City of Melville

MINUTES

OF THE

ORDINARY MEETING OF COUNCIL

HELD ON

17 APRIL 2012

AT 6.30PM IN THE COUNCIL CHAMBERS

MELVILLE CIVIC CENTRE

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DISTRIBUTED: 20 April 2012

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City of Melville

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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, 17 APRIL 2012.

1. OFFICIAL OPENING

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:30pm. Mr J Clark the 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 A 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	WARD
Deputy Mayor Cr C Robartson	Bull Creek/Leeming
Cr R Willis	Bull Creek/Leeming
Cr N Pazolli, Cr P Reidy	Applecross/Mount Pleasant
Cr A Nicholson, Cr D Macphail	City
Cr J Barton, Cr S Taylor-Rees	Bicton/Attadale
Cr R Hill, Cr B Kinnell	Palmyra/Melville/Willagee
Cr N Foxton, Cr M Reynolds	University

3. IN ATTENDANCE

Mr M Tieleman	A/Chief Executive Officer
Mr T Cahoon	A/Director Community Development
Mr G Ponton	A/Director Urban Planning
Mr J Christie	Director Technical Services
Ms E Kania	A/Executive Manager Legal Services
Mr B Taylor	Manager Information, Technology & Support
Mr J Clark	Governance & Compliance Program Manager
Ms D Beilby	Minute Secretary

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

4. APOLOGIES AND APPROVED LEAVE OF ABSENCE

4.1 APOLOGIES

Dr S Silcox	Chief Executive Officer
Ms C Young	Director Community Development
Mr S Cope	Director Urban Planning
Mr L Hitchcock	Executive Manager Legal Services

4.2 APPROVED LEAVE OF ABSENCE

Nil.

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

6.1 Mr M Blundell of Leeming

Question 1

Does Council accept the findings of the DEC 20/03/12 Community Odour Monitoring Program ("COMP") report including the Executive Summary conclusions that:

a. the majority of odours complained of were attributable to the SMRC RRRC facility?

b. such odours caused a high level of annoyance in the community affected?

Response

The City of Melville did not participate in the Community Odour Monitoring Programme, however was asked to provide information on irrigation schedules for its Public Open Space in the Leeming area during the early stages. The City acknowledges that the Waste Composting Facility emits an odour from time to time, however is not in a position to comment on the level of annoyance and to what extent they are a breach of the DEC licence conditions. The City acknowledges and respects the independence of the DEC in this matter and remains committed to assisting the SMRC in their efforts to ensure that the Waste Composting Facility operates within its licence conditions.

Question 2

If the answer to Q1 is not in the affirmative: What contrary report or other record of evidence does Council rely upon in support of the SMRC facility and which disproves the DEC finding that SMRC has repeatedly breached the Licence Condition that:
"The licensee shall ensure that odour emitted from the Premises does not unreasonably interfere with the health, welfare, convenience, comfort or amenity of any person who is not on the Premises", breach of which Council has been informed through SMRC is an offence carrying a penalty of up to $125,000 with a daily penalty of up to $25,000?

Response

The City respects the independence of the DEC in relation to this matter.

Question 3

Why does the written Agenda Summary refer only to the SMRC's "independent report" and proposal as being the materials DEC considered in reaching its opinion the facility must be shut down, and make no reference at all to the COMP Report and the written submissions by ratepayers DEC also considered, as stated in DEC's 30/03/12 Licence advice letter?

Response

The reference in the Council Agenda Summary refers to the information that the SMRC were required to provide the DEC as part of their licence conditions.

6. QUESTION TIME (Continued)

6.2 Mr B Harris of Leeming

Question 1

Why has the SMRC Council item and recent media statements released by Melville make no mention of the adverse impacts of the SMRC facility on City of Melville residents?

Response

The item before Council tonight refers to a formal request for funding from the Southern Metropolitan Regional Council. The recent media releases have been made in response to the Department of Environment and Conservation's decision on a new licence to operate and the potential impact the new licence will have on the operations of the SMRC and the Project Participants.

Question 2

Why has the City of Melville being a member of the SMRC not requested that the SMRC have contingency plans in place for the relocation of this facility and staff knowing that the non-renewal of the Licence was always a possibility, rather than simply blame the DEC for the closure.

Response

The City of Melville has not blamed the Department of Environment and Conservation (DEC) for the closure of the RRRC Facility. The cost of relocating the facility would exceed $100 million dollars and would have significant financial implications for the Project Participants and is simply not financially or feasibly practical. The City of Melville will support the SMRC to continue to work with the DEC to find a suitable resolution to this matter.

Question 3

Why has the City of Melville offered no support to residents affected by the smell generated by the SMRC Facility.

Response

The City of Melville, along with the other Project Participants have continued to work with the SMRC and the DEC to resolve odour emissions and have invested significantly in upgrades of the odour management system of the Waste Composting Facility (WCF).

Odour emission investigations have shown measures implemented to date have been successful at substantially reducing odours.

The City does not accept that the facility should be causing a level of odour that impacts negatively on the amenity of the residents of Leeming and is committed to assisting the SMRC in their efforts to ensure that the Waste Composting Facility operates within its licence conditions.

7. AWARDS AND PRESENTATIONS

Nil.

8. CONFIRMATION OF MINUTES

8.1 ORDINARY MEETING OF COUNCIL – 20 MARCH 2012
Min_20_March_2012

COUNCIL RESOLUTION

At 6.41pm Cr Robartson moved, seconded Cr Foxton -

That the Minutes of the Ordinary Meeting of Council held on Tuesday, 20 March 2012, be confirmed as a true and accurate record.

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

CARRIED (13/0)

8.2 SPECIAL MEETING OF COUNCIL – 27 MARCH 2012
Min_27_March_2012

COUNCIL RESOLUTION

At 6.42pm Cr Reidy moved, seconded Cr Barton -

That the Minutes of the Special Meeting of Council held on Tuesday, 27 March 2012, be confirmed as a true and accurate record.

