

MINUTES

OF THE

ORDINARY MEETING OF COUNCIL

HELD ON

TUESDAY 18 MARCH 2014

AT 6.30PM IN THE COUNCIL CHAMBERS

MELVILLE CIVIC CENTRE

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MINUTES OF THE ORDINARY MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBERS, MELVILLE CIVIC CENTRE, 10 ALMONDBURY ROAD, BOORAGOON, COMMENCING AT 6.30PM ON TUESDAY, 18 MARCH 2014.

1. OFFICIAL OPENING

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:30pm. Mr J Clark, Governance and Compliance Program Manager, read aloud the Disclaimer that is on the front page of these Minutes and then His Worship the Mayor, R Aubrey, read aloud the following Affirmation of Civic Duty and Responsibility.

Affirmation of Civic Duty and Responsibility

I make this Affirmation in good faith on behalf of Elected Members and Officers of the City of Melville. We collectively declare that we will duly, faithfully, honestly, and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the City's Code of Conduct and Standing Orders to ensure the efficient, effective and orderly decision making within this forum.

2. PRESENT

His Worship the Mayor, Russell Aubrey

COUNCILLORS

Cr M Reynolds (Deputy Mayor)
Cr N Foxton
Cr D Macphail, Cr R Aubrey
Cr C Robartson (until 9.03pm)
Cr C Schuster, Cr N Pazolli
Cr S Taylor-Rees, Cr J Barton
Cr R Hill, Cr P Phelan

WARD

University
University
City
Bull Creek/Leeming
Applecross/Mount Pleasant
Bicton/Attadale
Palmyra/Melville/Willagee

3. IN ATTENDANCE

Dr S Silcox	Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Ms C Young	Director Community Development
Mr J Christie	Director Technical Services
Mr S Cope	Director Urban Planning
Mr L Hitchcock	Executive Manager Legal Services
Mr P Prendergast (until 7.37pm)	Manager Statutory Planning
Mr J Clark	Governance & Compliance Program Manager
Mr N Fimmano	Governance & Property Officer
Ms S Tranchita	Minute Secretary

At the commencement of the meeting there were two members of the public and two members from the Press in the Public Gallery.

4. APOLOGIES AND APPROVED LEAVE OF ABSENCE

4.1 APOLOGIES

Nil

4.2 APPROVED LEAVE OF ABSENCE

Cr R Willis – Bull Creek/Leeming Ward

5. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION) AND DECLARATIONS BY MEMBERS

5.1 DECLARATIONS BY MEMBERS WHO HAVE NOT READ AND GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTED BEFORE THE MEETING.

Nil

5.2 DECLARATIONS BY MEMBERS WHO HAVE RECEIVED AND NOT READ THE ELECTED MEMBERS BULLETIN.

Nil

6. QUESTION TIME

Nil

7. AWARDS AND PRESENTATIONS

Nil

8. CONFIRMATION OF MINUTES**8.1 ORDINARY MEETING OF COUNCIL – 18 FEBRUARY 2014**
Minutes 18 February 2014**COUNCIL RESOLUTION**

At 6.37pm Cr Schuster moved, seconded Cr Macphail–

That the Minutes of the Ordinary Meeting of Council held on Tuesday, 18 February 2014, be confirmed as a true and accurate record.

At 6.37pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

8.2 NOTES OF AGENDA BRIEFING FORUM – 4 MARCH 2014
Notes 4 March 2014**COUNCIL RESOLUTION**

At 6.37pm Cr Hill moved, seconded Cr Foxtan –

That the Notes of the Agenda Briefing Forum held on Tuesday, 4 March 2014, be received.

At 6.37pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

8.3 SPECIAL MEETING OF COUNCIL – 24 FEBRUARY 2014
Minutes 24 February 2014**COUNCIL RESOLUTION**

At 6.38pm Cr Aubrey moved, seconded Cr Schuster –

That the Minutes of the Special Meeting of Council held on Monday, 24 February 2014, be confirmed as a true and accurate record.

At 6.38pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

**8.4 FINANCIAL MANAGEMENT, AUDIT, RISK & COMPLIANCE COMMITTEE
(FMARCC) – 10 MARCH 2014****COUNCIL RESOLUTION**

At 6.38pm Cr Aubrey moved, seconded Cr Hill –

That the Minutes of the Financial Management, Audit, Risk & Compliance Committee Meeting held on Monday 10 March 2014 be noted.

At 6.38pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

NB:

Minutes to be confirmed at next Financial Management, Audit, Risk & Compliance Committee Meeting.

8.5 GOVERNANCE COMMITTEE – 12 MARCH 2014**COUNCIL RESOLUTION**

At 6.38pm Cr Robartson moved, seconded Cr Schuster –

That the Minutes of the Governance Committee Meeting held on Wednesday 12 March 2014 be noted.

At 6.38pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

NB:

Minutes to be confirmed at next Governance Committee Meeting.

9. DECLARATIONS OF INTEREST**9.1 FINANCIAL INTERESTS**

P14/3472 - Cr Robartson – Financial Interest in Accordance with the Act

9.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT

M14/5354 - Cr Schuster – Interest under the Code of Conduct

10. APPLICATIONS FOR NEW LEAVES OF ABSENCE

At 6.40pm Cr Barton moved, seconded Cr Foxton -

That the application for new leave of absence submitted by Cr Taylor Rees on 18 March 2014 be granted.

At 6.40pm the Mayor submitted the motion which was declared

CARRIED UNANIMOUSLY (12/0)

11. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil

12. PETITIONS

Nil

13. ITEMS FROM FINANCIAL MANAGEMENT, AUDIT, RISK & COMPLIANCE COMMITTEE – 10 MARCH 2014

The following items from the Financial Management, Audit, Risk and Compliance Committee meeting of 10 March 2014 require consideration by the Council.

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	Internal Audit Report
Customer Index	:	City of Melville
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	Not Applicable
Works Programme	:	Not Applicable
Funding	:	Not Applicable
Responsible Officer	:	Ken Wan Process Improvement Auditor

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input checked="" type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council to note.</i>

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- Recent changes to the Local Government (Audit) Regulations 1996 require local government Chief Executive Officers (CEO) to carry out at least a biennial review of risk management, internal control and legislative compliance and present the results of the review to Council's audit committee. The audit committee is to review the CEO's report and submit the results to the Council.
- A review has been conducted and sufficient systems and procedures have been found to have been established to deal with risk management, internal control and legislative compliance.
- This report recommends that the review's findings be referred to the Council for noting.

BACKGROUND

On 8 February 2013, the Department of Local Government and Communities (Department) advised all local governments via their Circular No 5 regarding the amendments made to the Local Government (Audit) Regulations 1996.

The Chief Executive Officer (CEO) requested that a review of the existing systems and procedures be undertaken. The findings of the review are presented to the Financial Management, Audit, Risk and Compliance Committee (FMARCC) in compliance with the new requirements.

[5343 CEO Biennial Review Attachment 1](#)

[5343 CEO Biennial Review Attachment 2](#)

DETAIL

The amendments to the *Local Government (Audit) Regulations 1996* extend the functions of local government Audit Committees to include reviewing the effectiveness of local government's systems with regard to risk management, internal control, and legislative compliance.

Specifically, the amendments require a local government's CEO to review, at least once every two years, the appropriateness and effectiveness of the local government's systems and procedures with regard to risk management, internal control and legislative compliance. A report must also be provided to the local government's Audit Committee of that review for their consideration.

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

The FMARCC is to review the CEO's report and submit the results to the Council with a copy of the CEO's report.

Below is an extract from the Department's revised Operational Guidelines No 9 re Audit in Local Government (issued in December 2013) giving guidance as to what items to deal with in the three areas of risk management, internal control and legislative compliance:

“Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance are:

Risk Management

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:

- *Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered.*
 - *Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time.*
 - *Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:*
 - *potential non-compliance with legislation, regulations and standards and local government's policies*
 - *important accounting judgements or estimates that prove to be wrong*
 - *litigation and claims*
 - *misconduct, fraud and theft*
 - *significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government.*
 - *Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported.*
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance.*
- *Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors.*
 - *Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk.*

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

- *Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.*
- *Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment.*
- *Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.*

Internal Control

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.

An effective and transparent internal control environment is built on the following key areas:

- *integrity and ethics.*
- *policies and delegated authority.*
- *levels of responsibilities and authorities.*
- *audit practices.*
- *information system access and security.*
- *management operating style.*
- *human resource management and practices.*

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

Aspects of an effective control framework will include:

- *delegation of authority.*
- *documented policies and procedures.*
- *trained and qualified employees.*
- *system controls.*
- *effective policy and process review.*
- *regular internal audits.*
- *documentation of risk identification and assessment.*
- *regular liaison with auditor and legal advisors.*

The following are examples of controls that are typically reviewed:

- *separation of roles and functions, processing and authorization;*
- *control of approval of documents, letters and financial records;*
- *comparison of internal data with other or external sources of information;*
- *limit of direct physical access to assets and records;*
- *control of computer applications and information system standards;*
- *limit access to make changes in data files and systems;*
- *regular maintenance and review of financial control accounts and trial balances;*

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

- *comparison and analysis of financial results with budgeted amounts;*
- *the arithmetical accuracy and content of records;*
- *report, review and approval of financial payments and reconciliations;*
- *comparison of the result of physical cash and inventory counts with accounting records.*

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

Monitoring compliance with legislation and regulations.

- *Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.*
- *Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.*
- *Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints.*
- *Obtaining assurance that adverse trends are identified and review management's plans to deal with these.*
- *Reviewing management disclosures in financial reports of the effect of significant compliance issues.*
- *Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee.*
- *Considering the internal auditor's role in assessing compliance and ethics risks in their plan.*
- *Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.*
- *Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest."*

This review has considered all issues raised in the Department of Local Government and Community's Operational Guideline No 9.

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

No external engagement with the community has been carried out.

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)**II. OTHER AGENCIES/CONSULTANTS**

The Department of Local Government had been contacted to clarify the new requirements mentioned above.

Mr Borrett, Senior Project Officer of the Department, advised in November 2013 that a revised Operational Guideline would be issued before Christmas 2013, and another circular on this topic would be issued to all local governments in due course, but so far no circular has been received. Mr Borrett also advised that initially there would be no specific format for the review or review report. He mentioned that in future years a return template could be developed for use by local governments.

The Regulations came into effect on 9 February 2013 and Mr Borrett advised that cut-off for the first reviews would be 31 December 2014.

STATUTORY AND LEGAL IMPLICATIONS

Regulation. 16 (C) of the *Local Government (Audit) Regulations 1996* requires an audit committee to “review a report given to it by the CEO under Regulation 17(3) and is to (i) report to the Council the result of that review, and (ii) give a copy of that report to the Council.”

Regulation. 17 (1) of the *Local Government (Audit) Regulations 1996* requires the CEO to “review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —
(a) risk management; and
(b) internal control; and
(c) legislative compliance.”

Regulation. 17(2) of the *Local Government (Audit) Regulations 1996* states “the review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.”

Regulation. 17(3) requires “the CEO is to report to the audit committee the results of that review.”

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk of non-compliance with legislation.	Low	Ongoing development of officers knowledge of legislative requirements and ongoing updating of FMARCC awareness of its responsibilities mitigates the potential for a non-compliance event occurring.

There are no environmental management implications associated with this report.

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The requirement of legislation does not provide for alternatives to the provisions of the legislation but requires full compliance.

CONCLUSION

The City's Process Improvement Auditor has reviewed the City's practices and policies relating to risk management, internal control, and legislative compliance. The results of his findings are that the City has sufficient systems and procedures in place to deal with all requirements in the Operational Guideline No 9, and that they are regularly reviewed for continuous improvement.

OFFICER RECOMMENDATION (5343)

REVIEW

That the Financial Management, Audit, Risk and Compliance Committee:

1. **Review the Chief Executive Officer's Report, 5343 CEO Biennial Review Attachment 1 5343 CEO Biennial Review Attachment 2**
2. **Report to the Council the results of that review.**
3. **Give a copy of the CEO's Report to the Council.**

**M14/5343 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT,
INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)****COMMITTEE RESOLUTION (5343)****REVIEW**Amendment

At 6.32pm Cr Robartson moved, seconded Mayor Aubrey –

That the Financial Management, Audit, Risk and Compliance Committee:

- a. **Have reviewed and endorsed the Chief Executive Officer's report.**
5343 CEO Biennial Review Attachment 1
5343 CEO Biennial Review Attachment 2
- b. **Recommend that the Chief Executive Officer's report be presented to the Council for noting.**

At 6.36pm the Presiding Member submitted the amendment, which was declared

CARRIED (7/0)

Cr Robartson advised that the replacement motion was intended to provide clarity in the outcome of the Committee's review of the report.

COMMITTEE RECOMMENDATION & COUNCIL RESOLUTION (5343)**NOTING**

That the Financial Management, Audit, Risk and Compliance Committee recommend to the Council that the Chief Executive Officer's report as attached be noted.

5343 CEO Biennial Review Attachment 1
5343 CEO Biennial Review Attachment 2

At 6.40pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

M14/5345 - COMPLIANCE AUDIT RETURN 2013 (REC) (ATTACHMENT)

Ward : All
 Category : Operational
 Subject Index : Audits – Compliance
 Customer Index : Department of Local Government
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Item C13/5272- Compliance Audit Return 2012 - Financial Management, Audit, Risk and Compliance Committee 11 March 2013
 Works Program : Not Applicable
 Funding : Not Applicable
 Responsible Officer : Jeff Clark
 Governance and Compliance Program Manager

AUTHORITY / DISCRETION

DEFINITION

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<input type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input checked="" type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council to note.</i>

M14/5345 - COMPLIANCE AUDIT RETURN 2013 (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- All Western Australian Local Government Authorities are required to undertake a Compliance Audit Return (the Return) and submit their findings to the Department of Local Government and Communities by 31 March each year.
- All 78 questions received a positive response by Officers confirming the actions were completed and that a 100% compliance was achieved.

BACKGROUND

A Compliance Audit Return was conducted covering the period 1 January 2013 to 31 December 2013.

It is a requirement that the Compliance Audit Return is presented to Council for adoption. A copy of the Council report and a certified copy of the return are required to be endorsed by the Mayor and Chief Executive Officer and submitted to the Department of Local Government and Communities by 31 March 2014.

DETAIL

The City has achieved another impressive compliance outcome for 2013. The Officers of the City perform extremely well against the requirements of 476 Acts, Regulations and legislative requirements that determine the work practices and responsibilities of the City. However the Compliance Audit Return only assesses compliance against the *Local Government Act 1995* (the Act) and associated Regulations. The responses of Officers to the 78 audit questions have been audited by the Process Improvement Auditor who has included a comment in this report.

This year's audit has in the opinion of Officers, provided 100% compliance. Of the 78 fields of compliance that have been tested, all received a positive response. The decrease in the number of questions assessed in 2012 and 2013 compared to past years is due to the Department of Local Government and Communities (the Department) accepting comment from local governments concerning the administrative burden that the extensive questioning provided.

The Department has responded by only testing those areas considered to be high risk in this Return. The Department has advised that it has changed Regulation 14 of the *Local Government (Audit) Regulations 1996* to require each local government's Audit Committee to review the Return and report the results of that review to the Council. The City has taken this approach for some years.

M14/5345 - COMPLIANCE AUDIT RETURN 2013 (REC) (ATTACHMENT)

Following recent amendments to reduce the Compliance Audit Return, the *Local Government (Audit) Amendment Regulations 2013* now extends the current role of local government Audit Committees to encompass a review of areas such as risk management, internal control and legislative compliance.

The transfer of responsibilities to local government Audit Committees will enable local governments to manage legislative compliance within their own timeframes, with increased transparency and involvement from Elected Members

This Return has been compiled with continued substantial rigour. Officers have been expected to demonstrate compliance and provide details of their work to ensure the work procedures of the City assist in meeting the obligations of the Act and Regulations. It is pleasing to note that there is an ongoing increase in Officer knowledge of compliance matters and where possible, systems have been amended to assist with compliance requirements.

The Return containing the questions and responses is provided as an attachment.

[5345 Compliance Audit Return 2013](#)

This document is provided by the Department in an on-line environment to allow local governments to update the Return with their responses and when completed, print for certification by the Mayor and Chief Executive Officer.

A Compliance Calendar was introduced in 2008 and this is a major improvement to assist management of all compliance matters and is considered to be best practice in the local government industry. The Calendar is updated monthly which enables a management response should a matter require attention. The monthly reports generated from the Calendar are reviewed by the Executive Management Team. The 2014 Compliance Calendar is provided as an attachment for the information of the Financial Management, Audit, Risk and Compliance Committee (FMARCC) and Council.

[M14/5345 Corporate Compliance Calendar 2014](#)

The Process Improvement Auditor's comments

The Compliance Audit Return for 2013 included 78 questions, and answers to all questions were checked for correctness.

It is pleasing to report that all answers were correct and 100% compliance was achieved for the second year in a row.

M14/5345 - COMPLIANCE AUDIT RETURN 2013 (REC) (ATTACHMENT)

With the view to achieving best practice in compliance, it is the recommendation of the Process Improvement Auditor that the Compliance Audit Return be expanded with the aim of including further questions (ultimately about 300 questions) for the purpose of self assessment by all service areas once every six months. Assessment results will need to be presented to the Executive Management Team for scrutiny. It will serve the purposes of:

- Further demonstrating senior management's commitment to full legislative compliance;
- Reminding staff of the legislative requirements outside the 78 prescribed questions; and
- Providing an opportunity for rectifying any non compliance issues before the real return is completed.

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

No external engagement has been carried out.

II. OTHER AGENCIES / CONSULTANTS

No external consultation has been carried out.

STATUTORY AND LEGAL IMPLICATIONS

As per the requirements of the *Local Government Act 1995*, Section 7.13(i) and *Local Government (Audit) Regulations 1996* (Regulations 13–15).

FINANCIAL IMPLICATIONS

There are no financial implications for Council associated with this compliance audit.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The compliance audit will not impact on the strategies of the Council. There are no risk or environmental management implications in this report.

M14/5345 - COMPLIANCE AUDIT RETURN 2013 (REC) (ATTACHMENT)

Risk Statement	Level of Risk	Risk Mitigation Strategy
The Compliance Audit Return is a statutory requirement and if the Return was not submitted, the Department of Local Government might take adverse action against the City.	Minor consequences which are possible, resulting in a Medium level of risk	Complete and submit the Return by the due date.

POLICY IMPLICATIONS

There are no specific policy implications, except where it can be determined that a matter may be subject to policy change where it does not currently comply with legislative requirements. There are no such instances identified in the return.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The completion and submission of the Return by the due date is a statutory requirement.

CONCLUSION

The City is compliant in 100% of 78 questions that have been examined for their accurate statutory completion.

OFFICER RECOMMENDATION & COMMITTEE RESOLUTION (5345)

APPROVAL

At 6.52pm Cr Robartson moved, seconded Cr Aubrey –

That the Financial Management, Audit, Risk and Compliance Committee recommend to the Council:

That the Compliance Audit Return for the period 1 January 2013 to 31 December 2013 M14/5345 Compliance Audit Return 2013 be adopted and following certification by His Worship the Mayor and the Chief Executive Officer, be forwarded to the Department of Local Government and Communities.

At 6.53pm the Presiding Member submitted the motion, which was declared

CARRIED (7/0)

M14/5345 - COMPLIANCE AUDIT RETURN 2013 (REC) (ATTACHMENT)**COMMITTEE RECOMMENDATION & COUNCIL RESOLUTION (5345)****APPROVAL**

That the Financial Management, Audit, Risk and Compliance Committee recommend to the Council:

That the Compliance Audit Return for the period 1 January 2013 to 31 December 2013 [M14/5345 Compliance Audit Return 2013](#) be adopted and following certification by His Worship the Mayor and the Chief Executive Officer, be forwarded to the Department of Local Government and Communities.

