exceeding 3 years;
- Bonds that are guaranteed by the Commonwealth Government or a State or Territory and which have a maturity term not exceeding three years.



## 8. Prohibited Investments

This investment policy prohibits any investment carried out for speculative purposes including:

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow; and
- Stand alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind. (Note this includes Collateralised Debt Obligations).

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

## 9. Risk Profile and Objectives

Whilst the investments made in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and part III of the *Trustees Act 1962*, are inherently low risk, when exercising the power of investment the following principles are also to be given due consideration:

- The purpose of the investment, and its needs together with the circumstances,
- The nature of and the risk associated with the different investments,
- The need to maintain the real value of capital and income,
- The risk of capital loss or income loss,
- The likely income return and the timing of that return,
- The liquidity and marketability of the proposed investment during and at the termination of the term of the proposed investment,
- The aggregate value of the investment,
- The likelihood of inflation affecting the value of the proposed investment,
- The costs (including commissions, fees, charges and duties payable) of making the proposed investment,
- The ethicality and reputational risk of the investment.

The objectives for each investment and the immediacy of the demand for the funds depends on the particular Fund or Reserve Account/s of the City that the investment pertains to as described in the following:

**Municipal Funds:** - These funds consist of the operating funds (working capital) of the City and are therefore required to be highly liquid. Inflow of funds is usually very strong over the first four to five months of the financial year at which time substantial funds will be available for investment. Such investments are to be liquid and short term in nature as outflows will generally exceed inflows over the remaining seven to eight months. Investments should *not therefore exceed a maximum of one year and the term to maturity* will be reduced as the financial year progresses. Apart from ensuring liquidity the objective of investment returns for this fund is to maintain their real value over the short-term i.e. zero to twelve months and not be subject to any loss in value at any time.

**Trust Funds:** - These funds are held on trust for third parties e.g. where the City acts as a collection agent for levies or charges such as the Building and Construction Industry Training Fund. As such these funds will be required to be highly liquid with maturity dates *of between one to six months*.

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Whilst there will generally be a balance in the Trust Fund, due to timing of inflows and outflows, the funds should be managed on the basis that they may be required at short notice. Apart from ensuring liquidity the objective of investment returns for this fund is to maintain their real value over the short-term i.e. zero to twelve months and not be subject to any loss in value at any time.

**Citizens Relief Fund:** - These funds are managed by the City on behalf of the City of Melville's Citizen Relief Fund. The aim of the management of the Citizens Relief Fund is to steadily increase the invested balance over time in order to generate sufficient investment revenue in order for it to pay out requests for relief. These requests may amount to \$3,000 per month but the impact on the fund will be offset by inflows other than investment returns. The fund will therefore be likely to maintain a minimum balance in excess of \$100,000 which can be *invested for periods of up to one year*. Apart from ensuring liquidity, the objective of investment returns for this fund is to maintain their real value over the short-term i.e. zero to twelve months and not be subject to any loss in value at any time.

**Specific Purpose Reserve Accounts:** - These accounts accumulate funds required to finance future major projects of the City or future liabilities. Draw downs on reserves are generally capable of being planned well in advance and therefore a high proportion of this fund lends itself to be invested for the longer term. The objective of investments made from Reserve Accounts should be to maintain the real value of the Reserves over the longer term so as to keep abreast of (and if possible exceed) the increases in costs for the projects or liabilities the Reserve Accounts will finance. Due to the longer term nature of these funds, investments made may be subject to some degree of volatility in market price however such volatility should not exceed 10% of their face value. Only Reserve Account investments would be suitable for investment in bonds that have a term to *maturity of up to three years*.

#### 10. Investment Guidelines

The City's investments must at all times be maintained within the investment parameters detailed in this Policy. Reporting arrangements that confirm compliance with the requirements of this Policy are required **on a monthly basis**.

a) The City's Direct Investments

Subject to the overriding requirements and to maintain diversification of invested funds as outlined in 11 (ii) following not less than three quotations shall be obtained from authorised institutions whenever an investment is proposed. The best quote on the day will be successful after allowing for administrative and banking costs, as well as having regard to the maximum investment limits at respective credit rating set out below.

b) Investments placed by the City's officers or authorised advisor/s and managers (if any) must be appropriately documented at the time of placement.

c) No investments are to be made by an officer or manager of the City's funds, where the officer or manager has any potential, perceived or actual conflicts of interest in the investment product being recommended to the City unless specific authorisation is given by the Council or its appropriately authorised officers. Authorisation will only be entertained on the basis of a full disclosure and the City retains the right to seek further independent advice on the nature of the conflict of interest.



- d) A maximum term to final maturity for individual investments applies as follows:
1. For all Commonwealth, State or Local/Territory Government Bonds, not more than three years (suitable for the long-term proportion of the City's Reserve accounts as determined from time to time).
  2. For all ADI Securities:-
    - 1-6 months for Trust Funds
    - Up to 1 year for Municipal and Citizen's Relief Fund
    - Up to 3 years for Reserve Funds

**11. Risk Management Guidelines**

Investments obtained are to comply with three key criteria relating to:

- a) Portfolio Credit Framework: limits overall credit exposure of the portfolio
- b) Counterparty Credit Framework: limits exposure to individual counterparties/institutions
- c) Term to Maturity Framework: limits based upon maturity of securities.