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

CARRIED (13/0)

8.3 NOTES OF AGENDA BRIEFING FORUM – 3 APRIL 2012
Notes_3_April_2012

COUNCIL RESOLUTION

At 6.45pm Cr Reidy moved, seconded Cr Barton -

That the Notes of Agenda Briefing Forum held on Tuesday, 3 April 2012, be received.

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

CARRIED (13/0)

8. CONFIRMATION OF MINUTES (Continued)

8.4 GOVERNANCE COMMITTEE – 4 APRIL 2012

COUNCIL RESOLUTION

At 6.46pm Cr Robartson moved, seconded Cr Hill -

That the Minutes of the Governance Committee Meeting held on Wednesday, 4 April 2012 be noted.

NB:
Minutes to be confirmed at next Governance Committee Meeting.

At 6.46pm the Mayor submitted the motion, which was declared

CARRIED (13/0)

9. DECLARATIONS OF INTEREST

9.1 FINANCIAL INTERESTS

- T12/3309 Cr R Willis - Financial Interest in Accordance with the Act

9.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT

Nil.

10. APPLICATIONS FOR NEW LEAVES OF ABSENCE

Nil.

11. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil.

12. PETITIONS

12.1 Petition – Footpath on Joiner Street

A petition signed by 68 residents was received by the City of Melville on Wednesday, 14 March 2012. The petition reads as follows –

"We, the undersigned, all being Electors of the City of Melville, do humbly pray that the City bring forward capital works for the provision of a footpath on Joiner Street, and that the footpath be installed as a matter of priority during the 2011/2012 financial year."

OFFICER RECOMMENDATION & COUNCIL RESOLUTION

At 6.48pm Cr Willis moved, seconded Cr Kinnell -

That the petition bearing 68 signatures be received and acknowledged in writing to the lead petitioner with the advice that after consideration by the City's Technical Services Division, a report will be presented to a future meeting of Council.

At 6.48pm the Mayor submitted the motion, which was declared

CARRIED (13/0)

12.2 Petition – Lighting in Park Reddington Way Brentwood and Lighting in Laneway linking Reddington Way and Bateman Road

A petition signed by 126 residents and four non residents was received by the City of Melville on Wednesday 28 March 2012. The petition reads as follows -

"We, the undersigned, all being Electors of the City of Melville, do humbly pray that the City of Melville provide adequate lighting in the communal park in Reddington Way, Brentwood and lighting in the laneway which links Reddington Way and Bateman Road.

We ask for this to provide safety and security to residents due to the increase in burglaries in the area, anti social activities in the park and laneway at night and vandalism.

As residents, ratepayers and voters, we have the right to feel safe and secure in our homes during the day and night and request the City of Melville to provide us with appropriate lighting.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION

At 6.48pm Cr Nicholson moved, seconded Cr Reidy -

That the petition bearing 130 signatures be received and acknowledged in writing to the lead petitioner with the advice that further investigation into the viability of lighting in this area is required and a report will be presented to a future meeting of Council.

At 6.48pm the Mayor submitted the motion, which was declared

CARRIED (13/0)

13. REPORTS OF THE CHIEF EXECUTIVE OFFICER

At 6.49pm His Worship the Mayor requested that Late Item T12/3309 be brought forward for discussion.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

Disclosure of Interest

Item No.	T12/3309
Member	Cr R Willis
Type of Interest	Financial Interest in Accordance with the Act
Nature of Interest	Receive Attendance Fees as Elected Member on SMRC
Request	Stay, Discuss & Vote
Decision of Council	Stay, Discuss & Vote

At 6.50pm, having declared an interest in this item, Cr Willis left the meeting whilst the Council voted on his request to stay, discuss and vote.

At pm 6.51 Cr Robartson moved, seconded Cr Macphail -

That in accordance with Section 5.68 (1) of the Local Government Act 1995 Cr Willis be allowed to stay, discuss and vote.

At 6.54pm the Mayor submitted the motion, which was declared

CARRIED (7/5)

Cr Nicholson requested that the votes be recorded –

For: **Mayor R Aubrey, Cr Foxton, Cr Hill, Cr Kinnell, Cr Macphail, Cr Reidy, Cr Robartson**
Against: **Cr Barton, Cr Nicholson, Cr Pazolli, Cr Reynolds, Cr Taylor Rees**

At 6.55pm Cr Willis returned to the meeting.

From 6.55pm to 7.06pm Mr J Christie gave a presentation to the meeting then responded to questions from Elected Members.

At 7.21pm Cr Reynolds left the meeting and returned at 7.23pm.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

Ward	:	All
Category	:	Strategic
Subject Index	:	Regional Resource Recovery Centre (RRRC) Waste
Customer Index	:	Southern Metropolitan Regional Council
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	:	$897,888 - Operating and Reserve Funds
Responsible Officer	:	John Christie Director Technical Services

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

KEY ISSUES / SUMMARY

- The Southern Metropolitan Regional Council (SMRC) previously operated it's Regional Resource Recovery Centre (RRRC) in Canning Vale under a three year licence issued by the Department of Environment and Conservation (DEC).
- As a result of ongoing odour issues associated with its operation, the DEC only issued the SMRC with a licence to operate for a six month period, which concluded in March 2012.
- During this six month period the SMRC was required to detail what action it proposed to take to reduce these odours and resubmit a new licence application.
- Following receipt of the proposal and independent report from the SMRC, the DEC were of the opinion that the proposed remedial action was insufficient and have issued a new licence requiring the RRRC to cease receiving waste by 14 April 2012 and to remove all composted MSW from the site by 9 June 2012.
- This new licence has serious financial implications for the SMRC and the RRRC Project Participants.
- The SMRC are proposing to submit an amended licence application requesting the DEC to reconsider its decision.
- Until the DEC makes its decision on the amended licence application, the SMRC are seeking financial support for the RRRC Project Participants until 30 June 2012.
- Should the RRRC Project Participants not agree to provide financial assistance the SMRC will technically become insolvent after 30 June 2012.
- It is recommended that the City provides the requested level of financial support until the DEC has made a determination on the amended licence application.