At 6.41pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

M14/5353 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)

Ward : All
 Category : Operational
 Subject Index : Internal Audit Report
 Customer Index : City of Melville
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : M12/5220 Internal Audit Charter FMARCC 12 March 2012
 Works Programme : Not Applicable
 Funding : Not Applicable
 Responsible Officer : Ken Wan
 Process Improvement Auditor

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council to note.</i>

M14/5353 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

The Internal Audit Charter is a formal document that defines the purpose, authority and responsibility for the Process Improvement Auditor.

BACKGROUND

The Institute of Internal Auditors recommends that the purpose, authority, and responsibility of the internal audit activity is formally defined in an internal audit charter. The Internal Audit Charter is periodically reviewed by the Chief Executive Officer and the Financial Management, Audit, Risk & Compliance Committee (FMARCC).

The Internal Audit Charter:

- establishes the Process Improvement Auditor's function within the organisation;
- authorises access to records, personnel, and physical properties relevant to the performance of engagements; and
- defines the scope of internal audit activities.

DETAIL

The contents and format of the City's Internal Audit Charter were well researched when it was first developed and adopted in 2007.

Subsequent research conducted in 2009, 2012 and 2014 of various websites including the Institute of Chartered Accountants, Certified Practising Accountants, the Institute of Internal Auditors, Western Australian Local Government Association (WALGA), and the Department of Local Government and Communities confirmed that the City's Internal Audit Charter is still relevant, appropriate, and covers all key governance areas such as independence, objectivity, and professional auditing standards.

Based on the findings of this research, no substantive changes to the Internal Audit Charter are considered necessary.

A copy of the Internal Audit Charter is attached for review.

[5353 Internal Audit Charter](#)

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

No community consultation has been carried out.

M14/5353 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)

II. OTHER AGENCIES/CONSULTANTS

No external consultation has been carried out.

STATUTORY AND LEGAL IMPLICATIONS

There is no specific legal requirement to have an internal audit function or internal audit charter for a local government. However, an amendment to the *Local Government Act 1995* in 2005 introduced a requirement that all local governments establish an audit committee. Such committees are to provide an independent oversight of the financial systems of a local government on behalf of the Council. As such, the committee will operate to assist the Council to fulfil its corporate governance, stewardship, leadership and control responsibilities in relation to the local government's financial reporting and audit responsibilities.

It is important to have the internal audit function formally documented in an internal audit charter and review it regularly.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
Internal audit function may not be effective in its operations without a clearly defined internal audit charter regarding its purpose, authority, independence, and responsibility.	Low	Have a well defined and regularly updated internal audit charter to clearly state the purpose, authority, independence, and responsibility of the internal audit function.

There are no environmental management implications in this report.

POLICY IMPLICATIONS

There are no specific policy implications associated with this report.

M14/5353 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

CONCLUSION

A well established internal audit charter defines the scope and responsibility of the internal audit activity which assists the FMARCC and the Executive Management Team to discharge their responsibilities and achieve the corporate objectives.

OFFICER RECOMMENDATION & COMMITTEE RESOLUTION (5353)**NOTING**

That the Internal Audit Charter be noted.

At 7.47pm Mayor Aubrey moved, seconded Cr Barton –

That the Internal Audit Charter be noted by the Financial Management, Audit, Risk and Compliance Committee and referred to the Council for approval.

At 7.48pm the Presiding Member submitted the amendment, which was declared

CARRIED (8/0)**COMMITTEE RECOMMENDATION & COUNCIL RESOLUTION (5353)****APPROVAL**

That the Financial Management, Audit, Risk and Compliance Committee recommend to the Council that the Internal Audit Charter be approved.

At 6.41pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

14. REPORTS OF THE CHIEF EXECUTIVE OFFICER**P14/3471 - POLICY REVIEW OF CP-059: HOME OCCUPATION RELATIVE TO SEXUAL SERVICES BUSINESS POLICY, CP-067: AMENITY, CP-071 REYNOLDS ROAD LOCAL AREA POLICY AND CP-080: ENERGY EFFICIENCY IN BUILDING DESIGN (REC) (ATTACHMENT)**

Ward	: All
Category	: Policy
Application Number	: Not applicable
Property	: Not applicable
Proposal	: Minor modification of Council policies: CP-059: Home Occupation Relative to Sexual Services Business Policy CP-067: Amenity CP-071: Reynolds Road Local Area Policy CP-080: Energy Efficiency in Building Design
Applicant	: Not applicable
Owner	: Not applicable
Disclosure of any Interest	: No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	: P11/3188 – Final Adoption of Urban Planning Policies (Stage 2) - Ordinary Meeting of Council 15 March 2011 P11/3246 – Final Adoption Urban Planning Policies Stage 4 - Ordinary Meeting of Council 20 September 2011 P11/3255 – Final Adoption of Urban Planning Policies (Stage 5) – Highly Reflective Roofing and Energy Efficiency - Ordinary Meeting of Council 11 October 2011
Responsible Officer	: Peter Prendergast Manager Statutory Planning

P14/3471 - POLICY REVIEW OF CP-059: HOME OCCUPATION RELATIVE TO SEXUAL SERVICES BUSINESS POLICY, CP-067: AMENITY, CP-071 REYNOLDS ROAD LOCAL AREA POLICY AND CP-080: ENERGY EFFICIENCY IN BUILDING DESIGN (REC) (ATTACHMENT)

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

KEY ISSUES / SUMMARY

- Community Planning Scheme No. 5 (CPS5) allows Council to prepare and adopt planning policies and undertake regular policy reviews.
- Planning policies supplement CPS5 provisions and the requirements of the Residential Design Codes (R-Codes).
- Planning policies provide a sound basis for planning decision making and improve the validity of decisions made. Provided policies are of sound basis, their status is akin to that of CPS5 provisions, particularly when relied upon at the State Administrative Tribunal.
- Council policies CP-059, CP-067, CP-071 and CP-080 were last reviewed by Council between March and October in 2011, and are now due for a further review.
- Since the policies in question were last reviewed, the R-Codes have been fully reviewed, and there have been changes made to CPS5 and other Council policies. These changes have been taken into consideration in the review of the four subject policies.
- On that basis, the policies have been amended to reflect the current planning framework. These changes are minor in nature only and do not alter the intent of any of the policy provisions.
- It is recommended that Council adopt the amended policies for the purposes of public consultation.

P14/3471 - POLICY REVIEW OF CP-059: HOME OCCUPATION RELATIVE TO SEXUAL SERVICES BUSINESS POLICY, CP-067: AMENITY, CP-071 REYNOLDS ROAD LOCAL AREA POLICY AND CP-080: ENERGY EFFICIENCY IN BUILDING DESIGN (REC) (ATTACHMENT)

BACKGROUND

CP-059: Home Occupation Relative to Sexual Services Business Policy

This policy was originally adopted by Council in August 2008 as a response to the *Prostitution Amendment Act 2008* and as an interim measure until the Western Australian Planning Commission (WAPC) approved Scheme Amendment 55.

Since this time, the *Prostitution Amendment Act 2008* has been placed on hold, and it remains unclear whether, or at what stage, the legislation will be adopted.

Scheme Amendment 55 was initiated and approved by Council to prevent the operation of sexual services businesses within the Living Area Precincts. However, after submitting Scheme Amendment 55 for approval to the WAPC in April 2009, the City received confirmation in December 2013 that the Amendment had been refused by the Minister on the grounds that the amendment was no longer seen to be necessary.

In addition, Scheme Amendment 61 was approved by the Minister in March 2012. This amendment deleted Clause 5.6: Home Occupation of CPS5 and replaced it with new definitions of Home Office, Home Occupation and Home Business.

The objectives of the *P-059: Home Occupation Relative to Sexual Services Business Policy* are:

'..... to assist in the determination of applications for Home Occupation approval relative to Sexual Services Businesses'

'the protection of the City's residential environment by prohibiting the establishment of Sexual Services businesses within residential properties'

CP-067: Amenity

This policy was originally adopted by Council in September 2011. The objectives of this policy state:

- *To ensure that when new development is proposed, due consideration is given to the preservation of reasonable amenity for occupiers of adjoining properties and the surrounding area;*
- *To provide guidance in the consideration of amenity impacts arising from proposals seeking variations under the Performance Criteria of the Residential Design Codes (R-Codes); and*
- *To provide assistance in the consideration of all planning applications against the amenity provisions contained within Clause 7.8 of Community Planning Scheme No. 5 (CPS5).*

Since the adoption of this policy the R-Codes were amended (August 2013) to remove reference to 'Acceptable Development' and 'Performance Criteria', referring instead to 'Deemed-to-Comply' provisions and 'Design Principles.' As such the Council Policy should be updated to reflect those changes.

P14/3471 - POLICY REVIEW OF CP-059: HOME OCCUPATION RELATIVE TO SEXUAL SERVICES BUSINESS POLICY, CP-067: AMENITY, CP-071 REYNOLDS ROAD LOCAL AREA POLICY AND CP-080: ENERGY EFFICIENCY IN BUILDING DESIGN (REC) (ATTACHMENT)

CP-071: Reynolds Road Local Area Policy

This policy was originally adopted in December 2004 by the Development and Neighbourhood Amenity Committee. The policy has since been reviewed in May 2005 and September 2011.

The objective of the policy currently states:

This policy identifies the acceptable land use activities and access arrangements for low impact commercial and residential development at the junction of Reynolds Road and Canning Highway.

Since the last review of this policy Scheme Amendment 63 to CPS5 has been finalised and adopted. This amendment changed the zoning of the properties which are the subject of the policy from Living Area (with Additional Uses) to Reynolds Road Community Centre. The amendment also includes development provisions for the Centre.

CP-080: Energy Efficiency in Building Design

This policy was originally adopted by the Planning and Development Services Committee in July 1993 and has subsequently been reviewed in 2000 and in 2011. The objective of this policy states:

To encourage the incorporation of environmentally sustainable and energy efficient design principles as standard practice in the development of buildings.

Since the last review of this policy in 2011, Council has revoked Policy 06-PL-023 Highly Reflective Roofing Materials on 17 September 2013.

DETAIL

CP-059: Home Occupation Relative to Sexual Services Business Policy

Notwithstanding the refusal of Scheme Amendment 55 by the Minister, the intent of the policy can still remain the same (although given the stalling of the Prostitution Amendment Act 2008, it is questionable whether it is necessary at this time).

Taking the above into account and to err on the side of caution, the subject policy has been modified to:

- Remove reference to Scheme Amendment 55
- Remove references to the now deleted Clause 5.6 of CPS5 (Scheme Amendment 61)
- Includes reference to Home Businesses as well as Home Occupations in both the title and text.

The overall intent and application of the policy remains, and sexual services activities will not be approved as Home Occupations or Home Businesses.

[3471 CP-059 Home Occupation Relative to Sexual Services Business Policy](#)

P14/3471 - POLICY REVIEW OF CP-059: HOME OCCUPATION RELATIVE TO SEXUAL SERVICES BUSINESS POLICY, CP-067: AMENITY, CP-071 REYNOLDS ROAD LOCAL AREA POLICY AND CP-080: ENERGY EFFICIENCY IN BUILDING DESIGN (REC) (ATTACHMENT)

CP-067: Amenity

The review of this policy only relates to the change in terminology introduced by the amended R-Codes in 2013. No other changes have been made.

[3471 CP 067 Amenity Policy](#)

CP-071: Reynolds Road Local Area Policy

It is proposed to amend the name and vary the policy objective and scope to reflect the change in zoning from Living Area to Community Centre.

[3471 CP 071 Reynolds Road Community Centre Policy](#)

CP-080: Energy Efficiency in Building Design

This policy remains as is with the exception of the removal of text reference to former Council Policy 06-PL-023 Highly Reflective Roofing Materials,

[3471 CP 080 Energy Efficiency Policy](#)

PUBLIC CONSULTATION/COMMUNICATION

Pursuant to Clause 9.6(b) of CPS5, should the Council resolve to adopt the draft policies, they will be advertised via a notice in the local newspaper and on the City's website for a period of 21 days.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Clause 9.6(b)(ii) of CPS5 requires the Council to advise the WAPC of any policy proposal which affects the interests of the WAPC. The proposed modifications do not have regional significance, therefore the WAPC need not be consulted.

STATUTORY AND LEGAL IMPLICATIONS

The regular review of the Council's policies improves their validity in review situations by the State Administrative Tribunal. Once finally adopted by the Council, the reviewed policies will carry similar weight to CPS5.

FINANCIAL IMPLICATIONS

There are no financial implications which result from this report other than advertising costs for consultation and adoption purposes.

P14/3471 - MINOR MODIFICATION OF CP-059: HOME OCCUPATION RELATIVE TO SEXUAL SERVICES BUSINESS POLICY, CP-067: AMENITY, CP-071 REYNOLDS ROAD LOCAL AREA POLICY AND CP-080: ENERGY EFFICIENCY IN BUILDING DESIGN (REC) (ATTACHMENT)

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The proposed policy does not result in any strategic, risk or environmental management implications for the Council.

POLICY IMPLICATIONS

None applicable.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

There are no viable alternatives as a failure to update the Council's suite of Planning Policies may render them less effective in practice.

CONCLUSION

The revised policies have been reviewed taking into account applicable provisions within CPS5, the R-Codes and other existing Council policies. It is considered that the reviewed and updated policies will continue to provide a robust and relevant policy base through which effective planning decision making can occur.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3471)

ADOPTION

- 1 That the Council resolve pursuant to Clause 9.6(b) of Community Planning Scheme No. 5 to adopt the amended Council Policies listed below:
 - a. Council Policy 059: Home Occupation and Home Businesses Relative to Sexual Services Businesses Policy,**
 - b. Council Policy 067: Amenity,**
 - c. Council Policy 071: Reynolds Road Local Area Policy, and**
 - d. Council Policy 080: Energy Efficiency in Building Design**for the purposes of public consultation for a period of no less than 21 calendar days.**
- 2 Where no submissions in objection are received in response to the consultation undertaken, the final adoption of:
 - a. Council Policy 059: Home Occupation and Home Businesses Relative to Sexual Services Businesses Policy,**
 - b. Council Policy 067: Amenity,**
 - c. Council Policy 071: Reynolds Road Local Area Policy, and**
 - d. Council Policy 080: Energy Efficiency in Building Design, be undertaken under delegation to the Chief Executive Officer.****

At 6.42pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)**

Ward	:	All
Category	:	Policy
Application Number	:	Not applicable
Property	:	Not applicable
Proposal	:	Review of seven unmodified Council planning policies: CP-060: Pulo Road Subdivision Development Standards CP-065: Crime Prevention Through Environmental Design of Buildings Policy CP-070: Heathcote Heritage Precinct Signage Strategy CP-076: Community Concept Plan CP-077: Chemists in Medical Centres CP-081: Royal Australian Air Force Association (RAAFA) Masterplan CP-082: Design Guidelines for Development of Lot 100 (109) North Lake Road and Lot 9 (241) Leach Highway, Willagee
Applicant	:	Not applicable
Owner	:	Not applicable
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	P08/5027 – Final Approval Amendment No. 41 to Community Planning Scheme No. 5 by Amending the Density Coding of Lot 100 (109) North Lake Road and Lot 9 (241) Leach Highway, Willagee from “R20” to “R60” and Amending Schedule 3 to include ‘Medical Centre’, ‘Office’ and ‘Restaurant’. P11/3188 – Final Adoption of Urban Planning Policies (Stage 2) - Ordinary Meeting of Council 15 March 2011 P11/3225 – Final Adoption of Urban Planning Policies (Stage 3 Review) - Ordinary Meeting of Council 19 July 2011 P11/3247 – Final Adoption Urban Planning Policies (Stage 5) - Precinct and Local Area Policies - Ordinary Meeting of Council 20 September 2011 P11/3270 – Final Adoption of Urban Planning Policy – RAAFA Master Plan For 2-10 Bull Creek Drive, Bull Creek - Ordinary Meeting of Council – 15 November 2011
Responsible Officer	:	Peter Prendergast Manager Statutory Planning

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)**

Disclosure of Interest

Item No.	P14/3472
Member	Cr C Robartson
Type of Interest	Financial Interest in accordance with the Act
Nature of Interest	Director of R.A.A.F Association Division Council (WA)
Request	Leave
Decision of Council	Not Required

At 6.43 Cr Robartson left the meeting.

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
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<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
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<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)****KEY ISSUES / SUMMARY**

- Community Planning Scheme No. 5 (CPS5) allows Council to prepare and adopt planning policies and undertake regular policy reviews.
- Planning policies supplement CPS5 provisions and the requirements of the Residential Design Codes (R-Codes) where applicable.
- Planning policies provide a sound basis for planning decision making and improve the validity of decisions made. Provided policies are of sound basis, their status is akin to that of CPS5 provisions, particularly when relied upon at the State Administrative Tribunal.
- Council policies CP-060, CP-065, CP-070, CP-076, CP-077, CP-081 and CP-082 were last reviewed between March and November 2011. These policies are therefore due for further review.
- The policies have been reviewed taking into account any changes that may have been made to legislation, CPS5, the R-Codes and other Council policies since their last review. On this basis, no modifications to the subject policies are considered necessary at this time.
- It is recommended that Council approves the review of the subject policies.

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)****BACKGROUND*****CP-060: Pulo Road Subdivision Development Standards***

This policy was originally adopted by the Development and Neighbourhood Amenity Committee in November 2003 and was last reviewed in March 2011.

The objective of the policy is:

To provide alternative standards of development on Pt Lot 28 Pulo Road (now known as odd numbers between: 37-45 Pulo Road, 1-15 Spinaway Crescent and 17-47 Moonlight Cove), Brentwood.

CP-065: Crime Prevention Through Environmental Design of Buildings Policy

This policy was originally adopted by Council in July 2011. The objectives of this policy are:

- 1. To reduce the potential for crime and anti-social behaviour to occur within the City of Melville through well designed buildings and places;*
- 2. To raise awareness of key community safety, security and crime prevention issues, designing out crime principles and solutions;*
- 3. To ensure that planning for development and redevelopment activity within the City of Melville takes into consideration Designing out Crime principles.*

CP-070: Heathcote Heritage Precinct Signage Strategy

This policy was originally adopted by the Development and Neighbourhood Amenity Committee in September 2003 and reviewed in September 2011. The objectives of the signage strategy are:

- To provide guidance for a hierarchy of sign systems that may be considered for the Heathcote Heritage Precinct.*
- To implement a series of signs to guide the visitor, providing them with information and direction using minimal signage placed in strategic locations.*
- To present a coherent and standardised package of signage measures using a palette of materials, finishes, detailing, sign types and placements, to create a familiar user experience.*

CP-076: Community Concept Plan

The Community Concept Plan was adopted by the Planning and Development Services Committee in October 1999. The objective of the plan is:

To outline a vision for the land use and development of the district

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)*****CP-077: Chemists in Medical Centres***

This policy was originally adopted by the Development and Neighbourhood Amenity Committee in March 2003 and was last reviewed in September 2011. The objectives of this policy are:

- *To guide the approval and operation of chemists located within and ancillary to medical centre land uses within the Mixed Business, Commercial Centre Frame and Mixed Business Frame precincts of the City of Melville.*
- *To ensure that the character and amenity of these precincts is not prejudiced by the existence of retail chemist uses within them.*

CP-081: Royal Australian Air Force Association (RAAFA) Masterplan

This masterplan was adopted by Council in November 2011, and provides a template for the future development of the site.

CP-082: Design Guidelines for Development of Lot 100 (109) North Lake Road and Lot 9 (241) Leach Highway, Willagee

This policy was originally adopted by Council in October 2008 along with Amendment 41 to CPS5.

The objectives of the policy state:

1. *Protect and enhance the amenity of existing and future residents.*
2. *Encourage mixed-use development.*
3. *Provide for safe and efficient access to and egress from the site for vehicles, cars and pedestrians.*
4. *Promote best practice urban design that contributes positively to the streetscape and public domain.*
5. *Support environmentally sustainable design and crime prevention through environmental design principles.*

DETAIL

The abovementioned policies have been reviewed taking into account any relevant changes that may have been made to legislation, CPS5, the R-Codes and other Council policies since their last review.