**(i) Credit Ratings**

If any of the funds / securities held are down graded such that they no longer fall within the City's investment policy guidelines, they will be divested as soon as is practicable but, unless otherwise decided by the Council, not at an amount of more than 5% below the last reported mark to market book value. ~~In the event of disagreement between agencies as to the rating band, the lower of the ratings shall be used.~~

The long term rating as defined by Standard and Poor's Australian Ratings is:

<b>AAA</b>	The obligator's capacity to meet its financial commitment on the obligation is extremely strong. Highest rating assigned by S&P.
<b>AA+ to AA-</b>	An obligation rated 'AA' differs from the highest rated obligations only to a small degree. The obligator's capacity to meet its financial commitment on the obligation is very strong.
<b>A+ to A-</b>	An obligation rated 'A' is somewhat susceptible to adverse changes in circumstances and economic conditions than obligations in higher-rated categories. However the obligator's capacity to meet its financial commitment on the obligation is still strong.
<b>BBB+ to BBB</b> Note investment in products rated 'BBB' or below are not currently permitted under this Policy.	An obligation rated 'BBB' exhibits adequate protection parameters. However adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligator to meet its financial commitment on the obligation.
<b>BBB-</b>	As above and considered lowest investment grade by market participants.
<b>Note re + or - sign</b>	Ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major ratings categories.
<b>BB, B, CCC, + to - CC, C &amp; D</b>	Obligations rated BB and below are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligation rated D is in default of in breach of an imputed promise.

**(ii) Diversification/Credit risk (Counterparty Credit Framework)**

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The Australian Federal Government provides Government Guarantee on certain deposits placed with ADI's supervised by APRA. The guarantee limit is set at a maximum amount of \$250,000 per ADI. Where deposits are made into a government guaranteed deposit account, the level of risk would be that of the Federal Government.

Exposure to an individual counterparty/institution will be restricted by its credit rating so that single entity exposure is limited, as detailed in the table below:

Long Term Rating > 365 days  (Standard & Poor's or equivalent ratings agency)	Direct Investments  Maximum % With any one institution	Maximum % of Average Portfolio Balance
<b>Government Guaranteed Deposits</b>	<b>100%</b>	<b>100%</b>
<b>AAA Category</b>  The obligator's capacity to meet its financial commitment on the obligation is extremely strong. Highest rating assigned by S&P.	<del>40%</del> <b>50%</b>	<b>100%</b>
<b>AA Category (AA+ to AA-)</b>  The obligator's capacity to meet its financial commitment on the obligation is very strong.	<del>30%</del> <b>50%</b>	<b>80%</b>
<b>A Category (A+ to A-)</b>  An obligation rated 'A' is somewhat susceptible to adverse changes in circumstances and economic conditions than obligations in higher-rated categories. However the obligator's capacity to meet its financial commitment on the obligation is still strong.	<del>25%</del> <b>30%</b>	<b>50%</b>
<b>BBB+ Category</b>  An obligation rated 'BBB+' exhibits adequate protection parameters. However adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligator to meet its financial commitment on the obligation.	<del>15%</del> <b>20%</b>	<b>25%</b>
<b>BBB Category &amp; below</b>	<b>Nil%</b>	<b>Nil%</b>
<b>Units in Local Government House Unit Trust</b>	<b>NR</b>	<b>As per Council decision</b>

**(iii) Term to Maturity Framework**



The investment portfolio is to be invested within the following maturity constraints:

Overall Portfolio Term to Maturity Limits		
	Municipal, Trust & Citizens Relief Funds	Reserve
Portfolio % <1 year	100% Max; 100% Min	100% Max; 20% Min
Portfolio % >1 year to 3 years	0%	70%

**Measurement**

The investment return for the portfolio may, if the Council elects to do so, be regularly reviewed by an independent financial advisor. The market value of market linked investments deemed by Australian Accounting Standards to be held for resale prior to maturity is to be assessed at least once a month to coincide with the monthly reporting to the Council.

**(iv) Benchmarking**

Performance benchmarks will be:

Investment	Performance Benchmark
Cash	Cash Rate
Direct Investments	Bank Bill Swap Rate (BBSW) 90 day rate
Bonds	CPI + appropriate margin over rolling 3 year periods

**(v) Reporting and Review**

A monthly report will be provided to the Council in support of the monthly statement of activity. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value.

**(vi) Investment Advisor**

Any investment advisor must be approved by the Council prior to appointment and licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended; and is free to choose the most appropriate product within the terms and conditions of the investment policy.



### (vii) Ethical Investing

The screening of investments to ensure they meet ethical standards could, if carried out to the maximum degree possible, be a resource intensive process that would incur significant cost. A practical approach is therefore to be taken in the application of this clause of the policy and any screening may be limited in its application to the company or institution with whom the investment is made – referred to in this clause as Direct Investments. It is to be noted that Carbon Credits are attached to individual direct investments rather than institution. The City will preference investing with institutions that espouse ethical practices or in securities where the fund are used to finance activities that are ethically and morally sound in line with the values of Council. ~~For instance funds placed with a banking institution may eventually be used to finance an activity that could be regarded as ethically or morally unsound. To discover such practices would require expert in depth investigations and access to the necessary information may not be easily obtained.~~

Environment, Social and Governance Term Deposits (ESGTD) seek to mitigate environmental and social risks.