BACKGROUND

The SMRC became a Regional Local Government on 30 October 1991, pursuant to the Local Government Act 1960. By virtue of the transitional provisions of the Local Government Act 1995, it is constituted as a Regional Local Government. On 22 April 1998 the constitution was replaced by an Establishment Agreement made between the Participants and approved by the Minister for Local Government.

A Regional Local Government has the same general function of a Local Government, including its legislative and executive functions, except as stated in section 3.66 of the Local Government Act 1995.

The SMRC represents six Local Governments, the Cities of Melville, Cockburn, Fremantle and Rockingham and the Towns of East Fremantle and Kwinana, and their local communities.

The SMRC is a Statutory Local Government Authority established for developing environmentally sustainable waste management solutions and climate change abatement measures for its members and their communities.

In order to operate the RRRC facilities in Canning Vale, the SMRC requires a licence from the DEC. Previously the licencing period had been for a three year period, however, the SMRC had recently been operating with a only a six month licence as a result of odour management issues associated with its operations.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

The SMRC were required to submit a new licence application to the DEC and provide the DEC with a number of reports detailing the methods by which emissions of odours from the premises would be reduced and measured, both on the premises and beyond the premises boundary. While these actions were undertaken and implemented by the due date, the new licence subsequently issued by the DEC requires the SMRC to cease the processing of MSW at the RRRC by 14 April 2012 and all composted material must be removed from the facility by 9 June 2012.

The new licence issued by the DEC has serious consequences for the SMRC and the Project Participants of the RRRC.

As a result of the serious consequences associated with the new licence a special meeting of the SMRC Council was held 11 April 2012 and the SMRC Council resolved the following:

"12.04.03 COUNCIL RESOLUTION
MOVED CR WILLIS ***SECONDED CR COLLINSON***

1. ***THE AMENDED LICENCE APPLICATION BE APPROVED AND FOWARDED TO THE DEPARTMENT OF ENVIRONMENT AND CONSERVATION.***
2. ***THE SMRC WRITE TO THE RRRC PROJECT PARTICIPANTS SEEKING FINANCIAL SUPPORT FOR ANY WASTE COMPOSTING FACILITY SHORTFALL UP TO THE 30 JUNE 2012 TO A MAXIMUM AMOUNT OF $1,965,479 AS PER THE FOLLOWING TABLE.***

Members Contribution of WCF Deficit of Q4		
In the ratio of Member Tonnages up to Q3		
WCF Members	**Tonnages**	**Amount**
Cockburn	21,663	791,622
Melville	24,571	897,888
Fremantle	5,588	204,200
East Fremantle	1,964	71,769
Total	**53,786**	**1,965,479**

3. ***IN THE EVENT OF NO FINANICAL SUPPORT FROM THE RRRC PROJECT PARTICIPANTS, THE SMRC APPROVES THE USE OF FUNDS HELD IN THE PLANT, TRAVEL & CONFERENCE AND CONTINGENCY & DEVELOPMENT RESERVE ACCOUNTS FOR THE PURPOSES OF FUNDING ITS OPERATIONAL COMITTMENTS. A NOTICE BE ADVERTISED IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT.***
4. ***IN THE EVENT OF NO FINANICAL SUPPORT FROM THE RRRC PROJECT PARTICIPANTS, THE SMRC APPROVES THE USE OF FUNDS HELD AS UNSPENT LOANS IN THE RRRC PROJECT FOR FUNDING ITS OPERATIONAL COMITTMENTS. A NOTICE BE ADVERTISED IN ACCORDANCE WITH THE LOCAL GOVERNMENT.***
5. ***THE CEO WRITE TO THE MINISTER FOR THE ENVIRONMENT AND CHAIRMAN OF THE WASTE AUTHORITY REQUESTING FUNDING ASSISTANCE FROM THE LANDFILL LEVY TO FUND THE PRIMARY AND SECONDARY TREATMENT CAPITAL WORKS FOR THE WASTE COMPOSTING FACILITY.***

CARRIED 6/-"

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

As a result of the above resolution, the Council must now consider what level of support and financial commitment it is prepared to offer the SMRC pending the outcome of any appeal or amended licence application to the DEC.

DETAIL

The new licence issued by the DEC has major consequences for the SMRC and the Project Participants. The SMRC's financial viability has been severely compromised and the ongoing financial sustainability of the SMRC has now been put into question.

The SMRC were intending to appeal the new licence and the conditions placed on the RRRC and would have 21 days from the date of issuing to do so. However, while the SMRC has 21 days in which to appeal the new licence, there is no indication at this stage how long the appeals process could take. This has been estimated at between three to six months, however if an appeal process takes this length of time then the SMRC could be insolvent long before any decision is made on an appeal.

As a result of the unknown timeframe for an appeal, the SMRC are submitting an application for an amended licence in an attempt to convince the DEC that by operating with a reduced tonnage and implementing primary odour management treatments they can manage and reduce odour emissions from the premises. However until a decision is made on the amended licence, the new licence remains in place. If the DEC were to amend the licence and allow the RRRC to process MSW this would ensure the SMRC could continue to operate and secure a revenue stream, albeit at a reduced level, as it considers how to resolve the odour management issues and satisfy the DEC in the longer term.

Without a revenue stream from the WCF the SMRC will become technically insolvent unless the DEC is prepared to amend the current licence, or the Project Participants continue to fund the RRRC operations. Should the Project Participants refuse to continue to fund the RRRC operations, the SMRC will have no option but to request access to their reserve funds. It should also be noted that the provisions of the Establishment Agreement require the Project Participants to effectively underwrite the operations of each Project and meet any liabilities or debts on wind up of a project.