On the basis of this review, no modifications to the content of the subject policies are considered necessary at this time. All six of the policies have however been transferred to the new policy template in line with the City's Style Guide.

It is noted that a number of these policies will need revocation or substantial modification upon final adoption of Local Planning Scheme No. 6 in the future.

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)****PUBLIC CONSULTATION/COMMUNICATION**

As no changes are proposed to any of the six policies, public consultation is not required.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Consultation with other agencies or consultants is not required in this instance.

STATUTORY AND LEGAL IMPLICATIONS

The regular review of Council's policies improves their validity in review situations by the State Administrative Tribunal.

FINANCIAL IMPLICATIONS

There are no financial implications which result from this report.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The proposed policies do not result in any strategic, risk or environmental management implications for the Council.

POLICY IMPLICATIONS

The subject policies provide a sound basis for the assessment and determination of planning applications.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

Council could recommend changes to any or all of the six policies. Where modifications to any of the policies are recommended, Council will need to defer the consideration of the policy to allow the requested changes to be made prior to further consideration and public consultation of the matter.

CONCLUSION

As no changes are proposed to the seven subject planning policies, it is recommended that Council approves their review.

**P14/3472 - REVIEW OF SEVEN UNMODIFIED EXISTING COUNCIL PLANNING POLICIES
(REC)****OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3472)****APPROVAL**

At 6.42pm Cr Schuster moved, seconded Cr Foxtton –

That the Council approves seven policies listed below without amendment:

**CP-060: Pulo Road Subdivision Development Standards,
CP-065: Crime Prevention through Environmental Design of Buildings Policy,
CP-070: Heathcote Heritage Precinct Signage Strategy,
CP-076: Community Concept Plan,
CP-077: Chemists in Medical Centres,
CP-081: Royal Australian Air Force Association (RAAFA) Masterplan, and
CP-082: Design Guidelines for Development of Lot 100 (109) North Lake Road and Lot 9
(241) Leach Highway, Willagee.**

At 6.42pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (11/0)

At 6.42pm Cr Robartson returned to the meeting.

P14/3473 - REVIEW OF COUNCIL POLICY 061: TENNIS COURTS (REC) (ATTACHMENT)

Ward : All
 Category : Policy
 Application Number : Not applicable
 Property : Not applicable
 Proposal : CP-061: Tennis Courts
 Applicant : Not applicable
 Owner : Not applicable
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : P11/3188 – Final Adoption of Urban Planning Policies (Stage 2) - Ordinary Meeting of Council 15 March 2011
 Responsible Officer : Peter Prendergast
 Manager Statutory Planning

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

P14/3473 - REVIEW OF COUNCIL POLICY 061: TENNIS COURTS (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- Community Planning Scheme No. 5 (CPS5) allows Council to prepare and adopt planning policies and undertake regular policy reviews.
- Planning policies supplement CPS5 provisions and the requirements of the Residential Design Codes (R-Codes).
- Planning policies provide a sound basis for planning decision making and improve the validity of decisions made. Provided policies are of sound basis, their status is akin to that of CPS5 provisions, particularly when relied upon at the State Administrative Tribunal.
- Council policy CP-061 was last reviewed by Council on 15 March 2011 and is therefore due for a further review.
- This policy has been revised to incorporate additional provisions relating to solid fencing and to only require advertising where provisions within the policy are not satisfied or where flood lighting is proposed until 10pm.
- It is recommended that Council adopt the revised policy for the purposes of public consultation.

BACKGROUND

Clause 7.1 and 7.2 of CPS5 state that planning approval for 'any domestic tennis court' is required.

CP-061: Tennis Courts

This policy was originally adopted in March 1991 by the Planning and Development Services Committee. Since this time, the policy has been reviewed in June 2000, February 2001 and March 2011.

The objective of the policy is:

'To control the impacts of tennis court developments in or adjacent to residential areas.'

[3473 CP 061 Tennis Courts Policy](#)**DETAIL**

The policy currently contains reference to the following matters:

- Occupancy
- Fencing
- Applications
- Lighting
- Advertising

P14/3473 - REVIEW OF COUNCIL POLICY 061: TENNIS COURTS (REC) (ATTACHMENT)

This broad content is generally retained with minor modification as follows:

Fencing

At present, the policy stipulates maximum fence heights (3.66m for hard courts and 3.05m for grass courts), however the policy does not state whether the fencing should be visually permeable or of solid construction.

Concern is raised in this respect as a solid fence to a height of more than 3.0m could have adverse visual impacts on the streetscape, and be of detriment to residential amenity levels.

To limit such adverse impacts, additional criteria are added to limit the extent of solid fencing within the front setback area, or where it is proposed to be located within 1m of a neighbouring residential property boundary.

Advertising

The current policy requires that where evidence of consultation with neighbouring property owners is not included with an application, the City will undertake public consultation in accordance with Clause 7.5 of CPS5. This requirement refers irrespective of whether the proposal complies with the policy or not.

It is proposed to amend the policy to only require advertising where discretion is sought in respect of particular policy provisions, or where the use of flood lighting is proposed to be extended from 9pm to 10pm.

It is considered prudent that the Policy be updated in this way as there is little benefit in real terms in advertising an otherwise compliant proposal. To do so can be seen to raise third party expectations into concluding that if objections are lodged, the City has the ability to refuse an application. In the case of a tennis court development proposal that is otherwise compliant with the requirements of the City's Tennis Court Policy, such would not be the case.

In addition to the above, the policy has been re-formatted and the Applications and Advertising sections combined.

PUBLIC CONSULTATION/COMMUNICATION

Pursuant to Clause 9.6(b) of CPS5, should Council resolve to adopt the draft policy, it will be advertised via a notice in the local newspaper and on the City's website for a period of 21 days.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Clause 9.6(b)(ii) of CPS5 requires Council to advise the Western Australian Planning Commission (WAPC) of any policy proposal which affects the interests of the WAPC. The revised policy does not have regional significance, therefore the WAPC need not be consulted.

P14/3473 - REVIEW OF COUNCIL POLICY 061: TENNIS COURTS (REC) (ATTACHMENT)**STATUTORY AND LEGAL IMPLICATIONS**

The regular review of Council's policies improves their validity in review situations by the State Administrative Tribunal. Once finally adopted by Council, the reviewed policy will carry similar weight to CPS5.

FINANCIAL IMPLICATIONS

There are no financial implications which result from this report other than advertising costs for consultation and adoption purposes.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The proposed policy does not result in any strategic, risk or environmental management implications for the Council.

POLICY IMPLICATIONS

Once adopted, the revised policy will provide a sound basis for the assessment and determination of planning applications within the City.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

Council could elect not to adopt the amended policy and continue to rely upon the existing policy. This is not recommended for the reasons outlined above.

Council also has the ability to modify the policy prior to advertising.

CONCLUSION

The proposed modifications are considered to improve the policy through addressing potential impacts of solid fencing around tennis courts. The process will also be improved through seeking neighbours comments only where they will contribute to the process.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3473)**ADOPTION**

- 1 That the Council resolve pursuant to Clause 9.6(b) of Community Planning Scheme No. 5 to adopt the amended Council Policy 061: Tennis Courts for the purposes of public consultation for a period of no less than 21 calendar days.**
- 2. Where no submissions in objection are received in response to the consultation undertaken, the final adoption of Council Policy 061: Tennis Courts be undertaken under delegation to the Chief Executive Officer.**

P14/3473 - REVIEW OF COUNCIL POLICY 061: TENNIS COURTS (REC) (ATTACHMENT)Recommittal

At 6.43pm Cr Schuster moved, seconded Cr Robartson -

That Council Item P14/3473 Review of Council Policy CP-061 Tennis Courts be recommitted to the April 2014 meeting of the Council

At 6.45pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

P14/3475 - REVIEW OF COUNCIL POLICY 064: TELECOMMUNICATIONS FACILITIES AND COMMUNICATIONS EQUIPMENT (REC) (ATTACHMENT)

Ward : All
 Category : Policy
 Application Number : Not applicable
 Property : Not applicable
 Proposal : Review of CP-064: Telecommunications Facilities and Communications Equipment
 Applicant : Not applicable
 Owner : Not applicable
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : P11/3225 – Final Adoption of Urban Planning Policies (Stage 3 Review) - Ordinary Meeting of Council 19 July 2011
 Responsible Officer : Peter Prendergast
 Manager Statutory Planning

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

P14/3475 - REVIEW OF COUNCIL POLICY 064: TELECOMMUNICATIONS FACILITIES AND COMMUNICATIONS EQUIPMENT (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- Community Planning Scheme No. 5 (CPS5) allows Council to prepare and adopt planning policies and undertake regular policy reviews.
- Planning policies supplement CPS5 and the Residential Design Codes (R-Codes) provisions.
- Planning policies provide a sound basis for planning decision making and improve the validity of decisions made. Provided policies are of sound basis, their status is akin to that of CPS5 provisions, particularly when relied upon at the State Administrative Tribunal.
- Council policy CP-064 was last reviewed by Council on 19 July 2011 and is therefore due for a further review.
- Since the last review, the R Codes have been amended (August 2013).
- It is proposed that the subject policy be updated to incorporate new R-Code terminology and modified in respect of the provisions relating to communications facilities on residential properties.
- It is recommended that Council adopt the draft policy for the purpose of public consultation.

BACKGROUND

In 1995, the Planning and Development Services Committee adopted a Communications Equipment policy. This policy was reviewed in June 2000.

The Planning and Development Services Committee adopted the Development of Telecommunication Towers and Associated Infrastructure policy in October 1999. This policy was reviewed in June 2000, October 2000, August 2003 and October 2003.

The above two policies (with modifications) were combined into one policy and this policy was adopted by Council in July 2011. The objectives of the policy are:

- *To promote the orderly and proper development of land by outlining suitable provisions relating to the location and design of Telecommunications facilities and Communications equipment that are not classified within legislation as low-impact facilities;*
- *To provide development standards to address the visual amenity impacts relating to the location of Telecommunications Facilities and Communications Equipment; and*
- *To provide additional Acceptable Development provisions for the assessment of proposals for the installation of communications equipment to residential properties, as governed by the provisions of the Residential Design Codes of Western Australia.*

The Western Australian Planning Commission (WAPC) released the amended R-Codes in August 2013. The amendments which relate to the subject policy included changes to terminology and clause numbers.

P14/3475 - REVIEW OF COUNCIL POLICY 064: TELECOMMUNICATIONS FACILITIES AND COMMUNICATIONS EQUIPMENT (REC) (ATTACHMENT)**DETAIL**

The policy has been updated to reflect the new terminology and clause numbers found within the updated R-Codes.

[3475 CP 064 Telecommunications Facilities and Communications](#)

In addition, and in respect of development on residential properties, the Communications Facilities (satellite dishes, television antennas etc) provisions of the policy previously included performance criteria against which the merits of such applications would be assessed. These criteria have been removed, and reliance is now placed on the deemed to comply and design principles provisions of Clause 5.4.4 of the R- Codes. In this respect, it is noted that the deemed to comply and design principles provisions of the R Codes can be relied upon to deliver favourable outcomes, consistent with the intent of the policy.

Clause 8 of the existing policy has also been deleted. This clause also prescribed additional performance criteria for the assessment of communications equipment on both residential and non-residential properties. When considering communications development proposals on residential properties, reliance will be placed on the deemed to comply and design principles provisions of the R Codes. In respect of non residential properties, other performance criteria proposed within Clause 7 of the updated policy will apply.

PUBLIC CONSULTATION/COMMUNICATION

Pursuant to Clause 9.6(b) of CPS5, should the Council resolve to adopt the draft policy, it will be advertised via a notice in the local newspaper and on the City's website for a period of 21 days.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Clause 9.6(b)(ii) of CPS5 requires the Council to advise the Western Australian Planning Commission of any policy proposal which affects the interests of the WAPC. The proposed policy does not have regional significance, therefore the WAPC need not be consulted.

STATUTORY AND LEGAL IMPLICATIONS

The regular review of Council's policies improves their validity in review situations by the State Administrative Tribunal. Once finally adopted by Council, the reviewed policy will carry similar weight to CPS5.

FINANCIAL IMPLICATIONS

There are no financial implications which result from this report other than advertising costs for consultation and adoption purposes.

P14/3475 - REVIEW OF COUNCIL POLICY 064: TELECOMMUNICATIONS FACILITIES AND COMMUNICATIONS EQUIPMENT (REC) (ATTACHMENT)**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

The proposed policy does not result in any strategic, risk or environmental management implications for the Council.

POLICY IMPLICATIONS

Once adopted, the revised policy will provide a sound basis for the assessment and determination of planning applications for telecommunications and communications facilities within the City of Melville.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

Council could elect not to adopt the amended policy and continue to rely upon the existing policy. This is not recommended for the reasons outlined above.

Council also has the ability to modify the amended policy prior to advertising.

CONCLUSION

The revised policy has been reviewed taking into account the other applicable provisions within CPS5 and the R-Codes. It is considered that the reviewed policy now avoids inconsistency with the amended R-Codes which can create issues in the assessment of applications.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3475)**ADOPTION**

- 1 That the Council resolve pursuant to Clause 9.6(b) of Community Planning Scheme No. 5 to adopt the amended Council Policy 064: Telecommunications Facilities and Communications Equipment for the purposes of public consultation for a period of no less than 21 calendar days.**
- 2 Where no submissions in objection are received in response to the consultation undertaken, the final adoption of Council Policy 064: Telecommunications Facilities and Communications Equipment be undertaken under delegation to the Chief Executive Officer.**

At 6.47pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

P14/3477 - REVIEW OF CP-072: MIXED BUSINESS FRAME PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS AND CP-073: MIXED BUSINESS PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS (REC) (ATTACHMENT)

Ward : City
 Category : Policy
 Application Number : None applicable
 Property : Various
 Proposal : Review of Council Policy 072: Mixed Business Frame Precinct Additional Development Requirements and Council Policy 073: Mixed Business Precinct Additional Development Requirements
 Applicant : None applicable
 Owner : None applicable
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : P11/3247 – Final Adoption Urban Planning Policies (Stage 5) - Precinct and Local Area Policies - Ordinary Meeting of Council 20 September 2011
 Responsible Officer : Peter Prendergast
 Manager Statutory Planning

AUTHORITY / DISCRETION

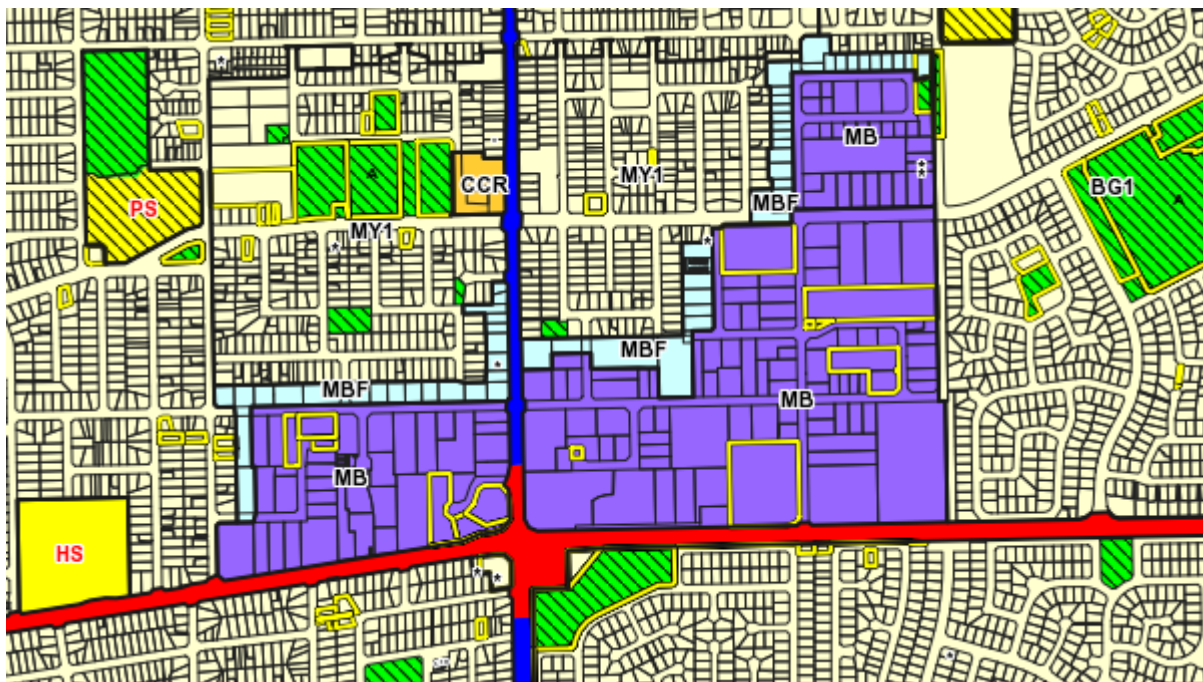
DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

P14/3477 - REVIEW OF CP-072: MIXED BUSINESS FRAME PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS AND CP-073: MIXED BUSINESS PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS (REC) (ATTACHMENT)

KEY ISSUES / SUMMARY

- Community Planning Scheme No. 5 (CPS5) allows Council to prepare and adopt planning policies and undertake regular policy reviews.
- Planning policies supplement CPS5 provisions.
- Planning policies provide a sound basis for planning decision making and improve the validity of decisions made. Provided policies are of sound basis, their status is akin to that of CPS5 provisions, particularly when relied upon at the State Administrative Tribunal.
- Council policies CP-072 and CP-073 were last reviewed by Council on 20 September 2011. These policies are now due for further review.
- Since the policies in question were last reviewed, Council has adopted Policy CP-087: Non-Residential Development, the content of which applies to properties located within the Mixed Business Precinct and the Mixed Business Frame Precinct.
- Taking into account the existing provisions within CPS5, CP-087: Non-Residential Development and other Council policies, the two subject policies have been revised to avoid unnecessary duplication, remove inconsistencies, and be more succinct.
- It is recommended that Council adopt the two draft policies for the purpose of public consultation.



*Mixed Business Precinct shown in Purple and labelled MB.
Mixed Business Frame Precinct shown in light Blue and labelled MBF.*

P14/3477 - REVIEW OF CP-072: MIXED BUSINESS FRAME PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS AND CP-073: MIXED BUSINESS PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS (REC) (ATTACHMENT)**BACKGROUND**

Both Council Policies 072 and 073 were originally adopted by the Planning and Development Services Committee in October 1999 and have since been reviewed in 2000 and 2011.

The objective of both policies is to prescribe additional development requirements for the Precinct to which they relate.

Currently, both policies contain provisions relating to:

- Plot ratio
- Setbacks
- Landscaping
- Building Height
- Parking

The City adopted CP-087: Non-Residential Development in June 2013. This policy also applies to commercial and industrial developments within the Mixed Business Precinct and the Mixed Business Frame Precinct and covers the following matters:

- Building Design
- Uses
- Landscaping
- Visual Privacy
- Vehicle Access, Loading and Parking
- Waste
- Site Works

In addition, CP-079: Car Parking (Non-Residential) was last reviewed by Council in September 2011. This policy prescribes car parking, bicycle parking and loading areas for developments throughout the City of Melville.

Part 4 of CPS5 prescribes development provisions in relation to both the Mixed Business Precinct and Mixed Business Frame Precinct. These include provisions in respect of setbacks, landscaping, plot ratio (Mixed Business Frame Precinct only), height and car parking.

DETAIL

Council Policies 072 and 073 have now been reviewed taking into account the existing provisions within CPS5, CP-087: Non-Residential Development and CP-079: Car Parking (Non-Residential).

The review of these policies will ensure the removal of duplication and inconsistencies, and result in a clearer, more succinct policy document.