~~Direct investments shall where practicable be made with institutions that espouse and demonstrate ethical practices or in securities where the funds are used to finance activities that are ethically and morally sound. Investment advisors, funds managers, banks and institutions making use of invested funds should be seen to be socially and environmentally responsible and where practicable screen investments for ethicality in the same manner as required by this clause for Direct Investments. Direct investment in companies where their principle source of revenue relies on the production, distribution or sale of armaments, tobacco, alcohol, gambling, prostitution, low document (sub-prime) mortgages or where their activities are conducted in a manner that contravenes human rights or national and international labour laws, is expressly prohibited. Investment advisors, funds managers, banks and institutions making use of invested funds should demonstrate socially and environmentally responsible practices and high governance standards.~~

“Green Investments” are authorised investment products made in authorised institutions that respect the environment by not investing in fossil fuel industries.

When investing surplus City funds, a deliberative preference will be made in favour of authorised institutions that respect the environment by not investing in fossil fuel industries. This preference will however only be exercised after the foremost investment considerations of credit rating, comparable rate of return and risk diversification are fully satisfied.

## 12. Documentation

- (i) Documentary evidence must be held for each investment and details thereof maintained in an Investment Register and document registry system.
- (ii) Certificates must be obtained from the financial institutions confirming the amounts of investments held on the City’s behalf as at 30 June each year and reconciled to the Investment Register.
- (iii) Investment advisors (if appointed) shall submit a bi-annual written and, if requested, in person performance report to the Financial Management, Audit, Risk and Compliance Committee on the City’s funds under their management.
- (iv) An annual report (financial year) shall be submitted to the Council reviewing the performance of the portfolio and investment strategy as required by Section 18 (3) of the Trustees Act 1962.



Managers of the City's funds (if any) are required to submit annual reports in a format acceptable to the City's officers so that they can be included in the overall annual report to the Council via the Financial Management, Audit, Risk and Compliance Committee.

**13. Investment Strategy**

Due to the limited range of investments now available to the Council, and the limited term for which Council is permitted by legislation to invest, an Investment Strategy is not likely to be required.

A strategy should however be prepared prior to any investment in Government Bonds and such strategy will run in conjunction with the investment policy. The investment strategy will be reviewed with an independent investment adviser every six months with a more formal review once a year. The Investment Strategy will outline:

- The City's cash flow expectations for Bond investments and;
- Optimal target allocation of Bond types, credit rating exposure, and term to maturity exposure.
- Appropriateness of overall investment types for Council's portfolio.

**14. Policy Review**

This Investment Policy will be reviewed at least once every two years or as required in the event of legislative or other significant changes.

**15. Procedures**

Appropriate procedures and controls in regards to record keeping, reconciliation, authorisation forms and accounting for investments shall be prepared and maintained to give effect to this policy.

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**References that may be applicable to this Policy**

Legislative Requirements:

Procedure, Process Maps, Work Instructions:

Other Plans, Frameworks, Documents Applicable to Policy:

Delegated Authority No: DA-033 – Power to Invest.

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<b>ORIGIN/AUTHORITY</b>		<b>ITEM NO.</b>
Corporate & Community Services Committee	21/04/1998	Formerly Finance Policy 2
<b>REVIEWS</b>		
Corporate & Community Services Committee	04/12/2001	A01/1017
Community & Technical Services Committee	01/06/2004	C04/5010
Community & Technical Services Committee	03/08/2004	C04/6003
Community & Technical Services Committee	01/11/2005	C05/5010
Ordinary Meeting of Council	18/07/2006	C06/5020
Ordinary Meeting of Council	20/11/2007	C07/6010
Ordinary Meeting of Council	16/12/2008	C08/6017
Ordinary Meeting of Council	15/12/2009	C09/5097
Ordinary Meeting of Council	15/11/2011	C11/5199
Ordinary Meeting of Council	19/06/2012	C12/5240
Ordinary Meeting of Council	10/12/2013	C13/5341
Ordinary Meeting of Council	17/05/2016	C15/5484
Ordinary Meeting of Council	20/06/2017	C17/5561
Ordinary Meeting of Council	19/06/2018	C18/5617
Ordinary Meeting of Council	10/12/2019	C19/6166



## Self Supporting Loans

<p><b>Policy Type: Council Policy</b>  <b>Policy Owner: Manager Financial Services</b></p>	<p><b>Policy No. CP- 010</b>  <b>Last Review Date: 16 July 2024</b></p>
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### Policy Objectives

To provide guidelines by which financial assistance by way of self-supporting loans to non profit clubs or organisations for capital improvement works on/to land or buildings owned or vested in the City of Melville will be considered.

### Policy Scope

This Policy applies to all self-supporting loans for clubs and organisations occupying City owned or vested land.

### Policy Statement

#### 1. Applications For Self Supporting Loans

Self-supporting loans are loans taken out by the City on behalf of clubs or organisations who undertake to meet the capital, interest and loan guarantee payments.

Non-profit clubs or organisations who occupy land or buildings owned by or vested in the City of Melville, in accordance with a management licence or lease, may make application for self supporting loans where the funds are to be used for capital improvements to the land or buildings they occupy.