The SMRC has reviewed its financial viability for the remainder of the current financial year and believes it can remain solvent until 30 June 2012. However, as stated above if the Project Participants refuse to fund the RRRC operations then this can only be achieved by transferring existing reserves and unexpended loan funds in to operating expenditure. This would require a formal resolution of the SMRC Council and under the provisions of the Local Government Act 1995 require public notice advertising for change of purpose to do so.

The City needs to carefully consider the level of support and financial commitment pending the outcome of any appeal by the SMRC.

The SMRC are seeking financial assistance from the Project Participants to continue to operate until 30 June 2012 in the first instance, by requesting the Project Participants to fund the deficit by way of an ongoing contribution, and should this not eventuate, then by way of using their reserve funds. This date has been chosen as it represents the remainder of the current financial year and a date by which the SMRC would have expected a decision to have been made by the DEC on the amended licence application.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

Should the DEC agree to amend the current licence then the SMRC are confident that it can continue to operate without additional financial impost on the Project Participants. However should the DEC refuse to grant an amended licence, then the SMRC would be required to re-evaluate the options and seek further financial assistance from the Project Participants.

As detailed above the City's contribution for the remainder of the current financial year as proposed by the SMRC would be $897,888 based on tonnages received over the previous three quarters. This equates to an ongoing weekly contribution of $81,626 or the equivalent of paying the SMRC $109 per tonne. This contribution would be in addition to the cost of disposal of the City's MSW at landfill and using the same calculation, the cost of landfill over the same period would equate to $941,850 resulting in a total cost of $1,839,738 for the remainder of the current financial year.

The Establishment Agreement of the SMRC and the Project Participants Agreement for the RRRC Project appear to be silent on the obligations of the Project Participants to continue to contribute to the operating expenditure of the RRRC in the event that the SMRC can not receive or process MSW.

Clauses 4 and 5 of the Establishment Agreement of the SMRC detail the purpose and the objectives of the SMRC and are as follows:

> ***"4. Regional Purposes***
>
> *The regional purposes for which the Regional Local Government is established are:*
>
> *(a) to plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the Participants;*
>
> *(b) to influence Local, State and Federal Governments in the development of regional waste management policies and legislation.*
>
> ***5. Objectives***
>
> *The objectives of the Regional Local Government shall be:*
>
> *(a) without loss being incurred by the Regional Local Government, to carry out the Regional Purposes so that the services and facilities are provided to the consumer at a reasonable cost and with due regard for the community needs;*
>
> *(b) to reduce the quantity of waste disposed of at landfill sites in accordance with targets set by the Regional Local Government."*

It is clear however, that as a result of the new licence from the DEC, the purpose for which the SMRC was formed can no longer be achieved. This brings into question the possibility of winding up the RRRC project and ultimately the SMRC should the SMRC's amended licence application be declined by the DEC.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

While the Establishment and the Project Participants Agreements appear to be silent on this matter, it is recommended that the City continues to support the SMRC as requested until a formal decision has been made by the DEC in respect to the amended licence application.

From discussion with the SMRC's Acting CEO, a decision on the amended licence is expected within the next week or two and certainly well before 30 June 2012.

Should the amended licence application not be approved by the DEC, the City would then need to reconsider its position regarding any further financial support as a full appeal of the new licence could take up to six months to conclude.

PUBLIC CONSULTATION/COMMUNICATION

There has been no public consultation undertaken with regard to this report.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

The SMRC and the Project Participants are continuing to meet with the State Government Officials and the DEC in an attempt to have the new licence amended.

STATUTORY AND LEGAL IMPLICATIONS

The City has a statutory and legal obligation as a result of being a participant in and signatory to the:

1. *Establishment Agreement of the Southern Metropolitan Regional Council, dated 22 January 1998;* and by being a participant and signatory to the:

2. *Project Participants' Agreement, Regional Resource Recovery Centre Project of the Southern Metropolitan Regional Council, dated 12 April 1999.*

Both of these agreements clearly outline the obligations of the City with regard to commitment to the SMRC and the RRRC Project Participants Agreement.

FINANCIAL IMPLICATIONS

Depending on the course of action taken, the financial implications associated with the report could be significant, not only for the City of Melville, but also the remaining Project Participants and the SMRC.

As stated previously, if Council resolves to continue to fund the RRRC operations pending a decision on the amended licence application, then the total estimated cost including the disposal costs of MSW at landfill would be approximately $1,839,738 to the end of the financial year.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

If the RRRC had been operating under its previous licence, the City would have expected to pay $1,588,860 over the same period, based on the current gate fee of $194 per tonne. The proposal by the SMRC, if endorsed by Council could result in the City paying an additional $250,878 for its waste disposal by the end of the current financial year. This additional amount has not been budgeted for within the current waste budget and would need to be funded from the Refuse Facilities Reserve.

The use of this reserve would be consistent with the purpose of the Refuse Facilities Reserve which is as follows:

> *"Purposes: - To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former tip sites operated by the City of Melville."*

Should the DEC not approve an amended licence and the Project Participants not agree to fund the RRRC operations beyond 30 June 2012 then the SMRC will become insolvent. Project Participants will then need to consider winding up the RRRC Project, which could inturn result in the winding up of the SMRC. Should this eventuate, then the City's current financial liabilities for the RRRC Project and the SMRC Administration Building are as follows.

The SMRC currently has two lending facilities for the following projects:

- The Regional Resource Recovery Project – Loan Limit $55 Million, and
- The SMRC Administration Building (9 Aldous Place Booragoon) – Loan Limit $2 Million

The outstanding balance of these loans as at 30 June 2011 is as follows:

The Regional Resource Recovery Project	$47,937,482
The SMRC Administration Building	$1,800,000
Total Borrowings	**$49,737,482**

The City of Melville's proportion of this borrowing amount as at 30 June 2011 is as follows:

The Regional Resource Recovery Project (33.66%)	$16,135,127
The SMRC Administration Building (30.34%)	$546,120
City of Melville Total Liability	**$16,681,247**

Note – percentages shown are rounded to two decimal points.