P14/3477 - REVIEW OF CP-072: MIXED BUSINESS FRAME PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS AND CP-073: MIXED BUSINESS PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS (REC) (ATTACHMENT)***Council Policy 072: Mixed Business Frame Precinct Additional Development Provisions***

This policy has been revised to now only include setback provisions as plot ratio, height, landscaping and parking are all covered by CPS5, CP-087: Non-Residential Development or CP-079: Car Parking (Non-Residential).

The policy is still required on the basis that Part 4 of CPS5 states that front, side and rear setbacks are to be determined having regard to Council policy.

Council Policy 073: Mixed Business Precinct Additional Development Provisions

This policy has been consolidated to include provisions relating to plot ratio and setbacks as the existing height, landscaping and parking provisions are all covered by CPS5, CP-087: Non-Residential Development or CP-079: Car Parking (Non-Residential).

The revised policy has maintained the plot ratio development requirement outlined within the existing policy, as CPS5 is currently silent on plot ratio for the Mixed Business Precinct. The policy has however been amended to provide revised criteria against which an application can be assessed were a variation to plot ratio is sought.

The assessment of front, side and rear setbacks is also maintained in line with CPS5.

[3477 CP 072 Mixed Business Frame Additional Development Requirements](#)
[3477 CP 073 Mixed Business Precinct Additional Development Requirements](#)

PUBLIC CONSULTATION/COMMUNICATION

Pursuant to Clause 9.6(b) of CPS5, should Council resolve to adopt the draft policies, they will be advertised via a notice in the local newspaper and on the City's website for a period of 21 days.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Clause 9.6(b)(ii) of CPS5 requires Council to advise the Western Australian Planning Commission (WAPC) of any policy proposal which affects the interests of the WAPC. The proposed policies and modifications do not have regional significance, therefore the WAPC need not be consulted.

STATUTORY AND LEGAL IMPLICATIONS

The regular review of Council's policies improves their validity in review situations by the State Administrative Tribunal. Once finally adopted by Council, the reviewed policies will carry similar weight to CPS5.

P14/3477 - REVIEW OF CP-072: MIXED BUSINESS FRAME PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS AND CP-073: MIXED BUSINESS PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS (REC) (ATTACHMENT)

FINANCIAL IMPLICATIONS

There are no financial implications which result from this report other than advertising costs for consultation and adoption purposes.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The proposed policies do not result in any strategic, risk or environmental management implications for the Council.

POLICY IMPLICATIONS

Once adopted, the revised policies will provide a sound basis for the assessment and determination of planning applications within the two Precincts.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

Council could elect not to adopt the amended policies and continue to rely upon the existing policies. This is not recommended for the reasons outlined above.

Council also has the ability to modify the amended policies prior to advertising.

CONCLUSION

The revised policies have been reviewed taking into account the applicable provisions within CPS5 and other existing Council policies. It is considered that the reviewed policies remove duplication and inconsistency, ensuring their relevance in the decision making process.

P14/3477 - REVIEW OF CP-072: MIXED BUSINESS FRAME PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS AND CP-073: MIXED BUSINESS PRECINCT ADDITIONAL DEVELOPMENT REQUIREMENTS (REC) (ATTACHMENT)

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3477)

ADOPTION

- 1 That the Council resolve pursuant to Clause 9.6(b) of Community Planning Scheme No. 5 to adopt the amended Council Policy 072: Mixed Business Frame Precinct Additional Development Requirements and Council Policy 073: Mixed Business Precinct Additional Development Requirements for the purposes of public consultation for a period of no less than 21 calendar days.**
- 2. Where no submissions in objection are received in response to the consultation undertaken, the final adoption of Council Policy 072: Mixed Business Frame Precinct Additional Development Requirements and Council Policy 073: Mixed Business Precinct Additional Development Requirements be undertaken under delegation by the Chief Executive Officer.**

At 6.47pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

Ward : All
 Category : Operational
 Subject Index : Tenders
 Customer Index : City of Melville
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : NA.
 Waste Program : NA
 Funding : 2013/2014 Capital Replacement Program, carried forward funds from the 2012/2013 program. Note extra comments in Financial Implications
 Responsible Officer : Paul Kellick
 Manager Asset Management

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council to note.</i>

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

KEY ISSUES / SUMMARY

To recommend acceptance of a contract for the purchase and supply of seven side arm waste trucks complete with compactor bodies three units being 22m³ (Domestic Municipal Solid Waste (MSW)) and four units being 29m³ (Domestic Recycling).

BACKGROUND

Quotes were called through the Western Australian Local Government Association's (WALGA) Preferred Supply Contract for Trucks and Associated Equipment, Contract Number NPN 04-13, for the supply of seven side loading waste trucks.

The vehicles will be used in the City of Melville domestic and recycling collection services.

The seven current side loading trucks will be sold at auction. The table below shows the hours and optimal replacement schedule for the waste trucks.

<i>Plant #</i>	<i>Make</i>	<i>Model</i>	<i>Purchase Date</i>	<i>Engine HRS</i>	<i>Optimum Replacement</i>
38908	IVECCO	F2350G/260	2008	10,319	8,000 hrs/8yrs
39907	IVECCO	F2350G/260	2007	10,196	8,000 hrs/8yrs
39806	ISUZU	FVY1400	2006	11,633	8,000 hrs/8yrs
38106	IVECCO	F2350G/260	2006	13,845	8,000 hrs/8yrs
38206	IVECCO	F2350G/260	2006	13,247	8,000 hrs/8yrs
38306	IVECCO	F2350G/260	2007	12,533	8,000 hrs/8yrs
39408	IVECCO	F2350G/260	2006	9,255	8,000 hrs/8yrs

Price Schedule

The Price Schedule forms part of the Attachments to the Agenda, which was distributed to the Members of the Contract and Tender Advisory Unit on Tuesday 11 February 2014 under confidential cover.

Quote Evaluation Process

The specifications issued were for three 22m³ (Domestic MSW) and four 29m³ (Domestic Recycling) side loading waste trucks.

Each offer was assessed using the following selection criteria and weightings:

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

Criteria	Weighting
WOL Costs	40%
Operational Assessment	20%
Mechanical Assessment	20%
Environmental Assessment	20%

Note: All criteria are scored out of five for each quote.

Whole of Life Cost (WOL)

The Whole of Life Cost (WOL) consists of the cost of owning and operating the vehicle for the determined period of ownership. For these vehicles the parameters for whole of life cost determination are 8,000hrs / Eight years.

WOL were calculated using the spreadsheet template in the Fleet Consultant's - Uniqco facility with the following input data:

- Purchase cost
- Repairs, Maintenance and Tyres
- Fuel cost and consumption
- Fleet Management Cost
- Insurance and licence

The lowest total cost item receives a score of five. The remaining quoted items receive a percentage out of five.

Scores are rated as follows.

Assessment Rating	Score
Excellent	5
Above Average	4
Average	3
Below average	2
Poor	1

Operational Requirements

Operational assessment was undertaken by two Waste supervisors and one Waste driver and was scored by assessing similar models as the tendered trucks and completing a score card. Score cards were completed for each vehicle and scores averaged across the cards.

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

The following criteria were assessed:

- Vehicle Capability to perform waste collection tasks
- Access for daily checks oil, water, greasing etc
- Turning circle
- Compactor body to specified capacity of 22m³ and 29m³
- Steering positions
- Controls (indicators, brake, gear shift)
- Ease of entry and exit from the cab
- Air conditioning system
- Noise under operation internal and external
- Operators seat comfort, mirrors vision

Technical Specification (Mechanical Assessment)

The mechanical assessment was undertaken by the Workshop supervisor and scored by assessing similar models as the proposed trucks and completing a score card. Score cards were completed for each vehicle and scores averaged across the cards.

The following criteria were assessed:

- Ease of access for safety checks – brake wear, air cleaner, greasing
- Manufacturers service schedule breakdown support
- Ease of brake pad, shoe replacement
- Ease of servicing, vehicle, cab, chassis and compactor
- Access chassis, compactor body for general maintenance
- Oil and Fuel filter frequency of change
- Overall vehicle parts support

Environmental Assessment

The environmental assessment was conducted by the City's Fleet Consultant - Uniqco. Criteria were assessed with a score out of five.

The following criteria were assessed:

- Fuel consumption
- Recycle parts
- Emissions ADR80/02

The Warranty Service Support Assessment was conducted by the City's Fleet Consultant - Uniqco and the Fleet Coordinator.

The following criteria were assessed with a score out of five.

- Local service support.
- Warranty.
- Service training for the City's staff.

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

The Evaluation Sheet forms part of the Attachments to the Agenda, which was distributed to the Members of the Contract and Tender Advisory Unit on Tuesday 11 February 2014 under confidential cover.

DETAIL

In September 2013, vehicle specifications and Quotes were called through WALGA's Preferred Supply Contract for Trucks and Associated Equipment, Contract Number NPN 04-13, for the supply of three 22m³ (Domestic MSW) and four 29m³ (Recycling) side loading waste trucks.

The existing vehicles have exceeded their recommended optimum changeover period and have excessive hours. They are also used daily, which increases their maintenance requirements, costs, down time and affects their reliability and utilisation to Waste Services.

The City then completed a series of detailed operational and mechanical whole of life assessments against each tender offer which includes the two types of compactors offered, Superior Pak and MacDonald Johnson.

Quotes were received for the 22m³ (Domestic MSW) and 29m³ (Recycling) trucks by Major Motors (Isuzu), WA Hino, AV Trucks (Dennis Eagle) and Ivecco.

The City already owns and operates all of the above brands of trucks, and has over the years gathered substantial information on their performance and general maintenance requirements. The cab design and size for the Ivecco and WA Hino models have remained unchanged for many years. The Isuzu has had minor changes to seating and cab size; however the Dennis Eagle trucks have unique features outlined further in this report that determined their selection as the vehicle of choice when the City of Melville implemented weekly recycling.

There were delays in replacing the current assets due to budget constraints in 2011 and 2012, also at the time, the decision was made to base the replacement on years and not hours rather than "whichever comes first". The purchase of these vehicles will now align Fleet replacement to the City's 10 year Asset Management Plan and Institute of Public Works Engineering Australia (IPWEA) optimum replacement schedule.

Panel Discussion and Conclusion

The submissions were firstly assessed in terms of compliance with the general conditions of contract and the quote specification. All quotes were compliant.

It was considered that all four quotes met the minimum requirements, as they all met the compulsory criteria.

The quotes were compared on a value for money basis. The evaluation panel then looked at the strengths and weaknesses of the quote submissions.

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

An in-depth comparison of the individual scoring components of each submission was undertaken to determine exactly which areas an individual submission was higher or lower ranked than another to review how the overall scores related, (i.e. within the Operational Assessment, a significantly superior turning circle may be valued higher than access in to and out of the cab).

Items:

Four 29m³ (Recycle) side loading waste trucks.

12-Jan-2014 Assessment for Tender C033-13 29CM Recycle

			MJD	SP	SP	MJD		
Assessment Criteria			Dennis Eagle	Dennis Eagle	Iveco	Iveco	Major Motors	Hino
			Dennis Eagle	Dennis Eagle	Iveco 29	Iveco 29	Isuzu 29CM	Hino 29CM
a)	Whole of Tender Offer Cost	40.00	35.67 (4.46)	35.89 (4.49)	40.00 (5.00)	39.91 (4.99)	38.17 (4.77)	36.53 (4.57)
b)	Technical Specification	20.00	16.00 (4.00)	16.56 (4.14)	14.84 (3.71)	14.84 (3.71)	13.72 (3.43)	13.72 (3.43)
c)	Operational Specification	20.00	15.20 (3.80)	16.80 (4.20)	12.00 (3.00)	12.00 (3.00)	13.20 (3.30)	13.20 (3.30)
d)	Environmental	20.00	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)
Total		100.00	78.87	81.25	78.84	78.75	77.09	75.45

SP = Superior Pak

MJD – MacDonald Johnson

Three 22m³ (Domestic) side loading waste trucks.

12-Jan-2014 Assessment for Tender C033-13 22CUMT

			SP	MJD	MJD	SP		
Assessment Criteria			Dennis Eagle	Dennis Eagle	Iveco	Iveco	Major Motors	Hino Trucks
			Dennis Eagle	Dennis Eagle	Iveco 22	Iveco 22	Isuzu 22CM	Hino 22CM
a)	Whole of Tender Offer Cost	40.00	37.26 (4.66)	35.89 (4.49)	40.00 (5.00)	39.78 (4.97)	38.24 (4.78)	36.57 (4.57)
b)	Technical Specification	20.00	16.56 (4.14)	16.00 (4.00)	14.84 (3.71)	14.84 (3.71)	12.56 (3.14)	14.84 (3.71)
c)	Operational Specification	20.00	17.20 (4.30)	15.20 (3.80)	12.00 (3.00)	12.00 (3.00)	13.20 (3.30)	13.60 (3.40)
d)	Environmental	20.00	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)	12.00 (3.00)
Total		100.00	83.02	79.09	78.84	78.62	76.00	77.01

SP = Superior Pak

MJD – MacDonald Johnson

Three 22m³ (Domestic) side loading waste trucks.

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)**Comparing the Offers:**

The WA Hino and Major Motors offer included the MacDonald Johnson compactor body, whilst AV Trucks and Iveco offered the MacDonald Johnson and Superior Pak compactor bodies.

The AV Trucks quote utilises the Dennis Eagle trucks step-in step-out low profile cab chassis and walk through cab, this reduces the ingress and egress from the cab as a major reduction in risk for drivers.

The mechanics and operators considered the low profile access for maintenance and operational duties of high importance due to the factors outlined below -

The Evaluation Panel believe that preference in the vital operation of internal controls, turning circle, steering position, large all round vision cab and ergonomics i.e.: low profile including the ingress and egress, were all significant factors of preference for the Dennis Eagle Trucks.

Two specific safety areas in which the Dennis Eagle was rated higher were:

- The entry and exit of the truck having a unique design feature with a low profile step in step out cab arrangement reducing the risk of injury when entering or exiting the cab compared to a standard high entry three points of contact requirement.
- A walk through cab enabling access to both dual controls without exiting the vehicle and whilst it was low in priority given the infrequency of a driver entering and exiting the cab it was noted as a significant safety point to eliminate the risk of Injury.

All of the vehicles quoted run the Urea Add Blue exhaust system which makes them Euro5 compliant which meets the target of almost zero emissions.

Compaction Bodies:

Waste Services completed trials of a Superior Pak side loading compaction body for five days to evaluate its performance, compaction rates, durability and ease of use compared to the MacDonald Johnson unit.

The Superior Pak is less complex, easier to operate and has a greater reach. The side arm is also slightly larger and less compact with parts like the actuators on the body rather than the arm. The operator's feedback on all these items was very positive. With consideration to the recent deemed high maintenance costs and breakdowns of the existing waste trucks and compactors, Waste Services and Fleet have recommended the Superior Pak Compactor.

The Superior Pak compaction system is different being pendulum rather than paddle in the MacDonald Johnson units. This allows more bins to be collected per collection round.

The Dennis Eagle truck is already established in the Western Australian (WA) waste collection business with the City currently operating three Dennis Eagle trucks for the weekly recycling collection service.

The Panel recommends that the Dennis Eagle truck with a Superior Pak 22m³ and 29m³ compaction body should progress in the assessment.

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

PUBLIC CONSULTATION/COMMUNICATION

Not Applicable

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable

STATUTORY AND LEGAL IMPLICATIONS

Section 3.57 11 (2) of the Local Government Act 1995 states that *“Tenders do not have to be publically invited according to the requirements of this Division if – (b) the supply of the goods or services is to be obtained through the Council Purchasing Service of WALGA.”*

FINANCIAL IMPLICATIONS

The purchase of four side loading waste trucks was approved in the 2013/2014 capital program (net \$1,375,000) with three side loading waste trucks being carried forward funds from the 2012-2013 capital program (net \$865,350).

There is a shortfall of available funds due to a combination of the expenditure of \$2,675,762 exceeding the budget of \$2,240,350 by \$435,412 compensated by an increased income of \$135,000 leaving a net shortfall of \$300,412.

The shortfall in expenditure is due to the Fleet replacement program being based on the original purchase price rather than current purchase prices, that is, the pricing was not indexed to reflect cost increases.

Improvements to the City’s Fleet management system and processes are currently being made to allow indexing of purchase prices to reflect forecast replacement value.

Comments on expenditure.

1. The trucks being a higher specification than the existing vehicles i.e. the recycle trucks have an Elphinstone weighing system at \$12,000 per truck.
2. Insufficient funds in the adopted budget due to replacement price not being indexed.
3. General cost increases.

	Purchases	Sales	Net
Adopted	\$2,240,350	-\$410,000	\$1,830,350
Required	\$2,675,762	-\$545,000	\$2,130,762
BUDGET AMENDMENT REQUIRED	\$435,412	-\$135,000	\$300,412

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)

Capital costs for the new vehicles will be raised against the carried forward approved funding, covered by 420.80235.1575.000 (Heavy Plant), however running costs i.e.: fuel and general maintenance will be recovered via an operational charge paid for by the Waste Services to Fleet Services. The shortfall will require a budget amendment to enable transfer of funds from Refuse Facilities Reserve of \$300,412.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

This report is consistent with the City's Corporate Plan's Key Result Area of Environment including the provision of Waste Services. It is also consistent with the Strategic Waste Management Plan developed in association with the Southern Metropolitan Regional Council.

Risk Management Implications

The purchase of the side loading waste trucks and compactors will help ensure that the City is able to continue to provide efficient and safe weekly domestic and recycle waste collection services to the City's residents.

The existing 2006 year trucks are beyond their replacement dates with high hours and increasing maintenance and breakdown costs, the 2007 and 2008 vehicles are also at their respective replacement dates under the IPWEA optimum replacement guidelines.

POLICY IMPLICATIONS

Procurement of Goods and Services Policy CP-023

Asset Financing & Borrowings Policy: CP-024

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

There are two alternative options:

1. Leasing in preference to a direct purchase is an option but results in higher costs to the City due to higher operational costs and complex contracts that include penalties for high use. The City's cost of funds is also cheaper than the interest rates leasing companies can provide.
2. Delaying the purchases of one or more trucks, is also an option but will result in higher repair costs over time of the existing trucks.

CONCLUSION

The Evaluation Panel recommends that seven Dennis Eagle trucks with the Superior Pak Compaction Units (22m³ and 29m³) as quoted by AV Trucks be accepted, with the life of the vehicles being set at eight years or 8,000hrs (replacement based on whichever comes first).

T14/3480 – (CO33/13) – SUPPLY OF SEVEN SIDE LOADER WASTE TRUCKS FOR THE CITY OF MELVILLE WASTE SERVICES (AMREC) (CONFIDENTIAL ATTACHMENT)**EVALUATION PANEL RECOMMENDATION (C033/13)****APPROVAL**

That the submission by AV Trucks for the purchase of seven Dennis Eagle trucks with Superior Pak compactors for three 22m³ and four 29m³ obtained through WALGA's Preferred Supply Contract for Trucks and Associated Equipment - Contract Number NPN 04-13, be accepted for the amount of \$2,675,762 exclusive of GST, as the most advantageous.

CONTRACT AND TENDER ADVISORY UNIT RECOMMENDATION (3480) (CO33/13)**ABSOLUTE MAJORITY APPROVAL**

At 6.47pm Cr Robartson moved, seconded Cr Schuster –

That the Council by absolute majority decision:

- 1. Accepts the quotation by AV Trucks for the purchase of seven Dennis Eagle trucks with Superior Pak compactors (three 22m³ and four 29m³ trucks) obtained through the Western Australian Local Government Association's Preferred Supply Contract for Trucks and Associated Equipment - Contract Number NPN 04-13, be accepted for the amount of \$2,675,762 exclusive of GST, as the most advantageous.**
- 2. Approves the transfer of additional funds following a budget amendment from the Refuse Facilities Reserve, to cover the budget shortfall of \$300,412.**

At 6.49pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (10/2)

For: Mayor Aubrey, Cr Aubrey, Cr Barton, Cr Foxtton, Cr Hill, Cr Macphail, Cr Phelan,
Cr Reynolds, Cr Robartson, Cr Schuster,
Against: Cr Pazolli, Cr Taylor-Rees.