The term of the loan should be less than or equal to half the life of the capital works or improvements being undertaken. This is to enable the club or organisation sufficient time to set aside a cash reserve for the future refurbishment or replacement of those improvements if required. In circumstances where the loan term is greater than the half life of the improvements being funded by the loan, the club or organisation is to demonstrate how it will fund the replacement or refurbishment of those improvements whilst still servicing the loan, such as the establishment of a Reserve or Sinking fund.

Approval will only be considered where the club or organisation can adequately demonstrate, by the provision of forward financial plans covering the life of the loan, a capacity to meet the loan repayments. The financial plans are to be certified by an independent Certified Practising, Chartered or similarly qualified and experienced Accountant.

The club or organisation must also demonstrate a satisfactory past payment history with at least three principal suppliers, one of which may include the Council where such a history exists.



## 2. Deed Of Loan

- a) Where a self-supporting loan for a particular club or organisation is raised, a separate "Deed of Loan" for the period of loan repayments is to be prepared and executed as contractual evidence for repayment of the loan.
- b) The costs associated with the preparation and stamping of the "Deed of Loan" shall be the responsibility of the club or organisation.

## 3. Interest On Unremitted Loan Funds

Where a club or organisation is meeting the full costs of a project, and the self supporting loan funds have been drawn down but not remitted to them, any interest earned on the un-remitted funds will be credited to their debtor account.

## 4. Reallocation Of Surplus Loan Funds

After completion of the project should any loan funds remain unspent, in addition to the provisions of S6.20(3)(b) of the *Local Government Act 1995*, officers responsible for the carrying out of the work(s) for which a loan is raised shall, on completion, according to the loan schedule of works, issue a certificate to the effect that the works have been completed. The responsibility for recommendation to the Council for the re-allocation of surplus loan funds shall lie with the Financial Management, Audit, Risk and Compliance Committee.

## 5. Administration Costs & Loan Guarantee Fees

The following costs incurred by the city will be recouped from clubs or organisations applying for self-supporting loans:

- Actual advertising costs (including GST);
- Loan application fee as determined annually by the council when setting the fees & charges. Note this fee includes the cost of in-house preparation of a standard "deed of loan";
- Where non-standard deeds of loan, mortgage or other legal documents are required, the actual preparation costs of such documents will be on-charged to the applicant in addition to the loan application fee;
- Stamp duties, or other duties or taxes applicable to the self supporting loan application or documentation, will be on-charged to the applicant at actual cost;
- Western Australian Treasury Corporations (WATC) loan guarantee fees charged to the city.

Where the total combined value of a club or organisations current and/or new self-supporting loan exceeds \$250,000, a City of Melville imposed loan guarantee fee will be charged in addition to the WATC loan guarantee fee and applied by incorporating into the periodic loan repayments amount. The fee will be calculated as a percentage of the amount by which their loan/s exceeds \$250,000 and will be at the % determined annually by the council when setting the fees & charges.



**6. Loan Conditions**

If required the Club or Organisation must agree to an annual meeting with the Director Corporate Services, Manager Financial Services and the Community Recreation Coordinator of the City of Melville, or their nominee(s) to discuss the conditions set out in the Loan Agreement and the Club's or Organisation's audited annual reports and overall financial position.

**References that may be applicable to this Policy**

Legislative Requirements:

Procedure, Process Maps, Work Instructions:

Other Plans, Frameworks, Documents Applicable to Policy: CP-024 Borrowings and Asset Financing

Delegated Authority No:

**ORIGIN/AUTHORITY**

Corporate & Community Services Committee

18/03/97

**ITEM NO.**

Formerly Finance Policy 3

**REVIEWS**

Corporate & Community Services Committee  
 Corporate & Community Services Committee  
 Community & Technical Services Committee  
 Community & Technical Services Committee  
 Community & Technical Services Committee  
 Ordinary Meeting of Council  
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 Ordinary Meeting of Council  
 Ordinary Meeting of Council  
 Ordinary Meeting of Council

04/12/2001  
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 17/05/2016  
 19/06/2018

A01/1017  
 C02/2009  
 C04/5010  
 C05/5010  
 C06/5020  
 C09/5097  
 C11/5199  
 C13/5341  
 C16/5484  
 C18/5617



## Borrowings and Asset Financing

<b>Policy Type: Council Policy</b> <b>Policy Owner: Manager Financial Services</b>	<b>Policy No. CP- 024</b> <b>Last Review Date: 16 July 2024</b>
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### Policy Objectives

To affirm that the preferred policy position of the City of Melville is to remain debt free, and should that not be practicable, to set out the circumstances in which the Council may consider Borrowings or Other Financial Accommodation to fund the acquisition, renewal or construction of specified assets and to provide guidance as to the appropriate terms of any such borrowing.

### Policy Scope

This Policy relates to forms of financing which create a liability for future repayment. It does not include those financing methods shown in Excluded Borrowings below, or the funding of asset purchases via ongoing operational funding mechanisms such as Rates, fees and charges and grants.

### Definitions

**External Borrowings** – includes raising and obtaining, in any way money, credit and other financial accommodations from sources external to the City.

**Internal Borrowings** – means the use of internal Municipal funds set aside for projects or future liabilities that are not expected to be expended or crystallised in the current financial year, to temporarily fund projects not previously budgeted, as an alternative to external borrowing.