Should the Council resolve not to fund the RRRC project beyond 30 June 2012 and the RRRC Project is wound up, then the City would still be liable for this amount along with additional site clearance and remediation costs estimated at $4 million.

If the winding up of the RRRC Project then leads to the winding up of the SMRC this amount could escalate further.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

At this point it is not possible to determine if the Western Australian Treasury Corporation would allow the current payment method to continue until 2023 if the RRRC Project was wound up. The Western Australian Treasury Corporation may insist that the borrowings be paid in full if the remaining Project Participants decided to wind up the Project.

As stated previously, the financial implications associated with Council's resolution could have serious financial implications for the other RRRC Project Participants.

The following details the outstanding liability of the other Project Participants as at 30 June 2011 for the RRRC Project:

Project Participant	Percentage	Liability
City of Canning*	27.98	$13,923,005
City of Cockburn	26.95	$13,412,948
Town of East Fremantle	2.42	$1,205,982
City of Fremantle	8.99	$4,473,264

** the City of Canning are no longer a Project Participant as a result of their withdrawal in 2010, however are still responsible for their proportion of the loan amount.*

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Depending on the Council's resolution, the strategic, risk and environmental implications associated with this report could be significant, again not only for the City of Melville, but also the remaining Project Participants and the SMRC. There will also be a significant regional impact on waste management and a wider impact on the State Government's Waste Strategy and policy objectives.

Irrespective of the Council's resolution on this matter, the new licence issued by the DEC will now result in approximately an additional 60,000 tonnes of MSW being transported to landfill and release an additional 70,000 tonnes of carbon dioxide into the atmosphere on an annual basis.

The City's Strategic Plan has the goal of "reducing our ecological footprint", however it appears that unless the SMRC are successful in their submission for an amended licence, then it will become significantly more difficult to achieve this objective.

The decision of the DEC to only issue a 12 week licence has the result of effectively closing the RRRC Project and is in direct contradiction to the State Government's Waste Strategy for Western Australia. The Waste Strategy has recently been revised and has recovery targets for the Perth Metropolitan Region of 50% by 2015 and 65% by 2020. The RRRC Project currently has a recovery rate of 63% which currently exceeds the 2015 target.

The closure of the RRRC Project will have serious environmental implications as the member Council's MSW will now be deposited in landfill. It should be noted that there are a number of environmental implications associated with disposing of waste in landfill sites, with the most significant being:

- Environmental risks associated with gas emissions and leachate
- Poor resource recovery
- A long lifetime and legacy emission issues

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

POLICY IMPLICATIONS

Should Council resolve to continue to fund the RRRC Project until a decision is made by the DEC on the amended licence, then this would be consistent with the following Council Policies:

CP- 030 - Environmental Policy
CP- 036 - Waste Minimisation Policy

These two Council Policies clearly articulate Council's position with regard to minimising waste and protecting and enhancing the natural environment.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

The following alternative options and their implications are as follows:

Council could resolve not to support the RRRC Project as requested, however this would result in the SMRC having to access their reserve funds as detailed above. The SMRC can only fund the RRRC Project from reserve funds until 30 June 2012, after this date they would become insolvent.

Council could resolve to withdraw from the RRRC Project, however the City would need to give one financial years notice and could not withdraw until 30 June 2013. This would then result in the City continuing to pay the existing contributions until 30 June 2013.

It is important to note that if the City decided to withdraw, that the remaining Project Participants would possibly not be in a position to continue to fund the RRRC Project and could resolve to wind up the RRRC Project and possibly the SMRC. This option does not resolve the immediate issues surrounding the solvency of the RRRC Project.

Council could resolve to request the City's SMRC Council member to move a "Notice of Motion" at a meeting of the SMRC to wind up the RRRC Project. However this could effectively result in the winding up of the SMRC. This option has significant financial implications for the RRRC Project Participants and the other Establishment Members. This would also result in approximately 60 staff at the SMRC being made redundant and result in further financial implications for the Establishment Members and not considered to be in the best interests of the SMRC or the Establishment Members.

CONCLUSION

It is clear that the DEC did not understand the financial implications associated with its decision to issue a new licence that basically has the potential to bankrupt the SMRC, make 60 staff redundant and have a detrimental impact on the State Government's Waste Strategy.

The only way the RRRC Project can continue to operate is with an amended licence from the DEC. Until that decision is made the RRRC Project Participants must continue to fund and support the SMRC during this period.

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

As stated previously, the Acting CEO of the SMRC is confident that the proposal put to the DEC as part of the amended licence application will result in a reduction in odours and improve the operational performance of the WCF and that a decision would be made within a week or two.

The financial implications detailed above are significant should the RRRC Project be wound up and it is critical that the RRRC Project Participants continue to fund the operations at least until the DEC has made its determination on the amended licence application.

If Council does not resolve to fund the RRRC Project and the SMRC, then the wind up of the SMRC would be inevitable.

It is recommended that the Council continues to support the SMRC until a decision is made on the amended licence application to the DEC. Should this application be unsuccessful then a further report on the future financial viability of the RRRC Project and the SMRC would be presented to Council as soon as practical after the DEC's decision.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3309)

ABSOLUTE MAJORITY

At 7.41pm Cr Reidy moved, seconded Cr Reynolds –

At 8.10pm Cr Pazolli left the meeting
At 8.10pm Cr Reidy left the meeting
At 8.12pm Cr Pazolli returned to the meeting
At 8.12pm Cr Reidy returned to the meeting

That Council:

1. **Endorse the ongoing financial support to a maximum of $897,888 until the end of the 2011/2012 financial year or part thereof, pending the outcome of the amended licence application to the Department of Environment and Conservation.**

2. **Require the immediate cessation of the financial support to the Regional Resource Recovery Centre Project (as referred to in 1. above) should the Department of Environment and Conservation decline the amended licence application.**

3. **Request a further report on the financial viability of the Regional Resource Recovery Centre Project and the Southern Metropolitan Regional Council should the Department of Environment and Conservation decline the amended licence application.**

4. **Endorse the ongoing commitment to the Regional Resource Recovery Centre Project and the Southern Metropolitan Regional Council if the amended licence application is successful and the Regional Resource Recovery Centre recommences the processing of Municipal Solid Waste.**

LATE ITEM T12/3309 – SOUTHERN METROPOLITAN REGIONAL COUNCIL (SMRC) FUNDING REQUIREMENTS – DEPARTMENT OF ENVIRONMENT & CONSERVATION (DEC) AMENDED LICENCE (AMREC)

5. Request the Southern Metropolitan Regional Council to promptly take all practicable steps to reduce its overheads so as to minimise the financial impost on Project Participants.