At 6.50pm Cr Macphail left the meeting and returned at 6.53pm.

M14/5000 – COMMON SEAL REGISTER (REC)

Ward : All
 Category : Operational
 Subject Index : Legal Matters and Documentation
 Customer Index : City of Melville
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Standard Item
 Works Programme : Not applicable
 Funding : Not applicable
 Responsible Officer : Jeff Clark – Governance and Compliance Program Manager

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input checked="" type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

KEY ISSUES / SUMMARY

This report details the documents to which the City of Melville Common Seal has been applied for the period from 24 January 2014 up to and including 20 February 2014 and recommends that the information be noted and endorsed.

M14/5000 – COMMON SEAL REGISTER (REC)

BACKGROUND

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.

DETAIL

Register Reference	Party	Description	Dataworks Reference
848	The City of Melville and 21-23 Queens Road Mt Pleasant	Draft Deed of Agreement to satisfy condition 18 of Planning Approval for a three storey mixed use development at 21-23 Queens Road, Mt Pleasant	3124204
849	The City of Melville and Applecross Tennis Club	Renewal of Lease for five years commencing 10 February 2014 and expiring 9 February 2019	3087567
850	The City of Melville and Windelya Sports Association	Renewal of Lease for five years commencing 10 February 2014 and expiring 9 February 2019	3099325
877	The City of Melville and Manta Services Pty Ltd and Jamie Stuart Dix	Lease Extension - Manta Services Pty Ltd 1 yr Lease extension for Deep Water Point Café commencing on the 22 January 2014 and expiring on 21 January 2015	3192351
881	The City of Melville and Adshel Street Furniture Pty Ltd	Deed of Variation to Agreement between The City of Melville and Adshel Street Furniture Pty Ltd – Supply of Metrolite Street Furniture (bus shelters)	3210246
884	The City of Melville and the Owners of 1-4/893 Canning Highway, Mount Pleasant, Strata Plan 8967 and 893 Canning Highway Pty Ltd	Agreement deferring amalgamation of Lot 136 (no .19) Ogilvie road & Lot 9 (No 893-897) Canning Highway, Mount Pleasant The Owner has requested the City to release the building permit for the Development prior to the amalgamation of the Lots	3206928

M14/5000 – COMMON SEAL REGISTER (REC)

885	The City Of Melville Eustratios Manios and Vicki Manios	Temporary withdrawal of caveat to permit mortgage on Lots 1 & 2 (no 11a and 11b) Majestic Close Applecross	3207306
889	The City of Melville and Walters River Café	Deed of Assignment of lease Walters River Café/kiosk - City of Melville and Manta Services Pty Ltd Rusty Dolphin Pty Ltd and Gregory James Sommer	3225526

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

Section 2.5(2) of the Local Government Act 1995 states:

The local government is a body corporate with perpetual succession and a common seal.

Section 9.49A (3) of the Local Government Act 1995 states:

(3) *The common seal of the local government is to be affixed to a document in the presence of —*

(a) *the mayor or president; and*

(b) *the chief executive officer or a senior employee authorised by the chief executive officer,*

each of whom is to sign the document to attest that the common seal was so affixed.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Not applicable.

POLICY IMPLICATIONS

Not applicable.

M14/5000 – COMMON SEAL REGISTER (REC)**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

CONCLUSION

This is a standard report for Elected Members' information.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (5000)**NOTING**

That the actions of His Worship the Mayor and the Chief Executive Officer in executing the documents listed under the Common Seal of the City of Melville from 24 January 2014 up to and including 20 February 2014, be noted and endorsed.

At 6.50pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY ENBLOC (12/0)

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)**

Ward	: All
Category	: Policy
Subject Index	: Policy and Policy Development
Customer Index	: City of Melville
Disclosure of any Interest	: No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	: M13/5318 - Adoption of Code of Conduct – Elected Members – December 2013 – Ordinary Meeting of the Council
Works Programme	: Not Applicable
Funding	: Not Applicable
Responsible Officer	: Jeff Clark Governance and Compliance Program Manager

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)****KEY ISSUES / SUMMARY**

- The City adopted a Code of Conduct for Elected Members and staff in 1999.
- The City last amended its Code of Conduct in October 2009 and as a result the Code is outdated and does not meet the needs of the Council.
- The current Code of Conduct applies to Elected Members, all Committee Members whether or not Elected Members or Officers, and Officers of the City of Melville.
- It is proposed to have two separate Codes of Conduct, one for Elected Members and one for Officers.
- The current Code of Conduct has been reviewed and a Draft Code of Conduct for Elected Members and Committee Members (Elected Members) has been prepared.
- The Code was reviewed by Elected Members in a workshop on 11 February 2014 and the draft has been updated with the outcome of the workshop.
- It is recommended that the Draft Code of Conduct, Council Policy CP - 041 be adopted.

BACKGROUND

It is a requirement under the *Local Government Act 1995* s. 5.103 that a local government has a code of conduct to be observed by council members, committee members and employees. Regulations may prescribe codes of conduct or the content of, and matters in relation to, codes of conduct.

The City adopted a Code of Conduct in 1999 and whilst the Current Code of conduct has been reviewed, it has not been updated since 2009.

In 2007 the *Local Government (Rules of Conduct) Regulations 2007* came into force. These regulations prescribe general principles to guide the behaviour of council members and these were incorporated into the Code of Conduct in 2009. The Rules do not limit what a code of conduct may contain but complement the intent of a Code of Conduct

As the current Code of Conduct had not been reviewed or amended since 2009, a review of the Code of Conduct was undertaken. The resultant draft Code of Conduct incorporates part of the current Code of Conduct whilst also taking into consideration updated legislation and observations made by the Standards Panel in their findings on conduct.

DETAIL

The draft Code of Conduct for Elected Members is very different from the current Code. It is a separate Code of Conduct for Elected Members only and provides a detailed code for observance by all Elected Members, to ensure the highest ethical standards in decision-making and behaviour. A separate Code of Conduct for employees will be prepared.

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)**

Some of the differences between the current and draft Codes are as follows:

1. General Principles and Ethical Standards

Whilst the general principles are for guidance only, relevance attaches to them when considered in conjunction with the *Local Government (Rules of Conduct) Regulations 2007*.

2. Values of the City of Melville

The City of Melville has formulated a set of four core values. Although these are current, the City may add new values or review the present values to ensure that they reflect the underlying principles of good governance and those of the Public Sector Standards.

3. Behaviour of Members

This item has been amended by the addition *“Extreme caution should be exercised in expressing views on matters that may likely come before Council at some future stage as such statements may be impacted by the general principles of Administrative Law relating to Bias and Conflict of Interest. Elected Members should always be mindful of the provisions of the Local Government Act 1995 as, read with the Rules of Conduct Regulations that provide that decisions are made at Council or Committee meetings and based on relevant and factually correct Information (i.e. the latest and up to date information)”*.

4. Security

A new section relating to Security has been added. Security protocols exist to protect Elected Members, Employees and the City’s assets and information and these must be observed.

5. Disclosure of Interest

Additions have been made to this section to clarify the Disclosure of Interest by Elected Members.

6. Gifts

Additions have made to this section to further clarify the receipt of gifts by Elected Members.

7. Corruption and Crime Commission

Additions have been made to this section in order that Elected Members are aware that matters of misconduct and/or corruption may be reported to the Corruption and Crime Commission (CCC) and those protections are afforded to persons who make such reports.

PUBLIC CONSULTATION/COMMUNICATION**I. COMMUNITY**

No external engagement has been carried out because the Council Policy relates to Elected Members and members of Council’s Committees.

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)****II. OTHER AGENCIES / CONSULTANTS**

The Department of Local of Local Government and Communities previously indicated that a generic Code of Conduct would be drafted and made available for comment. The Department has provided a draft Code of Conduct that is still in progress and copies of the Department's draft has been provided to Elected Members in January.

The Codes of Conduct of other local governments have been reviewed to determine if there are items for inclusion that are not contained in the City's Code. This search did not contribute substantially to the City's Code.

STATUTORY AND LEGAL IMPLICATIONS

Section 5.103 of the *Local Government Act 1995* requires that a local government complies with the following:

"5.103(1) Every local government is to prepare or adopt a code of conduct to be observed by council members, committee members and employees."

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

A Code of Conduct provides a basis of expectations for the behaviour and conduct for Elected Members, Committee Members and Officers who are Committee Members. It provides for the commitment to ethical and professional behaviour and outlines principles on which individual and collective local government responsibilities may be based.

POLICY IMPLICATIONS

That the current Code of Conduct has been reviewed and replacement of the current Code of Conduct Policy CP-041 is recommended.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council could resolve to continue with the current Code of Conduct however this is not a recommended outcome.

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)****CONCLUSION**

The draft Code of Conduct provides an integrated reference document for Elected Members on rules of conduct and behaviour befitting a representative of the City. It outlines the official roles and responsibilities of Elected Members and Officers and the relationship between the two. It provides as an annexure, the rules of conduct that Elected Members are required to follow. It incorporates the statutory requirements of the *Local Government (Administration) Regulations 1996* and the values and ethical standards of the City. Adherence to the Code of Conduct in effect works to maintain the power of the vote by Elected Members while non adherence can result in a diminution of the ultimate power and effect of the vote exercisable by Elected Members in decision making.

The Code of Conduct replaces a policy that is inconsistent with current procedure and expectations of the Council.

OFFICER RECOMMENDATION (5340)**APPROVAL**

At 6.57pm Cr Reynolds moved, seconded Cr Phelan –

That the current Council Policy CP-041 Code of Conduct be repealed and the Draft Code of Conduct (as attached) 5340 Code of Conduct be adopted.

Amendment 1

At 6.58pm Reynolds moved, seconded Phelan –

That the Code of Conduct Policy be amended as follows:

- 1 That the words (e.g. Local Government Act 1995 Section 6.8(1)(c)) in clause 1.4.4 point two be deleted.**
- 2 That in clause 3.5 (c) the words “by employees” be replace with “the City”.**

At 6.59pm the Mayor submitted the amendment, which was declared

CARRIED UNANIMOUSLY (12/0)

Reasons for Amendment

The suggested amendments arose from Elected Member discussion at the Agenda Briefing Forum held on 4 March 2014 and was reported in the Elected Members Bulletin of 14 March 2014.

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)**Amendment 2

At 7.10pm Cr Pazolli moved, seconded Cr Schuster –

That the Officer Recommendation be amended to read:

- 1) That after the words “be adopted.” The words “, with the following Amendments:” be inserted.
- 2) That the Code of Conduct Policy be amended as follows:
 - a) That Clause 1.3.2 be amended by the deletion of the word “will” and replacement with the word “shall” and at the end of the clause, include the words “,as the paramount consideration in their decision-making.”
 - b) That Clause 1.4.3(d) be amended after the words “To consider...” by the inclusion of the words “as paramount”.

At 7.32pm the Mayor submitted the amendment, which was declared

LOST (4/8)

For: Cr Barton, Cr Pazolli, Cr Schuster, Cr Taylor-Rees.

Against: Mayor Aubrey, Cr Aubrey, Cr Foxtan, Cr Hill, Cr Macphail Cr Phelan, Cr Reynolds, Cr Robartson

At 7.31pm – Cr Pazolli requested that the following statement by Cr Phelan be recorded in the minutes.

“I am dismayed that a fellow Councillor could even imagine that the Council, representing the community and City as a whole, could be encouraged to make decisions “that subjugate the interests of the City of Melville ratepayers to the interests of others, including the interests of the ratepayers of other Councils.”

The idea that any council, past, present or future would make decisions for self/individual, the City organisation or other government company organisation is totally delusional and indeed offensive.

Apart from our own Code, the Local Government Act 1995 is specific regarding the decision making process and protection of the electors, ratepayers and residents of the City”.

It was agreed that the statement be recorded in the minutes.

Cr Pazolli then requested that the statement be withdrawn.

Cr Phelan advised the meeting that she would not withdraw her statement.

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)**Amendment 3

At 7.33pm Cr Pazolli moved, seconded Cr Barton –

That the Officer Recommendation be amended to read:

- 1) That the after the words “be adopted.” The words “, with the following Amendments:” be inserted.**

- 2) That the Code of Conduct Policy be amended as follows:
That Clause 1.4.5 (e) be amended by the deletion of the following words: “of fidelity (or loyalty) to his/her local government’s decisions (particularly those made by its council), irrespective whether:**
 - the decision was made at a regularly held meeting of the council or a relevant committee; or**
 - the council member was present when the decision was made; or**
 - the council member voted for or against the decision; or the council member agreed or not with the decision or the reason or any of the reasons for the decision; or**
 - the decision was made, under delegation, by his/her local government’s CEO or another staff person.”**

and replaced with the words “to support the council’s decision-making processes.”

At 7.37pm Mr Prendergast left the meeting.

At 8.06pm the Mayor submitted the amendment, which was declared

LOST (3/9)

For: Cr Barton, Cr Pazolli, Cr Taylor-Rees

Against Mayor Aubrey, Cr Aubrey, Cr Foxton, Cr Hill, Cr Macphail, Cr Phelan, Cr Reynolds, Cr Robartson, Cr Schuster

At 8.17pm Cr Robartson left the meeting and returned at 8.18pm

**M14/5340 – ADOPTION OF CODE OF CONDUCT, COUNCIL POLICY CP- 041 (REC)
(ATTACHMENT)**Amendment 4

At 8.07pm Cr Pazolli moved, seconded Cr Barton –

That the Officer Recommendation be amended to read:

1) That the after the words “be adopted.” The words “, with the following Amendments:” be inserted.

2) That the Code of Conduct Policy be amended as follows:

That Clause 3.5 (c) be amended by the deletion of the following words: “Extreme caution should be exercised in expressing views on matters that may likely come before Council at some future stage as such statements may be impacted by the general principles of Administrative Law relating to Bias and Conflict of Interest.”

and insert the word “significantly” twice in the sentence: “No such statements should significantly criticise the conduct of the Council, other Elected Members or employees of the Council, nor should it significantly undermine any existing policy or decision of the Council

At 8.41pm the Mayor submitted the amendment, which was declared

LOST (3/9)

For: Cr Barton, Cr Pazolli, Cr Taylor-Rees.

Against Mayor Aubrey, Cr Aubrey, Cr Foxton, Cr Hill, Cr Macphail, Cr Phelan, Cr Reynolds, Cr Robartson, Cr Schuster

COUNCIL RESOLUTION (5340)**APPROVAL**

At 8.43pm the Mayor submitted the substantive motion as amended -

That the current Council Policy CP-041 Code of Conduct be repealed and the Draft Code of Conduct (as attached) 5340 Code of Conduct be adopted with the following amendments.

1 That the words (e.g. Local Government Act 1995 Section 6.8(1)(c)) in clause 1.4.4 point two be deleted.

2 That in clause 3.5 (c) the words “by employees” be replace with “the City”.

At 8.44pm the Mayor declared the motion

CARRIED (9/3)

For: Mayor Aubrey, Cr Aubrey, Cr Foxton, Cr Hill, Cr Macphail, Cr Phelan,
Cr Reynolds, Cr Robartson, Cr Schuster

Against: Cr Barton, Cr Pazolli, Cr Taylor-Rees

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	Financial Statements and Investments
Customer Index	:	Not Applicable
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	C13/6060 – Consideration and Adoption of the 2013/2014 Annual Budget (26 June 2013) M13/5306 - Salaries and Wages Tribunal – Elected Members Fees and Allowances (20 August 2013) C13/6062 - Long Term Model Review and Proposed Capital Works Module (10 December 2013)
Works Program	:	Not Applicable
Funding	:	Not Applicable
Responsible Officer	:	Wayne Nicholls Acting Senior Management Accountant

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- This report presents the Mid Year Budget Review for the period 1 July 2013 to 31 December 2013.
- A Mid Year Budget Review is required under the Financial Management Regulations to identify both positive and negative variances across the organisation.
- This report recommends that the 2013/2014 Budget be adjusted accordingly.

BACKGROUND

The City of Melville reviews its budget position on an ongoing basis, with a budget variations listing and a budget variance report forming part of the monthly financial statements submitted to Council. The Financial Management Regulations (33A) specify that Local Governments must undertake a formal budget review between 1 January and 31 March and submit the findings to the Department of Local Government. The City of Melville has undertaken this formal budget review during this period based on the financial position as at the conclusion of December 2013.

DETAIL

The Mid Year Budget Review has been undertaken by Budget Responsible Officers and reviewed by Management Accounting and the Executive Management Team. The overall financial position for the City of Melville as at 31 December 2013 is a nil net variance. This is the net result of both positive and negative variances, across both operating and capital budgets.

The Budget Review also encompasses the 2013/2014 opening funds negative variance of \$855,656, brought forward from the 2012/2013 financial year. In addition budget savings of (\$170,807) have been identified prior, and separate, to the Mid Year Review. These savings arose from a fuel rebate of (\$123,256), a once off transaction that will not occur in future years, and an amount of (\$47,550) that was carried forward from 2012/2013 for public art that has already been funded.. This amount has been added to the review result to ascertain a complete picture of the year to date position at 31 December 2013.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)

The following table is a summary of the Mid Year Review results, with positive variances shown as (\$xxx):

Operating	
Management Services	(\$115,269)
Corporate Services	(\$41,884)
Community Development	(\$387,765)
Technical Services	(\$123,880)
Fleet	\$84,407
Urban Planning	(\$195,817)
General Purpose Funding	\$944,120
Net Reserve Transfers	(\$819,244)
Net Positive Operating Variance	(\$655,332)
Capital	
Corporate Services	(\$2,000)
Community Development	(\$27,517)
Net Capital Variance	(\$29,517)
Net Positive Variance from Mid Year Review	(\$684,849)
Opening Negative Variance to Budget Position	\$855,656
Savings identified prior to the Mid Year Review	(\$170,807)
Net Positive Variance Position at 31 December 2013	Nil

Key findings are shown below and amendments are shown in line with the Adopted Annual Budget format in attachment: 6064 Mid Year Review Summary Amendments.

[6064 Mid Year Budget Review Summary Amendments](#)

Whilst the % variance adopted by Council when adopting the 2013/2014 Budget, at its Special Meeting of Council held on 26 June 2013, was 10% or \$50,000 (whichever is greater) some commentary has been provided on variances below this number where considered necessary to gain a full understanding of the net position.

Key findings in Operating Budget:

Management Services – (\$115,269) Positive Variance

Chief Executive Officer – (\$29,193) Net Positive Variance

- Elected Members expenses - \$60,680 negative variance following the implementation of the Salaries and Wages Tribunal recommendations that were adopted by Council at its Ordinary Meeting of Council 20 August 2013.
- Materials and Contracts – (\$89,873) positive variance in the Chief Executive Officer Contingency Fund

Organisational Development - (\$86,076) Net Positive Variance

- Materials & Contracts – (\$80,000) positive variance the result savings from a change in media advertising strategy moving more toward online advertising.
- Grants and Contributions – (\$6,000) positive variance the result of clerical traineeship funding not previously budgeted.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**Corporate Services – (\$41,884) Net Positive Variance****Director Corporate Services – (\$64,718) Net Positive Variance**

- Insurance – (\$64,674) positive variance a result of reduced premiums following the property revaluation.

Property and Governance – (\$92) Net Positive Variance

- Fees & Charges - \$9,000 negative variance due to the termination of the lease held over the Attadale Pre Primary site.
- Other Revenue – (\$54,350) positive variance due to additional electricity recoups from Melville Reserve, Melville Water Polo, and the Wireless Hill Museum.
- Utilities - \$45,350 negative variance due to electricity charges at Melville Reserve, Melville Water Polo, and the Wireless Hill Museum but is offset by additional income recoups (refer Other Revenue above).