**Other Financial Accommodation** – includes

- (a) Finance leases primarily to raise amounts to buy, or to finance the purchase of, property the subject of the leases; and
- (b) Guarantees, letters of credit and any other form of undertaking, provided by a financial institution or other person to meet the liabilities or obligations of the City; and
- (c) Structured property finance, including sale and lease back and asset swaps for longer dated funding associated with potential developments of City owned real property.

**Excluded Borrowings** – includes money, credit or other financial accommodation obtained in the ordinary course of the City performing its function such as -

- (a) An operating lease for plant and motor vehicle, office furniture/equipment or information technology assets ;
- (b) A credit or purchase card facility;
- (c) A short-term bank loan/overdraft required to balance daily cash flow requirements or as a result of a set-off arrangement;
- (d) A hire-purchase agreement.

**Gross Debt** – all debts owing by the City including self supporting loans.



**Self Supporting Loans** – Loans taken out by City the repayments of which are made by a third party e.g. club, organisation or ratepayers through a Special Area Rate/Service Charge.

**Net Debt** - gross debt less cash assets.

**Economic Life** - The estimated period during which an asset is expected to be economically usable by one or more users, with normal repairs and maintenance. It should therefore be noted that the economic life of an asset may be considerably less than the physical life of that asset. This may be due to the fit for use life being less than the physical life of the asset. e.g. A building may suit a particular use but when that use is no longer required it may not be suitable for another use. A swimming pool is an example of a specific use asset.

## Policy Statement

Whilst the preferred policy position of the City of Melville (City) is to remain Debt Free (except for Self Supporting loans), the City recognises that in order to ensure intergenerational equity in funding the acquisition, renewal or construction of assets, it may need to resort to the prudent use of loan borrowings, debt instruments or other finance or capital raising methodologies from time to time. The following principles are to be applied when considering undertaking borrowings or other asset financing.

All borrowings will be considered in line with Council's Long Term Financial Plan and forward program of capital works; and should be in the current adopted Budget. Any variations will be presented to Council for consideration.

Any unspent loans will be declared in the Annual Financial Statements of that particular Financial Year as part of statutory obligations. If the project being financed has reached completion stage, the unspent portion will be used to pay back the lender, leading to refinancing of the loan or allocated to another projects at the discretion of Council.

### Lenders and Interest Rates

The City will undertake a Request for quotation (RFQ) process to get the best rate and terms possible when intending to borrow funds. The RFQ process will be limited to the major banks and WATC.

### Operating Expenditure

The City will **not** borrow money (other than by way of Excluded Borrowings) to fund operating expenditure. This type of expenditure should be funded through operating revenue streams such as rates, fees and charges or operating grants.



### Recurrent Capital Expenditure

The City will **not** borrow money or obtain debt finance (other than by way of Excluded Borrowings) to fund the acquisition, replacement or renewal of assets that is expected to occur on an annual or similar basis at approximately the same level each year i.e. recurrent capital works. Examples of this type of expenditure are road resurfacing, plant replacement, information technology and office equipment acquisitions and replacement. This type of expenditure shall be funded through operating revenue streams such as rates and fees and charges.

### Refinancing of Loans

It is generally known ~~as~~ that market interest rates are volatile and the cost of borrowing periodically fluctuates. Therefore, if these changes bring a distinct economic advantage to the City of Melville; whereby the cost of borrowing significantly declines, the City will reserve the right to refinance the loan portfolio in accordance with section 6.20 of the local government 1995 and regulation 20 of the Local government (Financial Management) Regulations 1996. Council will make the final decision on any change to the loan portfolio or refinancing options.

### Paying off Loans in Advance

Any Loan can be paid off in full where it can be demonstrated that there is a significant benefit to the City. Any retirement of debt will not occur without approval from Council. The final payment will include the principle outstanding, interest accrual to date and the premium cost for breaking the loan contract. The decision to pay off a loan will be based on economic viability and will be analysed on a case to case basis.

### Borrowing Term

The term of the Borrowing or Other Financial Accommodation shall be set having due regard to the Economic Life of the asset being acquired or constructed.

Should the City decide to borrow funds, the term of the borrowing shall generally not be greater than half of the Economic Life of the asset being acquired or constructed. This is to enable the City to use the remaining economic half life to set sufficient funds aside in a sinking or reserve fund in order to renew or replace that asset, should that be required, at the end of its Economic Life.

The City will **not** generally borrow funds (other than by way of Excluded Borrowings) to acquire an asset that has an economic life of less than five (5) years.

### Borrowing Ratios

Prior to undertaking any borrowing the City shall assess its capacity to pay, to ensure that the community is not burdened with unnecessary risk. The City shall then reassess its capacity to pay on an annual basis and publish the results of that assessment in its annual report.

When assessing the borrowing ratios, consideration will be given to the economic earnings potential of the asset being acquired or constructed.

The City will **not** borrow funds when such borrowing would result in the following financial ratios being exceeded:

- ◆ Debt Service Cover Ratio 3 as per WA Treasury Corp Borrowing Guidelines.
- ◆ Net Debt (Gross Debt less cash assets) to Operating Revenue Ratio 50% as per WA Treasury Corp Borrowing Guidelines.