6. Support the Southern Metropolitan Regional Council in its attempts to attract State Government funding to help fund the capital works required to further reduce odour emissions.

At 8.17pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (9/4)

Cr Pazolli requested that the votes be recorded –

For:	**Mayor R Aubrey, Cr Foxton, Cr Hill, Cr Kinnell, Cr Macphail, Cr Reidy, Cr Reynolds, Cr Robartson, Cr Willis**
Against:	**Cr Barton, Cr Nicholson, Cr Pazolli, Cr Taylor-Rees,**

At 8.18pm His Worship the Mayor adjourned the meeting for a comfort break.

At 8.23pm the meeting resumed and reverted to the normal order of the Agenda.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

Ward	:	Not Applicable
Category	:	Strategic
Application Number	:	Not Applicable
Subject Index	:	Jandakot Master Plan
Customer Index	:	Department of Regional Development and Lands, Department of Planning
Property	:	Various
Proposal	:	Overview of implications of proposed options Jandakot Airport eastern road link.
Applicant	:	Not Applicable
Owner	:	Various
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Responsible Officer	:	Gavin Ponton Manager Strategic Urban Planning
Previous Items	:	Not Applicable

AUTHORITY / DISCRETION

☒	**Advocacy**	***when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.***
☐	Executive	*the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when Council review decisions made by Officers.*
☐	Quasi-Judicial	*when 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.*

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

KEY ISSUES / SUMMARY

- The Jandakot Airport Master Plan 2009 includes a proposal for an eastern road link to improve access to the airport site. The Master Plan envisages the eastern link intersecting with Ranford Road, Canning Vale.
- A series of existing unmade road reserves exist to the east of Jandakot Airport which may present opportunities to accommodate an eastern link road.
- The City of Canning has previously initiated road closure procedures to remove the unmade road reserves which have potential to provide a link to Ranford Road.
- The City of Melville has previously indicated its opposition to the road closures, acknowledging the importance of an eastern link road, the desirability of a direct link in the vicinity of the roads proposed to be closed, and traffic/logistical concerns with alternative alignments.
- The City of Canning has promoted an alternative route for the eastern link via Clifton Road (bridged across the freight rail route), Bannister Road (through the Southern Metropolitan Regional Council (SMRC), Regional Resource Recovery Centre (RRRC) site) to South Street.
- In opposing the Bannister Road/Clifton Road alternative route the SMRC has sought the City's support for closure of the unmade Clifton Road reserve.
- The alternative Clifton Road/Bannister Road route from Jandakot Airport raises concerns in that it is indirect, requires a rail bridge, requires clearing of bushland, would impact on SMRC operations and would adversely impact the operation of the intersection of Bannister Road and South Street.
- It is noted that Bannister Road/Clifton Road provides the possibility of long term road access to the City's land at Ken Hurst Park, which may or may not be required depending on the outcome of negotiations with the State Government.
- It is apparent that there are differing views over the possibility and location of the Jandakot Airport eastern link road. It is recommended that the City clarify its position with respect to the possibility of an eastern road link to Jandakot Airport.
- The City has concerns as to the appropriateness of the rationale forwarded by the City of Canning on land use and transport planning terms.

It is recommended that relevant State Government Ministers and Shadow Ministers be advised that.

o the City supports a direct eastern link between Jandakot Airport and Ranford Road in the vicinity of Johnston Road;

o the alternative route involving Clifton Road and Bannister Road reserves is not supported as it is indirect, requires construction of a rail bridge, would result in loss of Bush Forever categorised vegetation at Ken Hurst Park, would impact on SMRC operations and would adversely impact operation of the intersection of Bannister Road and South Street.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

Image 1 – Land to the east of Jandakot Airport

BACKGROUND

Scheme Provisions

MRS Zoning	:	Not applicable
CPS 5 Zoning	:	Not applicable
R-Code	:	Not applicable
Use Type	:	Not applicable
Use Class	:	Not applicable.

Site Details

Lot Area	:	Not applicable
Retention of Existing Vegetation	:	Not applicable.
Street Tree(s)	:	Not applicable.
Street Furniture (drainage pits etc)	:	Not applicable.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

The Jandakot Airport Master Plan 2009 includes a proposal for an eastern link road to improve access to the site. The Master Plan recognises that the airport site has limited road access and additional connections to the east and west are included to enhance airport access, provide for proposed substantial development of the airport land and improve the general regional road network in the locality. A specific route for the east link is not identified in the Master Plan although the Plan envisages the east link intersecting with Ranford Road, Canning Vale.

A series of unmade road reserves exist to the east of Jandakot Airport which may present opportunities to accommodate an eastern link road (see Image 1). These roads are predominantly located within the City of Canning.

From a regional strategic planning viewpoint it is noted that an area on Ranford Road, adjacent to the existing freight rail line, is designated under the Metropolitan Region Scheme as a site for a future (long term) passenger rail station. In the shorter term, the land may be developed as a park and ride bus station, with high frequency bus connections to Murdoch Station. Access to such facilities would require a new road to be constructed off Ranford Road. Topography and intersection spacing suggests that the intersection may be best placed in the area between the Johnston and Lothian Road road reserves.