Information Services - (\$15,075) Net Positive Variance

- Employee Costs – (\$15,075) positive variance is the result of a staff vacancy.

Information Technology - \$14,790 Net Negative Variance

- Employee Costs – \$14,790 negative variance that is to be addressed by changes in team staffing.

Financial Services - \$23,211 Net Negative Variance

- Materials & Contracts – (\$30,000) positive variance due to savings in bank charges and postage against budget.
- Employee Costs - \$42,369 negative variance due to the additional cost of staff in acting positions while the Senior Management Accountant is seconded to project work.
- Rates - \$19,460 negative variance to a decrease in rates search fees received, and a small decrease in Department of Fire and Emergency Services administration fee received against budget

Community Development – (\$387,765) Net Positive Variance**Recreation Services - (\$184,194) Net Positive Variance**

- Fees & Charges – (\$110,431) positive variance due mainly to additional income being received at both Melville Aquatic Fitness Centre and Melville Recreation Centre across various programs.
- Employee Costs - \$41,386 negative variance due to additional staffing costs at both centres to deliver the Leisure Fit structure changes.
- Materials & Contracts – (\$127,300) positive variance due mainly to current enrolments being down for the swimming squad and hence reduced contract payments.
- Utilities - \$65,000 negative variance due mainly to unforeseen changes to the Gas Supply Agreement, and a small anticipated overspend on electricity.
- Internal Allocations - (\$73,349) positive variance due to a reduction in advertising, publication and marketing internal allocations following a change of focus to cover other promotional purchases.
- Other Expenditure - \$20,000 negative variance due to higher than anticipated levels of discounts on pensioner concessions and youth programs.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)***Health Services - (\$9,567) Net Positive Variance***

- Fees & Charges – \$20,000 negative variance due mainly to a lower than anticipated level of food premises licence renewals and a fall in the number of outdoor eating permits being issued.
- Materials and Contracts – (\$29,000) positive variance due to a reduction in the anticipated consultants report on groundwater sampling, and a reduction in contractor costs due to falling immunisation numbers.

Neighbourhood Development - (\$118,922) Net Positive Variance

- Other Revenue – (\$128,768) positive variance due to mainly to additional hall hire following the resumption of management of the Blue Gum community facility.
- Utilities - \$32,150 negative variance due to additional utility costs following the resumption of management of the Blue Gum community facility.
- Materials and Contracts - \$22,572 negative variance due to increases in contractors and stores and materials.
- Fees and Charges – (\$15,432) positive variance due to increased lease income.
- Employee Costs – (\$13,613) positive variance due to savings across various programs

Neighbourhood Amenity - (\$68,577) Net Positive Variance

- Fees & Charges – (\$68,577) positive variance due to higher than anticipated revenue from cat and dog licence fees.

Technical Services – (\$123,880) Net Positive Variance***Director Technical Services – (\$17,577) Net Positive Variance***

- Employee Costs – (\$16,577) positive variance due to a change in staff working hours.

Waste Services - \$186,363 Net Negative Variance

- Internal Allocations – \$323,563 negative variance due to additional waste truck repairs, and fuel increases.
- Internal Recovery – (\$160,321) positive variance due to the oncharging of additional waste truck repairs, \$75,229 and fuel increases \$85,092.

Works Services – (\$37,638) Net Positive Variance

- Other Revenue – \$123,381 negative variance due to reduced income being received from crossover contributions (\$120,000). This has been offset by reduced contractor payments in Materials and Contracts below.
- Materials and Contracts – (\$124,759) positive variance due to reduced contractor payments made for crossover repairs.
- Employee Costs – (\$30,879) positive variance the result of reduced overtime and contractor costs.

Engineering Design - (\$86,296) Net Positive Variance

- Internal Recovery – (\$100,000) positive variance due to upward revision of expenses to be recovered.
- Materials and Contracts - \$13,704 negative variance mainly due to unbudgeted powder coating of street lights in the Ardross West Underground Power project

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)***Parks and Environment – (\$146,259) Net Positive Variance***

- Other Revenue - \$13,000 negative variance due to decreased income from production of memorial plaques.
- Employee Costs – (\$33,200) positive variance due to savings across all areas
- Materials and Contracts – (\$131,923) positive variance due to savings in pruning contractors (\$80,389), Stores (\$35,000) and other various savings.
- Insurance - \$10,000 negative variance due to insurance excess on claims.

Asset Management - (\$19,242) Net Positive Variance

- Employee Costs – \$13,008 negative variance due to increased salary and training costs.
- Materials and Contracts – (\$82,250) positive variance due to a reduction in professional consultancies as funds for the footpath survey were also included in the capital expenditure program.
- Internal Recovery - \$50,000 negative variance due to a recalculation of the internal recovery rate for the Asset Management team.

Fleet – \$84,406 Net Negative variance

- An increase in fuel use and fuel cost of \$171,750 is expected for the 2013/2014 financial year. Of this figure, \$87,345 relates to the Waste program and has been included in the Waste variance earlier in this report.

Urban Planning – (\$195,817) Net Positive Variance***Planning Services - (\$43,270) Net Positive Variance***

- Employee Costs – (\$42,870) positive variance due to savings in Planning Administration employee costs.

Strategic Urban Planning – (\$108,865) Net Positive Variance

- Materials & Contracts – (\$108,601) positive variance due to reduction in professional consultancies for the Garden City, Transport Strategy and Greater Murdoch SUP projects.
- Strategic Urban Planning in conjunction with the City's Strategic Property Management Group currently provides services with respect to the City's acquisition, disposal and management of strategic land and property. Specialist property advice to support these operations is currently provided through contractual arrangements with a subject matter expert. These contractual arrangements come to an end in March 2014. The mid year budget review provides for continued access to specialist strategic property advice through a proposed additional staff member to be appointed on a contract basis for up to three years. The new position would focus on the development of alternative revenue streams through effective use of the City's strategic land and property assets. The mid year budget review notes that funding of this position for the 2013/14 year is able to be accommodated within the existing SUP property rationalisation operating account. It is proposed that in future years this position is to be funded from Land and Property Reserve.

Building Services – (\$43,339) Net Positive Variance

- Materials and Contracts – (\$39,719) positive variance due to reductions in expected contractors, legal and consulting expenditure.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**General Purpose Funding – \$944,120 Net Negative Variance**

- Rates – (\$18,601) positive variance. Higher levels of late payment penalty interest (\$48k) and debt collection costs recovered (\$7k) are expected. These are offset by decreases in instalment administration fees \$37k, and instalment interest \$11k. An addition to Underground Power expenditure accounts of \$239,215 is required to fund refunds to ratepayers in the Attadale South Underground Power Project following cost savings refunded to the City by Western Power in 2012/2013. These monies were inadvertently taken up in error as part of the 2012/2013 budget surplus. There has been an increase of (\$11k) in interim rates resulting from an increase in building activity.
- Other Expenditure - \$239,215 negative variance. An addition to Underground Power expenditure accounts of \$239,215 is required to fund refunds to ratepayers in the Attadale South Underground Power Project following cost savings refunded to the City by Western Power in 2012/2013. These monies were inadvertently taken up in error as part of the 2012/2013 budget surplus.
- Grants and Contributions – \$744,550 negative variance due to Federal Assistance Grant monies being paid in advance late in the 2012/2013 financial year, being the General Purpose Grant of \$373,880, and the Road Grant of \$370,670. These amounts are offset by reserve transfers from the Infrastructure Asset Management and Land and Property Reserves shown below.
- Investment Earnings – (\$21,044) positive variance due to revised investment earning projections.

Net Reserve transfers – (\$819,244) Net Positive Variance

- Refuse Facilities Reserve – (\$99,018) additional reserve funds to be used to fund additional waste truck repairs.
- Infrastructure Asset Management Reserve – (\$370,670) additional reserve funds to be used to fund the negative variance resulting from the early payment of the 2013/2014 Federal Assistance Road Grant in 2012/2013.
- Land and Property Reserve – (\$373,880) additional reserve funds to be used to fund the negative variance resulting from the early payment of the 2013/2014 Federal Assistance General Purpose Grant in 2012/2013.
- Recreation Centres Equipment Replacement Reserve – \$11,100 additional funds to be set aside following proceeds of sale of equipment. These funds will assist in the funding of future equipment purchases.
- Private Swimming Pool Inspection Fee Reserve - \$19,719 additional funds to be set aside as contractor money is no longer required for inspections but must be hypothecated to the reserve. This will help reduce the need for a fee increase in 2014/2015.
- Community Surveillance and Security Reserve – (\$6,494) additional funds to be used to offset the increases fuel usage and increases in fuel pricing for the security vehicles.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**Key findings in Capital Budget:****Community Development – (\$27,517) Net Positive Variance****Recreation Services - \$12,483 Net Negative Variance**

- Recreation Equipment – (\$11,100) positive variance due proceeds from sale of recreation equipment. This will be transferred to the Recreation Equipment Reserve to fund future purchases.
- Melville Aquatic Solar Heating - \$23,583 negative variance due to additional costs incurred in strengthening the Melville Aquatic roof to support the solar heating equipment.

Neighbourhood Development - (\$40,000) Net Positive Variance

- Public Arts program – (\$40,000) positive variance due a reduction in funds required as \$40,000 was accrued from the 2012/2013 budget to fund purchases.

Technical Services – Nil Net Variance**Waste Services - Nil Net Variance**

- Bin Surrounds & Enclosures - \$20,000 negative variance funded by reduction in rubbish bin replacement below
- Rubbish Bins Other – (\$20,000) positive variance used to fund Bin Surrounds & Enclosures referred to above.

Fleet – Nil Net Variance

- Lease surplus Waste truck was terminated early. This has resulted in a saving of \$121,000 in lease payments and this amount is to be set aside to the Plant Replacement Reserve

Capital Works Program - Nil Net Variance**Buildings - \$7,200 Net Negative Variance**

- \$7,200 negative variance as a result of minor landscaping works following the Melville Aquatic redevelopment. Additional Western Power costs of \$30,000 to underground the power to the Winnacott Reserve Clubrooms will be funded by Melville Aquatic cycle room project funds no longer required due to work being completed in 2012/2013.

Drainage - \$154,659 Net Negative Variance

- \$154,659 negative variance due mainly to the following. Lamond Street project additional cost of \$45,776 due to change in scope of job. Preston Point Road/Durnham Street project \$38,797 negative variance due to down time and traffic management issues. Doney Street Alfred Cove urgent works of \$50,000 for flood prevention measures.

Environmental – (\$241,160) Net Positive Variance

- (\$227,160) positive variance on the Point Walter Foreshore Upgrade Stage 2 project due to the receipt of grant funding, previously allocated municipal funds to be allocated to other projects.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)***Foreshore Facilities - Nil Net Variance***

- Deep Water Point Jetty additional funding for jetty construction of \$55,428 funded from reserve as per previous CTAU item.

Irrigation - \$5,596 Net Negative Variance

- Net negative variance of \$5,596 the result of minor positive and negative variances across a large number of jobs. Layman/Ratcliff infield irrigation project not going ahead in 2013/2014 so these funds to the amount of \$43,700 will be transferred back to reserve.

Lighting - \$50,000 Net Negative Variance

- \$50,000 negative variance the result of higher than expected Western Power costs to upgrade power supply for CSRRF funded floodlight installation.

Park Streetscape Structures - \$70,011 Net Negative Variance

- \$51,905 negative variance due to an extension of the Heathcote embankment turf area following construction of the new retaining wall. \$18,106 negative variance due to unbudgeted asphalt works at the Piney Lakes Womens' Walk.

Paths – (\$73,671) Net Positive Variance

- (\$73,671) Net Positive Variance the result of cost savings across a number of projects.

Playgrounds - (\$78,576) Net Positive Variance

- (\$78,576) Net Positive variance mainly the result of a decrease in playground equipment replacement in 2013/2014 following a review of the existing facilities.

Roads - \$105,941 Net Negative Variance

- \$78,208 negative variance due to cost of delays in relocation of services at the Kintail/Moreau Road roundabout modifications. Durdham Road parking negative variance of \$75,477 due to unbudgeted variations to works. Negative variance of \$46,175 for service location design work for 2014/2015 funded projects. The balance of the variance is positive and negative variances across a number of projects.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**STAKEHOLDER ENGAGEMENT****I. COMMUNITY**

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

The Financial Management Regulations stipulate the following:

“33A. Review of budget

(1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.

(2A) The review of an annual budget for a financial year must —

(a) consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and

(b) consider the local government’s financial position as at the date of the review; and

(c) review the outcomes for the end of that financial year that are forecast in the budget.

(2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.

(3) A council is to consider a review submitted to it and is to determine whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*

(4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.”

FINANCIAL IMPLICATIONS

After taking into account the various positive and negative variances, the Mid Year Budget Review has identified a nil net budget variance.

The identification of a nil net variance in 2013/2014 addresses the budget deficit of \$855,656 declared at 30 June 2013. The recently adopted Long Term Financial Plan projected an unallocated opening balance for 2014/2015 of nil. If this position is not achieved in 2013/2014, then any deficit will need to be funded by additional rate revenue, changes in the treatment/use of revenue streams or reduction in levels of services or cut backs to programs. It is not anticipated at this point in time that the City will be in a deficit opening position in 2014/2015.

It should be noted that there are savings across employee cost accounts that were not treated as permanent variances during the Mid Year Review.

C14/6064 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

Following a review of the risk implicit in the subject of this report, no high or extreme risks have been identified.

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

The Budget Review has identified a number of programs requiring budget amendments. Overall, the net impact on the 2013/2014 budget is a nil net variance.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6064)
ABSOLUTE MAJORITY APPROVAL**

At 8.46pm Cr Schuster moved, seconded Cr Robartson –

That the Council by Absolute Majority decision Adopt the Mid Year Budget Review amendments as listed in attachment

[6064 Mid Year Budget Review Summary Amendments.](#)

At 8.47pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (12/0)

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)

Ward	:	All
Category	:	Operational
Subject Index	:	Financial Statements and Investments
Customer Index	:	Not applicable
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	Standard Item
Works Programme	:	Not applicable
Funding	:	Not applicable
Responsible Officer	:	Bruce Taylor – Acting Manager Financial Services

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input checked="" type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

KEY ISSUES / SUMMARY

- This report presents the investment statements for the period ending 31 January 2014 and recommends that the information detailed in the report be noted.
- The low 'Cash' rate and legislative restrictions, continues to result in low returns being achieved on the City's investment earnings.

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)
BACKGROUND

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.

DETAIL

Summary details of investments held as at 31 January 2014 are shown in the tables below.

CITY OF MELVILLE STATEMENT OF INVESTMENTS FOR THE PERIOD ENDING 31 JANUARY 2014					
SUMMARY BY FUND	PURCHASE PRICE \$	MANAGEMENT VALUE AT 30/06/2009 \$	ESTIMATED CURRENT MARKET VALUE \$	BOOK PROFIT/(LOSS) \$	BOOK PROFIT/(LOSS) %
MUNICIPAL RESERVE TRUST CRF	\$ 44,740,876 \$ 69,137,972 \$ 390,234 \$ 200,388	\$ 44,740,876 \$ 66,220,210 \$ 390,234 \$ 200,388	\$ 44,740,876 \$ 67,154,852 \$ 390,234 \$ 200,388	\$ - \$ 934,642 \$ - \$ -	0.00% 1.35% 0.00% 0.00%
	\$ 114,469,470	\$ 111,551,709	\$ 112,486,350	\$ 934,642	0.82%
SUMMARY BY INVESTMENT TYPE	PURCHASE PRICE \$	MANAGEMENT VALUE AT 30/06/2009 \$	ESTIMATED CURRENT MARKET VALUE \$	BOOK PROFIT/(LOSS) \$	BOOK PROFIT/(LOSS) %
CDO BOND FRN FRTD TERM DEPOSIT 11AM UNITS (Local Govt Hse)	\$ 3,000,000 \$ 2,000,000 \$ - \$ - \$ 105,287,328 \$ 3,951,497 \$ 230,645	\$ 82,238 \$ 2,000,000 \$ - \$ - \$ 105,287,328 \$ 3,951,497 \$ 230,645	\$ 1,016,880 \$ 2,000,000 \$ - \$ - \$ 105,287,328 \$ 3,951,497 \$ 230,645	\$ 934,642 \$ - \$ - \$ - \$ - \$ - \$ -	31.15% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%
	\$ 114,469,470	\$ 111,551,709	\$ 112,486,350	\$ 934,642	0.82%
SUMMARY BY CREDIT RATING	PURCHASE PRICE \$	MANAGEMENT VALUE AT 30/06/2009 \$	ESTIMATED CURRENT MARKET VALUE \$	BOOK PROFIT/(LOSS) \$	BOOK PROFIT/(LOSS) %
AA AA- A+ A A- BBB+ NR UNITS (Local Govt Hse)	\$ 8,500,000 \$ 67,038,825 \$ 15,500,000 \$ 12,600,000 \$ 7,600,000 \$ - \$ 3,000,000 \$ 230,645	\$ 8,500,000 \$ 67,038,825 \$ 15,500,000 \$ 12,600,000 \$ 7,600,000 \$ - \$ 82,238 \$ 230,645	\$ 8,500,000 \$ 67,038,825 \$ 15,500,000 \$ 12,600,000 \$ 7,600,000 \$ - \$ 1,016,880 \$ 230,645	\$ - \$ - \$ - \$ - \$ - \$ - \$ 934,642 \$ -	0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 31.15% 0.00%
	\$ 114,469,470	\$ 111,551,709	\$ 112,486,350	\$ 934,642	0.82%

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)

The following statements detail the investments held by the City for the period ending 31 January 2014. Marketable investments are shown at their current estimated market value.