In order to reflect the City's contingent liability risk as guarantor for Self Supporting Loans as well as partial guarantor for the loan borrowings undertaken by ~~Resource Recovery Group (RRG)~~ ~~the Southern Metropolitan Regional Council (SMRC)~~, the permissible borrowing limit of the City will be reduced by the amount of the outstanding value of self supporting loans and the City's percentage share, as stipulated in the SMRC participants agreement, of the SMRC's loan.

### Circumstances for Which Long Term Borrowing/Financing Will Be Considered

The City will ~~give favourable consideration~~ consider ~~to~~ borrowing money for the acquisition or construction of an asset where:-

- ◆ The asset to be acquired is a new addition to the City's asset base or replaces an existing asset with one that is significantly larger and has an Economic Life of greater than 5 years; or
- ◆ All alternative options for undertaking the project without borrowing, have been investigated and proven less advantageous to the City; or
- ◆ The income stream from the asset to be acquired or constructed exceeds the cost of borrowing over the life of that asset ; or
- ◆ Repayments will be met by a third party e.g. self supporting loans and the financial stability of that party meets the criteria as set out in the Self Supporting Loans Policy CP-010 ; or
- ◆ The index of the cost of acquisition or construction is increasing at a rate that exceeds the cost of borrowing i.e. to "save" for the acquisition or construction will result in the actual cost being greater than the cost of borrowing the money and acquiring or constructing the asset today.

As a general rule the benefits received (cost savings or income earned) from undertaking the borrowing should be greater, over the life of the borrowing, than the costs of borrowing **Internal Borrowings**

Where the cost of using external funds acquired through borrowing, is greater than the forgone investment earnings on Municipal funds that are surplus to current requirements, such funds should be used prior to seeking external funds. It should be noted that the Local Government Act 1995 places restrictions on the use of funds held in Reserve accounts i.e. Municipal Fund equity, as follows:-

#### 6.11. Reserve accounts

(1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.

(2) Subject to subsection (3), before a local government –  
 (a) changes\* the purpose of a reserve account; or  
 (b) uses\* the money in a reserve account for another purpose,  
 it must give one month's local public notice of the proposed change of purpose or proposed use. \* Absolute Majority Decision Required.

(3) A local government is not required to give local public notice under subsection (2) –  
 (a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year

Where use of such funds is made, notional internal journal entries shall be made reflecting the value of forgone investment earnings and principal repayments as a cost to the programme for which the



funds were borrowed and crediting the relevant investment earnings budget account for the fund/reserve account from which the funds were “borrowed”.

Under no circumstances shall funds be “borrowed” from the Trust Fund or Trust Accounts.

### **Statutory Limitations**

The policy will ensure that all borrowing transactions are conducted in accordance with relevant statutory requirements as contained in the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and *Australian Accounting Standards*, whilst minimising the cost of the debt.

### **Other Limitations**

Borrowings shall be undertaken in Australia and be in Australian dollars so as to ensure the City is not exposed to foreign currency risks.

Local government loan application guidelines published by the Western Australian Treasury Corporation (WATC) from time to time will also limit the amount of borrowings that can be undertaken.



### **Determining the Appropriate Lending Institution**

Unless borrowing from the WATC where practicable three written quotations shall be obtained or a loan tender called in order to determine the appropriate lending institution for any loan borrowings. Determination of the appropriate institution will be based on the interest rate and loan costs offered, the terms and conditions of the loan and the financial stability of the lender.

### **Security for Borrowings**

In accordance with section 6.21 of the *Local Government Act 1995*, the only security that will be offered in return for the borrowings, shall be the general funds of the City.

### **Interest Rate Parameters**

Should any borrowings be undertaken, the City will consider the following factors when deciding an appropriate period for which interest rates will be fixed:-

- ◆ the level of the interest rate when compared to the long term average official interest rate;
- ◆ recent movements in the official interest rate;
- ◆ the term of the loan.

### **Structure of Borrowings**

The City will obtain advice in regards to determining the most appropriate structure of any borrowings with regard to;

- ◆ Fixed or Floating rate
- ◆ CPI – Linked rate
- ◆ Interest Capitalised, Interest Only or Principal and Interest.

Where possible, the nature of cash flows related to the funded asset will be used as a guide to the most appropriate borrowings structure. For example, interest capitalised may be appropriate for capital expenditure related to a land release, with full principal repayment from land sales.

### **References that may be applicable to this Policy**

Legislative Requirements:

Procedure, Process Maps, Work Instructions:

Other Plans, Frameworks, Documents Applicable to Policy:

Delegated Authority No:



ORIGIN/AUTHORITY	15/05/07	ITEM NO.
Ordinary Meeting of Council		C07/2001
<b>REVIEWS</b>		
Ordinary Meeting of Council	15/12/09	C09/5097
Ordinary Meeting of Council	15/11/2011	C11/5199
Ordinary Meeting of Council	10/12/2013	C13/5341
Ordinary Meeting of Council	17/05/2016	C16/5484
Ordinary Meeting of Council	19/06/2018	C16/5617



## Accounting

<b>Policy Type: Council Policy</b> <b>Policy Owner: Manager Financial Services</b>	<b>Policy No. CP- 025</b> <b>Last Review Date: 16 July 2024</b>
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## Policy Objectives

To provide a policy framework for the financial management of the City of Melville that secures the accuracy and reliability of accounting data, financial reporting and budgeting and ensures that all statutory obligations and Australian Accounting Standards are met.