The City of Canning has previously initiated road closure procedures to remove the unmade road reserves (specifically Johnston, Lothian and Govan Road). Reasons for the road closures include concerns that an eastern link road in the vicinity may result in loss of vegetation, disturbance to nearby residents and general traffic congestion in the vicinity of Ranford Road.

It is noted that the City of Canning operates a waste transfer station off Ranford Road in the vicinity of Johnston Road in Canning Vale. The City of Canning, Plan for the Future indicates that an Outline Development Plan is being developed for the Ranford Road Waste Transfer Station and adjacent former landfill site. The Plan has the stated aim of enhancing the range of waste management services on offer in support of a wider waste management strategy.

The City of Melville has previously written to the City of Canning and Department of Planning outlining opposition to the road closures, acknowledging the importance of an eastern link road, the desirability of a direct link in the vicinity of the roads proposed to be closed and traffic/logistical concerns with alternative alignments. The request for road closure has not been determined by the Department of Planning or State Land Services and has not been approved by the Minister.

The City of Canning has since promoted an alternative route for the eastern link which aims at providing additional separation to residential areas and avoids the land in the vicinity of the Ranford Road waste transfer station. The suggested route is to the north east of the airport site, via Clifton Road (across the freight rail route), along Bannister Road (through the SMRC site which is leased from the City of Canning for a 50 year period expiring in May 2050) to South Street. This would appear to be counterproductive to the intention of the lease approved by the City of Canning having regard to infrastructure of a $1m weighbridge constructed and installed within the road reserve.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

The alternative Clifton Road/Bannister Road route is considered impractical given that it is indirect, requires substantial investment in constructing a bridge over the freight rail line (in the order of $10-30 million) and would adversely impact the operation of the heavily congested intersection of Bannister Road and South Street. Earthworks to provide for a bridge and likely changes to road positioning to accommodate the 90 degree bend at the intersection of Clifton and Bannister Road would also be expected to result in loss of environmentally significant vegetation within Ken Hurst Park, which is reserved as a "Bush Forever Site." This route also has implications on the operations of the RRRC.

In opposing the Bannister Road/Clifton Road alternative route the SMRC has sought the City's support for closure of portion of the unmade Clifton Road road reserve. In investigating this request the City has advised the SMRC that the alternative (Clifton Road/Bannister Road) route for an eastern link to Jandakot Airport is not supported for the above reasons. It was recognised however that Bannister Road/Clifton Road provides the possibility of long term road access to the City's freehold land at Ken Hurst Park. The Clifton Road road reserve, however, may not be required due to ongoing discussions with the State Government as to the future ownership of Ken Hurst Park which is a "Bush Forever Site". Retention of long term access arrangements (over Bannister Road and the portion of Clifton Road adjacent to Bannister Road, providing access to Ken Hurst Park) is important to maintain future options for this site.

Assessment of the options for an east link to Jandakot Airport from a City of Melville perspective are summarised in the table below:

Option	Opportunities	Constraints	Recommendation
No East Link		• Insufficient access options to Jandakot Airport resulting in congestion and network inefficiencies.	Not supported
East link to South Street via Clifton/Bannister Roads	• Access opportunities to Ken Hurst Park	• Indirect route. • Requires bridge over rail line. • Extremely costly option. • Roadwork's/bridgeworks would require clearing of natural vegetation within a "Bush Forever Site". • Congestion at Bannister Road/South Street intersection • Disruption to operations at RRRC	Not supported

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

Option	Opportunities	Constraints	Recommendation
East Link to Ranford Road in vicinity of Lothian Road	• Direct link. • Avoids congestion at Bannister Road and South Street intersection. • Opportunity for single Ranford Road connection point to accommodate eastern link, future Park and Ride bus station/rail station and other development west of Ranford Road	• Close proximity to residential (Special Residential) land likely to attract objection. • Loss of native vegetation, which although outside of "Bush Forever Site" may present opportunities for an "offset" in the case of a route closer to Johnston Road.	Not supported.
East link to Ranford Road in the vicinity of Johnston Road	• Most direct route. • Avoids congestion at Bannister Road and South Street intersection. • Opportunity for single Ranford Road connection point to accommodate eastern link, future Park and Ride bus station/rail station and other development west of Ranford Road • Opportunity for alignment which avoids native vegetation. Provides for retention of vegetation along the Lothian Road reserve which could be used as an offset to accommodate a road alignment in the vicinity of Johnston Road		Supported

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

PUBLIC CONSULTATION/COMMUNICATION

Advertising Required:	No
Neighbour's Comment Supplied:	No
Reason:	The City of Canning has undertaken stakeholder consultation with respect to proposed closure of Johnston, Lothian and Govan Road. There is no requirement for public consultation/advertising from a City of Melville perspective.

REFERRALS TO GOVERNMENT AGENCIES

Required:	Not applicable
Reason:	The City has been in communication with the Department of Planning with respect to objection to the proposed road closures. Additional liaison with State Land Services, the Department of Regional Development and Lands and relevant Ministers is recommended to ensure the City's position is clarified.

STATUTORY AND LEGAL IMPLICATIONS

Road reserves are generally owned by the Crown or State Government with Local Government allocated the care control and management. Closures of road reserves are initiated through Section 58 of the Land Administration Act 1997 (the Act). Under the Act, Local Government initiates the closure process on behalf of an applicant and the State Land Services, which is an office within the Department of Regional Development and Lands. Initiation of a closure involves a Council resolution, public advertising and seeking of comments from servicing agencies. If the closure is to be supported a second Council resolution is then required, followed by forwarding the report and Council resolution to State Land Services for assessment and Ministerial rejection of the City of Canning proposal.