STATEMENT OF INVESTMENTS FOR THE PERIOD ENDING 31 JANUARY 2014									
INSTITUTION / INVESTMENT	RISK of IMPAIRMENT	INVESTMENT TYPE	Current Interest Rate %	S & P RATING	FACE VALUE \$	BOOK VALUE AT 30/6/2009 \$	CURRENT EST MARKET VALUE \$	INVESTMENT GAIN / (LOSS) SINCE 30/06/09 \$	MATURITY DATE
BANKWEST (11AM)	Very Low	11AM	2.75%	AA-	\$1,320	\$1,320	\$1,320	\$0	On call
WESTPAC (MAXI DIRECT)	Very Low	11AM	2.50%	AA-	\$3,950,000	\$3,950,000	\$3,950,000	\$0	On call
WESTPAC (MAXI BONUS 1)	Very Low	11AM	2.85%	AA-	\$70	\$70	\$70	\$0	On call
WESTPAC (MAXI BONUS 2)	Very Low	11AM	2.85%	AA-	\$108	\$108	\$108	\$0	On call
					\$3,951,497	\$3,951,497	\$3,951,497	\$0	
BANK OF QUEENSLAND (TERM)	Very Low	TERM	Various	A-	\$3,500,000	\$3,500,000	\$3,500,000	\$0	Various
BENDIGO AND ADELAIDE BANK (TERM)	Very Low	TERM	Various	A-	\$4,100,000	\$4,100,000	\$4,100,000	\$0	Various
CITIBANK (TERM)	Very Low	TERM	Various	AA-	\$13,000,000	\$13,000,000	\$13,000,000	\$0	Various
AMP BANK (TERM)	Very Low	TERM	Various	A+	\$9,300,000	\$9,300,000	\$9,300,000	\$0	Various
ING BANK (TERM)	Very Low	TERM	Various	A	\$8,700,000	\$8,700,000	\$8,700,000	\$0	Various
MACQUARIE BANK (TERM)	Very Low	TERM	3.80%	A	\$3,900,000	\$3,900,000	\$3,900,000	\$0	Various
NAB (TERM)	Very Low	TERM	Various	AA-	\$22,287,328	\$22,287,328	\$22,287,328	\$0	Various
RABODIRECT (TERM)	Very Low	TERM	Various	AA	\$6,500,000	\$6,500,000	\$6,500,000	\$0	Various
ST GEORGE BANK (TERM)	Very Low	TERM	Various	AA-	\$12,200,000	\$12,200,000	\$12,200,000	\$0	Various
SUNCORP METWAY LTD (TERM)	Very Low	TERM	Various	A+	\$6,200,000	\$6,200,000	\$6,200,000	\$0	Various
WESTPAC (TERM)	Very Low	TERM	Various	AA-	\$15,600,000	\$15,600,000	\$15,600,000	\$0	Various
					\$105,287,328	\$105,287,328	\$105,287,328	\$0	
COMMONWEALTH BANK (RETAIL BOND)	Very Low	BOND	3.63%	AA	\$2,000,000	\$2,000,000	\$2,000,000	\$0	20-Dec-15
					\$2,000,000	\$2,000,000	\$2,000,000	\$0	
CORSAIR (CAYMAN) KAKADU	Very High	CDO	3.95%	NR	\$1,500,000	\$72,363	\$402,000	\$329,637	20-Mar-14
MANAGED ACES CLASS 1A PARKES	Very High	CDO	4.24%	NR	\$1,050,000	\$9,874	\$299,880	\$290,006	20-Jun-15
BERYL FINANCE GLOBAL BANK NOTE 2	Early Term.	CDO	0.00%	NR	\$450,000	\$1	\$315,000	\$314,999	20-Sep-14
					\$3,000,000	\$82,238	\$1,016,880	\$934,642	
UNITS IN LOCAL GOVT HOUSE	NA	NA	NA	NA	\$230,645	\$230,645	\$230,645	\$0	NA
TOTAL FUNDS INVESTED					\$114,469,470	\$111,551,709	\$112,486,350	\$934,642	

CREDIT RISK COMPARISON

CREDIT RISK	PURCHASE PRICE \$	CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	MAX. % AMOUNT IN TOTAL PORTFOLIO	Comments
AA	\$8,500,000	\$8,500,000	8%	80%	
AA-	\$67,038,825	\$67,038,825	60%	80%	
A+	\$15,500,000	\$15,500,000	14%	50%	
A	\$12,600,000	\$12,600,000	11%	50%	
A-	\$7,600,000	\$7,600,000	7%	50%	
BBB+	\$0	\$0	0%	20%	
NR	\$3,000,000	\$1,016,880	1%		Purchased Prior To Policy Change
UNITS IN LOCAL GOVT. HOUSE	\$230,645	\$230,645	0%	0.1%	Council Decision
TOTAL	114,469,470	112,486,350	100%		

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)
DIVERSIFICATION RISK

INSTITUTION	INVESTMENT TYPE	S & P RATING	CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	INSTITUTION PROPORTION	MAX. % WITH ANY ONE INSTITUTION	Comments
ANZ BANK (TERM)	TERM	AA-	-	0.00%	0.00%	20%	
AMP BANK (TERM)	TERM	A+	9,300,000	8.27%	8.27%	15%	
BANKWEST (11AM)	11AM	AA-	1,320	0.00%		20%	
BANKWEST (TERM)	TERM	AA-	-	0.00%	0.00%	20%	
BANK OF QUEENSLAND (TERM)	TERM	A-	3,500,000	3.11%		15%	
BANK OF QUEENSLAND (FLOAT RATE TD)	FRTD	A-	-	0.00%	3.11%	15%	
BENDIGO AND ADELAIDE BANK (TERM)	TERM	A-	4,100,000	3.64%	3.64%	15%	
CITIBANK (TERM)	TERM	AA-	13,000,000	11.56%	11.56%	20%	
COMMONWEALTH BANK (COVERED BOND)	BOND	AAA	-	0.00%		20%	
COMMONWEALTH BANK (RETAIL BOND)	BOND	AA	2,000,000	1.78%		20%	
COMMONWEALTH BANK (FRN)	FRN	AA	-	0.00%	1.78%	20%	
ING BANK (TERM)	TERM	A	8,700,000	7.73%		15%	
ING BANK (FLOAT RATE TD)	FRTD	A	-	0.00%	7.73%	15%	
MACQUARIE BANK (TERM)	TERM	A	3,900,000	3.47%	3.47%	15%	
NAB (TERM)	TERM	AA-	22,287,328	19.81%		20%	
NAB (FRN)	FRN	AA-	-	0.00%	19.81%	20%	
RABODIRECT (TERM)	TERM	AA	6,500,000	5.78%	5.78%	15%	
ST GEORGE BANK (TERM)	TERM	AA-	12,200,000	10.85%	10.85%	20%	
SUNCORP METWAY LTD (TERM)	TERM	A+	6,200,000	5.51%	5.51%	15%	
WESTPAC (MAXI BONUS 1)	11AM	AA-	70	0.00%		20%	
WESTPAC (MAXI BONUS 2)	11AM	AA-	108	0.00%		20%	
WESTPAC (MAXI DIRECT)	11AM	AA-	3,950,000	3.51%		20%	
WESTPAC (TERM)	TERM	AA-	15,600,000	13.87%	17.38%	20%	
CDO - Various	CDO		1,016,880	0.90%	0.90%		Purchased Prior To Policy Change
UNITS IN LOCAL GOVT HOUSE	NA	NA	230,645	0.21%	0.21%		
			112,486,350	100%	100%		

MATURITY COMPARISON

TERM to MATURITY	CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	MAX. % IN ANY ONE YEAR	Comments
MUNICIPAL & TRUST FUNDS				
< 1 year	44,900,465	100%	100%	
	44,900,465	100%		
RESERVE FUNDS				
< 1 year	64,854,972	97%	100%	
< 2 years	2,299,880	3%	80%	
< 3 years	-	0%	80%	
< 4 years	-	0%	40%	
< 5 years	-	0%	40%	
> 5 years	-	0%	20%	
	67,154,852	100%		

Due to the continuing volatility in credit markets worldwide, the default risks associated with two of the City's three CDOs remains elevated.

Monthly valuations for the month of January for CDOs shown are based on valuations as at 31 January 2014. When compared to the valuations used as at 30 June 2009, valuations show that CDOs have increased in value by \$934,642.

The last remaining Lehman Brothers arranged CDO with a face value of \$450,000 remains to be settled.

The Corsair Cayman Kakadu CDO and the MAS Parkes 1A CDO has suffered an erosion of credit support and therefore underlying principal of 8.6% and 41.9% respectively. Both CDOs continue to pay interest at a reduced rate depending on the extent of the principal loss incurred. The City has earned approximately \$5 million from CDO investments since 1 July 2007.

The remaining values of non Lehman Brothers arranged CDOs held as at 31 January 2014 were:

- Face Value	\$ 2,550,000
- Written Down (Book) Value (30 June 2009)	\$ 82,237
- Estimated Market Value (31 January 2014)	\$ 701,880

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)

Credit Ratings and Credit Events

Twenty two credit events impacting the City's CDO investments have now been recorded to date. The companies involved are ResCap, PMI Group, AMBAC Financial, Takefuji, AMBAC Assurance, AIFUL, Tribune, Thomson, Financial Guaranty Insurance Company (FGIC), XL Capital Assurance, Bank TuranAlem, Idearc, Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), Lehman Brothers, WaMu, Glitnir, Kaupthing, Landsbanki, Chemtura, Abitibi and CIT Group.

The City's Remaining CDO Investments:

CDO Name Arranger Face Value & Maturity Date	No. of Credit Events	Remaining Credit Support before FIRST Loss of Principal	Remaining Credit Support before TOTAL Loss of Principal	Comments
Corsair Cayman Kakadu Arranger: J.P. Morgan Australia \$1.5 million Maturing 20/3/14	12 credit events: ResCap, AMBAC Assurance, AIFUL, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu, Kaupthing, CIT Group, Anglo Irish Bank & PMI Group	-0.1	1.8	Partial loss 8.6% (\$0.129 million) of principal has occurred. Very high likelihood of total default.
Managed Aces Class Parkes 1A Arranger: Morgan Stanley \$1.05 million Maturing 20/6/15	10 credit events: ResCap, AMBAC Assurance, AIFUL, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu, CIT Group & PMI Group.	-0.8	1.1	Partial loss 41.9% (\$0.44 million) of principal has occurred. Very high likelihood of total default.

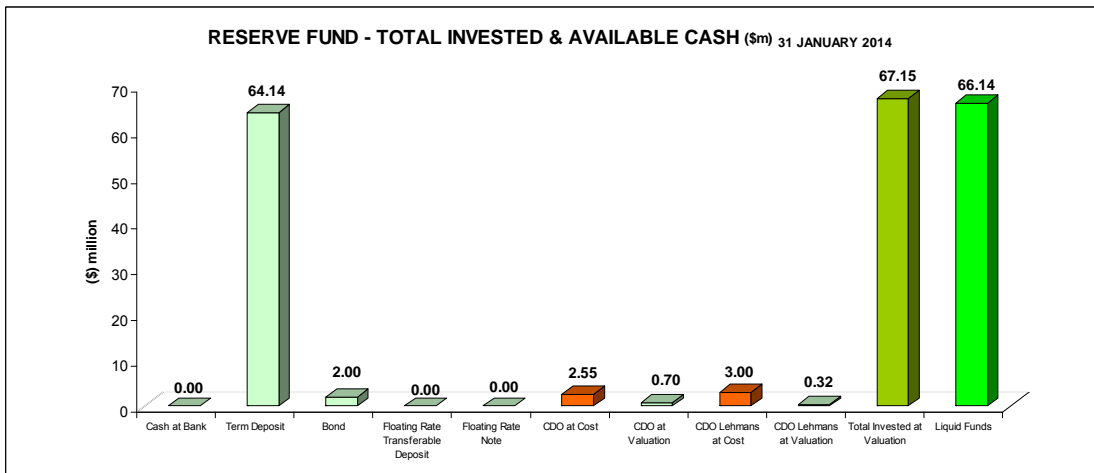
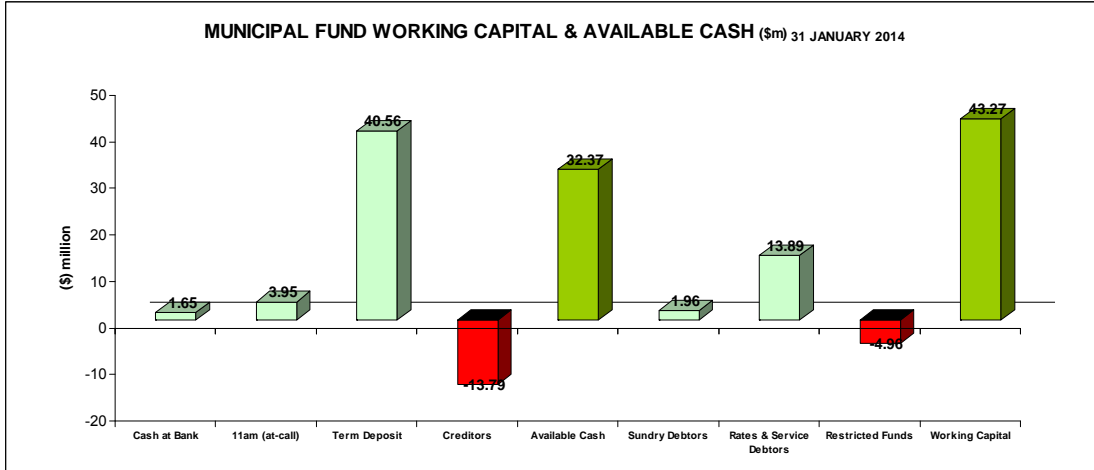
Terminated Lehman Brothers Arranged CDO Investments:

Beryl Finance Global Bank Note 2 \$450,000 Terminated Maturing 20/9/14	Nil credit events:	1	N/A	Terminated due to Lehman bankruptcy – In the process of being unwound and the Trustee disposing of the collateral.
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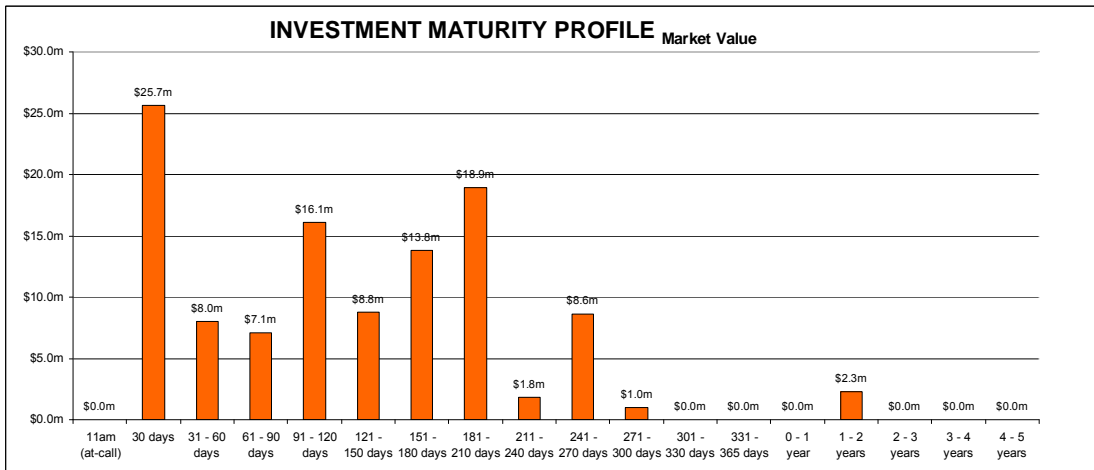
C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)

Net Funds Held

The graphs below summarise the Municipal Fund working capital and available cash and the funds held in the Reserve Fund at purchase price and last valuation at 31 January 2014.



The graph below summarise the maturity profile of the City's investments at market value as at 31 January 2014.



C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)**PUBLIC CONSULTATION/COMMUNICATION**

This report is available to the public on the City's web-site and hard copies of this agenda and attachments are available for viewing at the City's five public libraries.

In addition the City's bi-monthly newsletter, Mosaic, has contained several articles that highlight this issue. Numerous press articles have also been published on this topic.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

City officers are in regular contact with the City's investment advisors, CPG Research and Advisory.

STATUTORY AND LEGAL IMPLICATIONS

The following legislation is relevant to this report:

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

The legal firm Piper Alderman have been engaged to seek recovery of any losses that may eventually be realised. Johnson Winter and Slattery (JWS) was successful in seeking an early termination of four of the City's Lehman arranged CDOs, so that on 26 February 2013 the City gained access to the collateral representing the City's original investments which are held by Trustees for the Lehman Brothers arranged CDOs.

In conjunction with approximately 71 local government authorities, charities and other entities, (The Applicants) the City of Melville engaged litigation funder IMF (Australia) Ltd. to seek recovery of losses from Lehman Brothers Australia (LBA) in the Supreme Court of Australia.

On 21 September 2012, Federal Court of Australia Justice Rares delivered his findings. In summary, "His Honour found that LBA, in selling and advising on sales of certain investment products to the Applicants, acted in breach of contracts it had with the Applicants, engaged in misleading or deceptive conduct, was negligent and was in breach of its fiduciary duties as a financial adviser to the Applicants". For these reasons, LBA was found to be liable to compensate the Applicants for their losses incurred as a result of their investments.

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)

On 3 and 21 December 2012 and 25 March 2013, Justice Rares made the Common Issues Orders (which determine a number of common questions and answers binding on the Applicants, LBA and Group Members). On 25 March 2013, Justice Rares granted the Declaratory Relief declaring, amongst other things, the amounts for which the Applicants are entitled to be admitted to prove in the liquidation of LBA.

On 25 March 2013, the Court also granted leave for LBA to appeal in respect of certain of the Common Issues Orders and some aspects of the Declaratory Relief. The Liquidators (PPB Advisory) have filed LBA's appeal in both respects.

Whilst the decisions taken by the various courts have been positive for the litigants, the legal process is lengthy.

Lehman Brothers USA through purchase of Lehman Brothers Asia has established themselves as a creditor with sufficient voting rights to control any Scheme of Arrangement with creditors.

On 31 October 2013, an "Insurance Only" Scheme giving access to the professional indemnity insurance proceeds for the benefit of former clients of LBA who suffered losses, was approved by the Federal Court of Australia and will now be actioned by the Liquidators according to the terms of the Scheme. The funds received from the insurers will be held in a "Scheme Fund", for distribution to the Scheme Creditors (but not to other creditors of LBA).

Piper Alderman are preparing the City of Melville's final Proof of Debt claim which will be lodged with the liquidators in February.

No accurate estimates of the proceeds, which will be received from any of the distributions that will eventually be made to the City, can be made at this time.

FINANCIAL IMPLICATIONS

For the period ending 31 January 2014:

- Investment earnings on Municipal and Trust Funds were \$847,482 against a budget of \$828,917 representing a \$18,565 positive variance.
- Investment earnings on Reserve accounts were \$1,839,789 against a budget of \$1,341,667. This represents a \$498,122 positive variance and is due to the higher level of Reserve account balances than anticipated at budget preparation time.

Due to the continued low 'Cash' rate and the legislative restrictions that have been placed by State Government, the City's revenue earned from investment earnings is expected to decrease in the foreseeable future.

The City's last remaining Lehman Brothers arranged CDO with a face value of \$450,000 is in the process of being unwound. Whilst the process has been delayed by other actions taken by Lehman Brothers USA, indications are that the City will be repaid the \$450,000 plus some interest.

C14/6000 - INVESTMENT STATEMENTS FOR JANUARY 2014 (REC)**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

Council's Investment of Funds policy CP-009 is drafted so as 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 as a result of investments that may be perceived as unsuitable by the Community.

The risk of capital loss associated with \$2.55 million of the City's legacy CDO investments is extreme. The risk of capital loss with the balance of the City's investment portfolio is low. The interest rate risk is high due to the short-term nature of the City's investments and the inability due to legislative restrictions to lock into longer dated investments which attract higher interest rates.

There are no other identifiable strategic, risk and environmental management implications.

POLICY IMPLICATIONS

Council Policy CP-009 – Investment of Funds.

Further investment in CDOs is specifically excluded under the City's current Investment Policy.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

The investment report highlights that, except for the remaining three legacy CDO investments of 2007, the City's investment portfolio is invested in highly secure investments that are returning low but market competitive investment returns. These returns are commensurate with the low level of risk of the portfolio.

Future investment earnings are expected to continue to remain low due to interest rates continuing to be low and legislative restrictions on investment options available to the City.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6000)**NOTING**

That the Investment Report for the month of January 2014 be noted.

At 8.46pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

**C14/6001 – SCHEDULE OF ACCOUNTS PAID FOR JANUARY 2014 (REC)
(ATTACHMENT)**

Ward : All
 Category : Operational
 Subject Index : Financial Statement and Investments
 Customer Index : Not applicable
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Standard Item
 Works Programme : Not Applicable
 Funding : 2013/2014 Budget
 Responsible Officer : Bruce Taylor – Acting Manager Financial Services

AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<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>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input checked="" type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

KEY ISSUES / SUMMARY

This report presents the details of payments made under delegated authority to suppliers for the month of January 2014 and recommends that the Schedule of Accounts be noted.

**C14/6001 – SCHEDULE OF ACCOUNTS PAID FOR JANUARY 2014 (REC)
(ATTACHMENT)**

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

DETAIL

The Schedule of Accounts Paid for the month ending 31 January 2014 ([6001 January 2014](#)), including Payment Registers numbers, Cheques 393 to 397 and Electronic Funds Transfers batches 323 to 324 was distributed to the Members of Council on 27 February 2014.