## Policy Scope

This Policy covers accounting, budgeting, financial reporting and financial governance activities of the City. The Policy is to be read and implemented in conjunction with the City's other relevant policies, strategies, procedures and documents. This change to policy is effective from 1 July 2022 (financial year 2022-23 onwards).

## Policy Statement

### 1. Responsibilities

In accordance with the *Local Government Act 1995* (The Act) and the *Local Government (Financial Management) Regulations 1996* (The Regulations) the Chief Executive Officer (CEO) has a duty to ensure that proper accounts and records of the transactions and affairs of the local government are kept in accordance with the regulations. Efficient systems and procedures are to be established by the CEO of a local government and the CEO is to ensure that the resources of the local government are effectively and efficiently managed. Whilst the ultimate responsibility lies with the CEO, the CEO will appoint suitably qualified officers and contractors to assist and advise her/him in meeting these responsibilities.

### 2. Accounting Framework

Accounting records will be maintained on a full accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Accounting for revenues and expenses, assets and liabilities and the form of presentation of financial statements will be carried out in accordance with all applicable Australian Accounting Standards Board Standards (The Standards) and the provisions of The Act and relevant Regulations. Where there is an inconsistency between The Standards and legislative requirements the legislation will prevail and the extent of the inconsistencies between the Standards and the legislation disclosed by way of notes.

Accounting for revenues and expenses within the City is based on a framework of Directorates, Service Areas, Business Units, Budget Responsible Officers or other suitable view for management reporting purposes and by Nature and Type or Program and Sub-program or Directorates, Service Areas and Business Units for statutory reporting purposes. Accounting systems must also take into account consider the need to produce special purpose reports for other purposes such as fulfilling Australian Bureau of Statistic and Grants Commission requirements.

The City's Annual Budget is used to determine the amount of revenue to be raised by way of rates and service charges and to demonstrate to ratepayers and citizens how the financial resources of the City will be deployed.



The accounting framework should demonstrate transparent accountabilities for financial resources and establish a clear link between the raising of revenue as demonstrated by the budget document and the expenditure of that revenue on activities that support the City's strategic direction and statutory obligations.

### 3. Financial Reporting

Financial reporting is required to meet the internal organisational needs (Management Reporting), the City's statutory obligations (Statutory Reporting) and the reporting requirements of various other stakeholders such as the WA Grants Commission, other grantors and the Australian Bureau of Statistics (Special Purpose Reports). This will be achieved by production of the following reports.

#### (a) Monthly Reporting

Monthly reports will be provided to the Council in accordance with Section 6.4 (2) of The Act and Regulation 34 of ~~the FM~~ The Regulations.

Sub-regulation 34(3) provides a choice as to how the information in a statement of financial activity may be shown i.e.:

- (a) according to nature and type classification; or
- (b) by program; or
- (c) by business unit i.e. Directorate/Service Area.

The City provides monthly financial reports to Council by Program, Sub Program and Nature ~~& Type~~. This is accompanied by a detailed report by ~~Nature Sub Program~~ on variances ~~in excess of \$100,000 or alternative figure as adopted by the Council.~~

Sub-regulation 34(5) requires a local government to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances. ~~Regulation 35 requires a statement of financial position added to the monthly financial statements.~~ This will be undertaken when adopting the budget for each year.

Monthly reports will be prepared on a calendar-month basis, and the reports will be presented at the next available Council meeting, allowing for a reasonable time for preparation of such reports.

#### (b) Annual Reporting

Section 6.4 of The Act requires annual financial reports to be prepared in the form prescribed, and submitted to its auditor by 30 September following each financial year.

Regulations 36 to 50 inclusive of The Regulations contain specific provisions regarding the manner and form and prescribed information referred to in 6.4 above.

The annual financial report will not be placed before the Council until it has been audited by the external auditor.

### 4. Budget and Budget Reviews



The annual budget will be prepared in accordance with Section 6.2 of The Act and relevant Regulations. Regulations 22 through to 33 inclusive of The Regulations contain extensive prescriptions for the preparation of the Annual Budget as referred to in Section 6.2 (4)(g) of The Act.

The Act provides that the Budget shall be adopted by absolute majority decision of the Council, in the period 1 June in a financial year to 31 August in the next financial year. Whilst The Act requires that the Council will adopt an Annual Budget before the 31<sup>st</sup> of August, in accordance with Financial Sustainability – Forward Financial Planning and Funding Allocation Policy CP-008, the Council will use its best endeavours to adopt the budget in June of each year. This will ensure sufficient liquidity in the Municipal Fund is maintained without the need to seek financial accommodation via overdraft, thus eliminating overdraft interest expenses whilst maximising investment earnings on the Municipal Fund.

Budget reviews will be conducted on an ongoing basis and reported to and approved by the Council within the Monthly Financial Statements report referred to in 3 (a) above.

In addition a comprehensive budget review will be undertaken at least once per annum in accordance with the provisions of The Regulations as reproduced below:-

Regulation 33A titled “Review of budget”, contains specific provisions relating to budget reviews which will be followed.

Sub-regulation 34(3) **prescribes that the information in a statement of financial activity must be shown according to nature classification**, ~~provides a choice as to how the information in a statement of financial activity may be shown i.e.:~~

- ~~(a) according to nature and type classification; or~~
- ~~(b) by program; or~~
- ~~(c) by business unit i.e. Directorate/Service Area.~~

~~To enhance understanding of the Budget, the City will use a combination of (a), (b) and (c) when reporting.~~

## **5. Reporting Revenue and Expenditure by **Nature Program, Sub Program and Nature and Type****

Reporting, of all revenue and expenses by “nature **and type**” shall be classified in accordance with Schedule 1 Part 2 of The Regulations.

## **6. Assets**

Assets will be recognised and reported at fair values in accordance with Regulation 17A of The Regulations and AASB 5, 13, 116 and 136 of The Standards.

### **(a) Capitalisation of Assets**

In accordance with the Local Government Regulation 17A(5), an asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5,000.

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Please refer to the City of Melville website (Public) or BMS (Internal) for the latest version.

**(b) Networked Asset**

A network is a grouping of multiple assets that are individually below the capitalisation threshold. These assets perform a whole service and require recognition in the financial statements due to their collective value (i.e. computer network).

**(c) Complex Assets**

A complex asset (i.e. building, road etc.) can be apportioned into individual significant components. Assets will be recognised at component level where feasible. The significant components of the complex asset are identified and depreciated separately. This provides accurate and relevant information for users of financial statements in accordance with section 43 of AASB 116 and for asset management purposes.

A significant component is one that meets the following criteria:

- Can be separately identified and measured and is able to be separated from the complex asset;
- May have a different estimated useful life from the complex asset so that failure to depreciate it separately would result in a material difference in the annual depreciation expense for that asset;
- May require replacement and intervention at regular intervals during the life of the complex asset (i.e. re-sheeting of road);

When replacing a component of the complex asset, and if applicable, the existing written down value of the original component should be written off in accordance with AASB 116.

**(d) Operating Asset**

Assets below the thresholds may still be recorded in a separate operating asset register where required for asset management, insurance and administration purposes. These may include items that are considered highly attractive and portable items such as electronic equipment and small plant. These will however not be depreciated.



**(e) Classes of Asset**

<b>Asset Class.</b>	<b>Components</b>
Artwork	
<b>Land</b>	
- Municipal land	
- Land Held for sale -Non Current	
- Land Held for sale -Current	
- Investment land	
	- Sub Structure
	- Super Structure
	- Roof
<b>Buildings</b>	- Floor Coverings
- General Buildings,	- Fitout & Fittings
- Investment Buildings;	- Services - Fire
- Heritage Buildings	- Services - Security
	- Services - Electrical
	- Services - Hydraulic
	- Services - Mechanical
	- Services - Transport
Computer/CCTV equipment	
Electronic equipment	
Furniture & fittings	
Fleet (All Vehicles and Plant)	
<b>Roads</b>	- Formation
	- Base Course
	- Surface
Kerbing and Pavement	
Footpaths	
Stormwater Drainage	
Bridges	
Parks/POS	- Sports and Oval
	- Play spaces
	- POS Furniture
	- BBQ
	- Landscapes and Trees
	- Conservation Site
	- Fences
	- Bins
	- Sculptures/ Monuments
Irrigation	
Jetties and Boardwalk	
Lighting	
Traffic Management	



#### (f) Revaluation/Depreciation of Assets

Revaluation for Fair Value for financial reporting purposes and depreciation of assets will be carried out in accordance with the provisions of regulation 17A of The Regulations and AASB 113 and 116 of The Standards. This will be undertaken by an independent registered valuer appointed by the City. A full revaluation of all applicable asset classes will be undertaken at least once every ~~five~~ **three** years. However, when an asset class has significant and volatile changes in fair value, a revaluation will be undertaken on a more frequent basis. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. Complex asset components are measured on the same as the assets to which they relate, e.g. the Building asset is valued at fair value therefore each building component is also valued at fair value. ~~Investment land and buildings are valued at fair value and a full revaluation will be undertaken every year in accordance with AASB 140.~~

The valuation methods selected by the City are consistent with one or more of following valuation approach:

- Market Approach: Use of price and other relevant information generated by market transactions for identical or similar assets of liabilities;
- Income approach: Converts estimated future cash flows or Income and expenses into a single discounted present value. (i.e Parking machines);
- Cost approach: reflects the current replacement .

The City applies AASB 13 to disclose the fair value information by level of the fair value hierarchy, which categorise fair value measurement into one of three possible levels.

- **Level 1:** Measurements based on quoted prices in active markets;
- **Level 2:** Measurements are based on inputs other than quoted process included within level 1 that is observable for the asset, either directly or indirectly.
- **Level 3:** Measurements are based on unobservable inputs for the asset

#### Depreciation

The annual depreciation charge will be based on the following effective lives after taking into account any residual values expected to be achieved at disposal and will be expensed to the appropriate depreciation expense accounts. Depreciation begins when an asset is available for use and ceases at the earlier of:

1. The date the asset is classified as held for sale; and
2. The date that the asset is disposed or written-off.

Depreciation will be recognised on a straight-line basis, using rates which are reviewed each reporting period. Each component will be depreciated separately. Work in progress will not be depreciated as the assets are not considered available for use.





















































































































































































































































































































































