Payments in excess of \$25,000 for the month of January 2014 are detailed as follows:

Supplier Name	Remittance Number	Remittance Details	Amount
Airey Taylor Consulting	Chq 056743	Investigation and reporting on Majestic Boardwalk	\$31,713.00
Asphaltech Pty Ltd	E037653	Road resurfacing at Dickenson Way	\$156,772.55
Body-Bike Australia	Chq 056837	Gym equipment	\$51,342.50
Broadway Marine Constructions	E037661	Demolition and replacement of Deep Water Point jetty	\$140,552.50
City of Cockburn	E037708	Tip fees for December 2013	\$163,140.02
Crabclaw Holdings Pty Ltd	E037578 & E037765	Building maintenance	\$35,044.24
Dickies Tree Service	E037519	Tree lopping	\$68,984.85
FESA WA	E037646	ESL remittance for December 2013	\$511,297.49
Flexi Staff	E037545 & E037730	Temporary employment	\$39,241.19
GHD Pty Ltd	E037620 & E037801	Canning Bridge Activity Centre structure plan, scout relocation works, stage 1 investigations at 3 sites	\$28,075.74
Glad Commercial Cleaning	E037623 & E037802	Cleaning of Libraries, Main Hall, Civic Centre and Operations Centre for December 2013 and January 2014	\$27,954.60
Hays Specialised Recruitment	E037652 & E037828	Temporary employment	\$42,589.18
Humes Wembley Cement	E037567 & E037751	Drainage and pipe materials	\$33,845.93
JMG Air Conditioning & Electrical Services	E037644 & E037820	Maintenance and repairs to air conditioner	\$67,267.42
Landmark Engineering & Design	E037533	Supply and installation of park furniture	\$32,432.40
Melville Holden	E037559 & E037745	Purchase of 2 Holden Equipe Hatchback and 1 Holden Cruze Wagon	\$70,491.94
MMM WA Pty Ltd	E037791	Drainage upgrade at Dee Road, Spey Road and Nairn Road	\$110,879.78
Mountway Melville Hyundai	E037537 & E037725	Purchase of Hyundai i30	\$27,112.74
NEC Australia Pty Ltd	E037832	Polycom equipment maintenance	\$51,236.68
Quayclean Australia Pty Ltd	E037615	Cleaning of AH Bracks Library, Melville Recreation Centre and Melville Aquatic Fitness Centre for December 2013	\$26,769.39
Rhysco Electrical Services	E037617 & E037799	Electrical services	\$46,645.50

**C14/6001 – SCHEDULE OF ACCOUNTS PAID FOR JANUARY 2014 (REC)
(ATTACHMENT)**

Supplier Name	Remittance Number	Remittance Details	Amount
Robinson Buildtech	E037528 & E037718	Building maintenance	\$57,532.87
Rotary Club of Melville	Chq's 056737 & 056854	Project Robin Hood funds	\$37,320.00
South West Group	E037562	Contribution to NRM Facilitator Position	\$32,500.00
Southern Metropolitan Regional Council	E037777	MSW gate fees for December 2013, green waste gate fees for December 2013 recyclable gate fees for December 2013	\$759,608.47
Synergy	E037544 & E037729	Electricity charges	\$449,258.55
Tree Amigos Tree Surgeons	E037614 & E037797	Tree lopping	\$61,035.59
Tree Planting & Watering	E037650	Street Tree Watering	\$45,281.80
Water Corporation	Chq's 056721 & 056827	Water charges	\$59,337.79
Western Australian Local Government Association	E037778	Advertisement charges	\$47,056.76
Western Power	Chq 056810 & E037542	Cash call 10 for Attadale North Project and design fees for streetlights	\$510,932.00

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

This report meets the requirements of the Local Government (Financial Management) Regulations 1996 Regulation 11 - Payment of Accounts, Regulation 12 - List of Creditors and Regulation 13 - Payments from the Trust Fund and the Municipal Fund.

FINANCIAL IMPLICATIONS

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

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There are no identifiable strategic, risk and environmental management implications.

POLICY IMPLICATIONS

Not applicable.

**C14/6001 – SCHEDULE OF ACCOUNTS PAID FOR JANUARY 2014 (REC)
(ATTACHMENT)****ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

CONCLUSION

This is a regular monthly report for Elected Members' information.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6001)**NOTING**

That the Schedule of Accounts paid for the month ending 31 January as approved by the Director Corporate Services in accordance with delegated authority DA-035, and detailed in attachment [6001 January 2014](#) be noted.

At 8.46pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (12/0)

**C14/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR JANUARY 2014 (REC)
(ATTACHMENTS)**

Ward	:	All
Category	:	Operational
Subject Index	:	Financial Reporting - Statements of Financial Activity
Customer Index	:	Not applicable
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	Standard Item
Works Programme	:	Not applicable
Funding	:	Not applicable
Responsible Officer	:	Bruce Taylor – Acting Manager Financial Services

AUTHORITY / DISCRETION

DEFINITION

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<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<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>
<input checked="" type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

KEY ISSUES / SUMMARY

This report presents:

- The Statements of Financial Activity for the period ending 31 January 2014 and recommends that they be noted by the Council.
- The variances for the month of January 2014 and recommends that they be noted by the Council.

**C14/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR JANUARY 2014 (REC)
(ATTACHMENTS)**
BACKGROUND

The Statements of Financial Activity for the period ending 31 January 2014 have been prepared and tabled in accordance with the Local Government (Financial Management) Regulations 1996.

DETAIL

The attached reports have been prepared in compliance with the requirements of the legislation and Council policy.

For the period ending 31 January 2014, net operating positive variances of \$3,514,358 and net capital positive variances of \$10,424,625 were recorded.

Variances

A summary of variances and comments are provided in attachment [6002H January 2014](#).

CITY OF MELVILLE RATE SETTING STATEMENT FOR THE PERIOD ENDED 31 JANUARY 2014							
	January Actual \$	YTD Rev. Budget \$	YTD Actual \$	Variance \$	Variance %	Annual Budget \$	Annual Rev. Budget \$
Revenues							
Governance	352,732	1,002,687	1,297,763	295,076	29%	1,561,852	1,685,109
General Purpose Funding	340,942	5,698,711	5,728,708	29,998	1%	8,731,000	8,731,000
Law, Order, Public Safety	32,624	2,506,312	2,687,507	181,195	7%	2,575,492	2,578,219
Health	2,033	253,899	234,114	(19,785)	-8%	263,590	263,590
Education & Welfare	16,526	212,063	237,767	25,703	12%	326,927	329,835
Community Amenities	68,633	16,686,153	16,685,044	(1,109)	0%	17,008,375	17,017,466
Recreation and Culture	1,102,157	5,976,123	6,087,192	111,069	2%	9,700,557	9,860,657
Transport	224,951	2,699,451	2,700,850	1,399	0%	5,478,318	5,229,318
Other Property and Services	1,236,742	2,394,334	1,466,353	(927,982)	-39%	401,476	2,150,436
	3,387,291	37,466,238	37,164,437	(1,229,783)	-1%	46,106,554	47,904,597
Expenses							
Governance	(998,756)	(7,771,318)	(6,972,259)	799,059	-10%	(11,760,677)	(11,819,862)
General Purpose Funding	(23,571)	(2,084,959)	(2,010,779)	74,180	-4%	(2,208,200)	(2,208,200)
Law, Order, Public Safety	(366,529)	(2,266,565)	(2,136,668)	129,897	-6%	(3,900,624)	(3,931,405)
Health	(81,460)	(574,875)	(529,526)	45,349	-8%	(957,517)	(957,517)
Education & Welfare	(468,620)	(3,354,766)	(3,075,555)	279,211	-8%	(5,473,488)	(5,675,360)
Community Amenities	(1,535,322)	(11,420,273)	(11,816,395)	(396,122)	3%	(19,616,325)	(20,009,237)
Recreation and Culture	(2,800,801)	(17,140,051)	(16,080,826)	1,059,225	-6%	(28,262,846)	(28,471,870)
Transport	(876,708)	(6,052,635)	(5,268,134)	784,501	-13%	(10,248,296)	(10,361,402)
Economic Services	19,299	(62,877)	(88,213)	(25,336)	40%	(107,789)	(116,789)
Other Property and Services	(633,647)	(4,838,705)	(4,723,557)	115,148	-2%	(11,028,916)	(10,417,852)
	(7,769,309)	(55,599,665)	(52,723,814)	4,124,404	-5%	(93,615,109)	(94,019,925)

Revenue

\$56.023m in Rates was raised to 31 January 2014. This is compared with a year to date budget of \$56,009m, resulting in a positive variance of \$14K.

Money Expended in an Emergency and Unbudgeted Expenditure

Not applicable for January 2014

**C14/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR JANUARY 2014 (REC)
(ATTACHMENTS)**

Budget Amendments

No budget amendments were requested for the month of January 2014, as the mid year budget review is currently underway.

Rates Collections and Debtors

Details of Rates and Sundry Debtors are shown in attachments 6002L, 6002M and 6002N. Rates, Refuse, Fire and Emergency Service Authority & Underground Power payments totalling \$5,384,344 were collected over the course of the month. Rates collection progress for the month of January was above target. As at 31 January 2014, 85% of 2013/2014 rates had been collected. This is 1.2% higher than collected for the same time last year.

Total sundry debtor balances increased by \$381,348 over the course of the month. The 90+ day's debtor balance increased by \$5,461.

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 Director Corporate Services to write off debts or grant concessions to a value of \$5,000.

No debts were written off under delegated authority, in the month of January 2014.

The following attachments form part of the Attachments to the Agenda.

DESCRIPTION	LINK
Rate Setting Statement January 2014	6002A January 2014
Statement of Financial Activity – January 2014	6002B January 2014
Representation of Net Working Capital – January 2014	6002E January 2014
Reconciliation of Net Working Capital – January 2014	6002F January 2014
Notes on Rate Setting Statement reporting on variances of 10% or greater – January 2014	6002H January 2014
Details of Budget Amendments requested – January 2014	<u>N/A</u>
Summary of Rates Debtors – January 2014	6002L January 2014
Graph Showing Rates Collections – January 2014	6002M January 2014
Summary of General Debtors aged 90 Days Old or Greater – January 2014	6002N January 2014
Detail of Debts Written Off for the Month – January 2014	<u>N/A</u>

**C14/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR JANUARY 2014 (REC)
(ATTACHMENTS)****PUBLIC CONSULTATION/COMMUNICATION**

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

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

*(1A) In this regulation — **committed assets** means revenue unspent but set aside under the annual budget for a specific purpose.*

(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.*

**C14/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR JANUARY 2014 (REC)
(ATTACHMENTS)**

(4) A statement of financial activity, and the accompanying documents referred to in sub-regulation (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 at its Special meeting held on 26 June 2013 to adopt the 2013/2014 Budget, was 10% or \$50,000 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.

FINANCIAL IMPLICATIONS

Variances are dealt with in attachment [6002H January 2014](#) (Notes on Rate Setting Statement reporting on variances of 10% or greater).

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There are no identifiable strategic, risk and environmental management implications arising from this report.

POLICY IMPLICATIONS

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.

CONCLUSION

The attached financial reports reflect a positive financial position of the City of Melville as at 31 January 2014.

**C14/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR JANUARY 2014 (REC)
(ATTACHMENTS)**

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6002)

NOTING

At 8.47pm Cr Robartson moved, seconded Cr Reynolds –

That the Council:

Note the Rate Setting Statement and Statements of Financial Activity for the month ending 31 January 2014 as detailed in the following attachments:

DESCRIPTION	LINK
Rate Setting Statement January 2014	6002A January 2014
Statement of Financial Activity – January 2014	6002B January 2014
Representation of Net Working Capital – January 2014	6002E January 2014
Reconciliation of Net Working Capital – January 2014	6002F January 2014
Notes on Rate Setting Statement reporting on variances of 10% or greater – January 2014	6002H January 2014
Details of Budget Amendments requested – January 2014	<u>N/A</u>
Summary of Rates Debtors – January 2014	6002L January 2014
Graph Showing Rates Collections – January 2014	6002M January 2014
Summary of General Debtors aged 90 Days Old or Greater – January 2014	6002N January 2014
Detail of Debts Written Off for the Month – January 2014	<u>N/A</u>

At 8.47pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (12/0)

At 8.48pm Cr Aubrey left the meeting and returned at 8.50pm.
At 9.00pm Cr Foxtan left the meeting and returned at 9.01pm.
At 9.03pm Cr Robartson left the meeting.
At 9.12pm Cr Taylor – Rees left the meeting and returned at 9.14pm.
At 9.17pm Cr Schuster left the meeting and returned at 9.18pm.

15. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

15.1 City of Melville Waste Management Strategy Review

At the Ordinary Meeting of Council held on 18 February 2014 the following Procedural Motion was carried.

At 9.04pm Cr Reynolds moved, seconded Cr Macphail a Procedural Motion in accordance with Section 11.1 (b) of the City of Melville Standing Orders Local Law 2003 was moved:

That this item be deferred and further considered at the March 2014 Ordinary Meeting of Council.

At 9.04pm the Mayor submitted the procedural motion which was declared

CARRIED (7/5)

For: Mayor Aubrey, Cr Foxtan, Cr Macphail, Cr Pazolli, Cr Reynolds, Cr Taylor-Rees, Cr Willis,
Against: Cr Aubrey, Cr Hill, Cr Phelan Cr Robartson, Cr Schuster,

Reasons for Procedural Motion

To allow Elected Members to receive additional information on the implications and costs of the proposed review of the City's Waste Management Strategy.

The City of Melville Standing Orders Local Law, Section 12.2 requires the names of Elected Members who have spoken on this matter to be recorded in the Minutes.

Those Elected Members who have spoken are:
Cr Pazolli, Cr Robartson, Cr Schuster, Cr Taylor-Rees.

The following Motion and Amendment 1 will be discussed at the March 2014 Council Meeting.

RECOMMENDATION

At 8.51 pm Cr Schuster moved, seconded Cr Reynolds -

That the Council:

1. ***Requests the Chief Executive Officer to undertake a review of the City's waste and recycling collection and disposal services and from this develop a Waste Management Strategy which inter alia:***

(a) ***maximises the recovery of recyclable and re-useable materials from the City's waste streams;***

- (b) *ensures the City's entire waste management service continues to be operated cost efficiently and with the maximum environmental effectiveness consistent with the program cost; consistent with the Council's Waste Minimisation Policy;*
2. *The review is further to consider the changes taking place in waste management and resource recovery nationally and in Western Australia, assess these in developing the proposed Strategy and advise the Council of the likely future costs and implications of any reasonably possible changes on the City's operations and budgets, as well as the potential implications for customers of the City's service;*
 3. *Acknowledges such a review may require external resources and requests it be funded, from the Refuse Facilities Reserve provided if that funding exceeds ;*
 4. *With respect to the City's bulk waste verge collection service, which will be part of this review, the Council requests the Chief Executive Officer specifically to consider ways in which waste streams commonly found in these verge collections can be recovered and recycled, rather than landfilled; and,*
 5. *The review of the strategy is to be provided to the Council by December 2014.*

Amendment 1

At 8.59pm Cr Pazolli moved, seconded Cr Foxtton:

That the Council:

1. **Requests the Chief Executive Officer to prepare a proposal for consideration of the Council to review the City's waste and recycling collection and disposal services and from this develop a Waste Management Strategy that takes into account:**
 - (a) **maximises the recovery of recyclable and re-useable materials from the City's waste streams;**
 - (b) **ensures the City's entire waste management service continues to be operated cost efficiently and with the maximum environmental effectiveness consistent with the program cost; consistent with the Council's Waste Minimisation Policy;**
 - (c) **The review is further to consider the changes taking place in waste management and resource recovery nationally and in Western Australia, assess these in developing the proposed Strategy and advise the Council of the likely future costs and implications of any reasonably possible changes on the City's operations and budgets, as well as the potential implications for customers of the City's service;**
 - (d) **Acknowledges such a review may require external resources and determine funding from the Refuse Facilities Reserve;**
 - (e) **With respect to the City's bulk waste verge collection service, which will be part of this review, the Council requests the Chief Executive Officer specifically to consider ways in which waste streams commonly found in**

these verge collections can be recovered and recycled, rather than landfilled.

- (f) **The City is to work towards completion of the review of the City's waste management strategy by December 2014.**

Cr Pazolli advised that he wished to withdraw his amendment, Cr Foxton as seconder agreed to the withdrawal.

Amendment 2

Moved Cr Schuster, seconded Cr Phelan:

That point 5 of the recommendation be amended to read:

- 5. The review of the strategy is to be provided to the Council by mid 2015 or earlier if found to be possible by the Chief Executive Officer.**

At 9.25pm the Mayor submitted the Amendment 2, which was declared

CARRIED (8/3)

For: Mayor Aubrey, Cr Aubrey, Cr Foxton, Cr Hill, Cr Macphail, Cr Phelan,
Cr Reynolds, Cr Schuster
Against: Cr Barton, Cr Pazolli, Cr Taylor-Rees

Reasons for Amendment

The issue of local government reform is also relevant to studies like this. I would ask that Council note that the proposed Government timeline for the structural reform decisions is to confirm the structure beyond 2015 by August/September of this year so this proposed review will be able consider any implications from that process. In addition, while it is a matter for Council, any changes to the City as a result of the reform process are likely to only affect the quantum of collections, volumes etc that arise from our waste operations, rather than the preferred solutions for collection, disposal, recycling and treatment. The timing of the study would allow the new Council after October 2015 to consider its findings in deciding on strategy and the like.

Amendment 3

At 9.15pm Cr Pazolli moved, seconded Cr Barton -

That an additional point be included in the recommendation as point 6:

- 6 Acknowledges such a review may require external resources and requests it be funded, from the Refuse Facilities Reserve provided if that funding exceeds \$100,000 it is brought back to Council should a tender be required.**

At 9.25pm the Mayor submitted the amendment, which was declared

LOST (3/8)

For: Cr Barton, Cr Pazolli, Cr Taylor-Rees
Against: Mayor Aubrey, Cr Aubrey, Cr Foxton, Cr Hill, Cr Macphail, Cr Phelan,
Cr Reynolds, Cr Schuster

RECOMMENDATION

At 9.26pm Mayor submitted the motion as amended –

That the Council:

1. Requests the Chief Executive Officer to undertake a review of the City's waste and recycling collection and disposal services and from this develop a Waste Management Strategy which inter alia:
 - (a) maximises the recovery of recyclable and re-useable materials from the City's waste streams;
 - (b) ensures the City's entire waste management service continues to be operated cost efficiently and with the maximum environmental effectiveness consistent with the program cost; consistent with the Council's Waste Minimisation Policy;
2. The review is further to consider the changes taking place in waste management and resource recovery nationally and in Western Australia, assess these in developing the proposed Strategy and advise the Council of the likely future costs and implications of any reasonably possible changes on the City's operations and budgets, as well as the potential implications for customers of the City's service;
3. Acknowledges such a review may require external resources and requests it be funded, from the Refuse Facilities Reserve provided if that funding exceeds ;
4. With respect to the City's bulk waste verge collection service, which will be part of this review, the Council requests the Chief Executive Officer specifically to consider ways in which waste streams commonly found in these verge collections can be recovered and recycled, rather than landfilled; and,
5. *The review of the strategy is to be provided to the Council by mid 2015 or earlier if found to be possible by the Chief Executive Officer.*

At 9.26pm the Mayor submitted the substantive motion as amended, which was declared

CARRIED (8/3)

For: Mayor Aubrey, Cr Aubrey, Cr Foxtton, Cr Hill, Cr Macphail, Cr Phelan, Cr Reynolds, Cr Schuster
Against: Cr Barton, Cr Pazolli, Cr Taylor-Rees

16. EN BLOC ITEMS

At 9.30pm Cr Schuster moved, seconded Cr Phelan -

That the recommendations for items, M14/5343, M14/5345, M14/5353, P14/3471, P14/3475, P14/3477, M14/5000, C14/6000, and C14/6001, be carried En Bloc.

At 9.30pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (11/0)

17. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL

Nil

18. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil

19. CLOSURE

There being no further business to discuss the Mayor declared the meeting closed at 9.30pm