FINANCIAL IMPLICATIONS

An alternative east link to Jandakot Airport via Clifton Road and Bannister Road would impact on the operations of the RRRC and may incur costs to the SMRC member Councils, including the City of Melville.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
Traffic congestion and associated network inefficiencies due to limited access points to Jandakot Airport	**High**	Support for east link to Jandakot Airport
Traffic congestion around South Street/Bannister Road due to construction of east link via Bannister Road	**Medium**	Oppose east link via Bannister Road and support east link to Jandakot Airport in the vicinity of Johnston Road
Loss of bushland in the vicinity of Ken Hurst Park and impact on operations of RRRC due to construction of east link via Bannister Road	**High**	Oppose east link via Bannister Road and support east link to Jandakot Airport in the vicinity of Johnston Road
Costs of construction of link on Bannister/Clifton Road alignment may inhibit timely provision of eastern link and is an unnecessary expenditure of public funds	**High**	Construct access in the vicinity of Johnson Road

POLICY IMPLICATIONS

There are no specific policy implications with this item.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

CONCLUSION

It is apparent that there are differing views over the possibility and location of the Jandakot Airport eastern link road. It is recommended that the City clarify its position with respect to the possibility and preferred position for an eastern road link to Jandakot Airport.

The concept of an eastern link road is supported to ensure the efficiency of the regional road network in the vicinity of the airport. An alignment to Ranford Road, generally in the vicinity of the unmade Johnston Road reserve is supported. The alignment provides the most direct route, provides opportunities for a design that minimises the need for clearing of vegetation, provides separation to residential areas and presents an opportunity to provide a rationalised intersection point to Ranford Road, capable of servicing future public transport initiatives and other land uses.

Closure of the existing unmade road reserves to the east of Jandakot Airport is considered detrimental to sound regional planning. The City of Melville has concerns with the rationale forwarded by the City of Canning for the closure of all roads apart from Bannister Road, which impacts on the leased area, as the justifications are not based on sound land use and transport planning grounds nor is it a cost effective option. Similarly the alternative proposal to provide the eastern link to South Street via Clifton Road and Bannister Road is impractical and problematic due to the then required relocation of essential infrastructure currently within the road reserve which was approved by the City of Canning. The proposed route is indirect, requires a major bridged rail crossing, will result in loss of native vegetation and is likely to cause the failure of the intersection of Bannister Road and South Street. Avoidable disruption to the operations at the RRRC site associated with this option is also noted.

It is recommended that the above position be communicated to the key Government agencies and Ministers charged with determining the current road closure request and ruling on the ultimate position of the eastern link road

With respect to the SMRC request for the City's support for closure of portion of Clifton Road adjacent to Bannister Road, it is recommended that the Council reiterates the City's previous advice to the SMRC that the City opposes the alternative east link route involving Clifton and Bannister Roads, however pointing out that maintaining legal access (in the long term) to the City's freehold landholding at Ken Hurst Park is important to maintain options for that site. Options for a partial closure of Clifton Road, which maintained long term opportunity for road access to Ken Hurst Park may satisfy this objective but would be difficult to justify on regional planning or transport planning grounds.

The key objective is to clarify the City's position with respect to an east road link from Jandakot Airport and to promote the most suitable location for such a link. Advice to relevant State Government Ministers, Members and Departments is recommended indicating:

- The City's support for an east link road to Jandakot Airport
- Support for a location in the vicinity of Johnston Road
- Opposition to moves to close unmade road reserves between Jandakot Airport and Ranford Road;
- Opposition to a proposed alternative east link via Clifton and Bannister Roads.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

Further advice to the SMRC is recommended indicating that the alternative east link via Clifton and Bannister Roads is not supported. Although measures to ensure the east link road is not constructed via Clifton and Bannister Roads are supported, the possible closure of portion of Clifton Road is not supported due to the need to maintain long term road access to Ken Hurst Park to maintain options for the site.

OFFICER RECOMMENDATION (3299) **APPROVAL**

At 8.24pm Cr Macphail moved, seconded Cr Robartson -

That the Council;

1. **With respect to the proposal for an eastern road link servicing Jandakot Airport, advise the Minister for Regional Development and Lands, the Minister for Planning, the Member for Bateman, the Member for Jandakot, the Member for Riverton, the Member for Southern River, the Department of Regional Development and Lands, Department of Planning, Western Australian Planning Commission and Landgate that the Council:**

   (a) Supports the concept of an eastern link road servicing Jandakot Airport to minimise congestion, improve safety and enhance the efficiency of the regional road network.

   (b) Supports the proposed eastern link road to be constructed between Jandakot Airport and Ranford Road in the vicinity of the Johnston Road reserve given that the alignment provides the most direct route, provides opportunities for a design that minimises the need for clearing of vegetation, provides separation to residential areas and presents an opportunity to provide a rationalised intersection point to Ranford Road, capable of servicing future public transport initiatives and other land uses.

   (c) Opposes the proposal by the City of Canning to close Johnston Road, Lothian Road and Govan Road in Canning Vale given that these road reserves maintain the most practical and direct opportunities to establish an eastern link servicing Jandakot Airport.

   (d) Does not support the alternative route for an eastern link servicing Jandakot Airport involving Clifton Road and Bannister Road to South Street given that the proposed route is indirect, requires substantial expenditure on a major bridged rail crossing, will result in loss of native vegetation within Ken Hurst Park, is likely to result in major congestion at the intersection of Bannister Road and South Street and will cause unnecessary disruption to the operations at the Southern Metropolitan Regional Council's Regional Resource Recovery Centre site.

2. **The Southern Metropolitan Regional Council be advised that Council:**

   (a) Opposes the alternative Jandakot Airport east link route being promoted by the City of Canning, involving Clifton and Bannister Roads,

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

(b) Although supportive of measures to ensure the east link road is not constructed via Clifton and Bannister Roads, that a possible closure of portion of Clifton Road reserve in the vicinity of Bannister Road is not supported given that the City seeks to maintain a legal access (in the long term) to the City's freehold landholding at Ken Hurst Park to maintain options for that site.

3. A copy of this report be forwarded to the Department of Local Government for information and retention by those conducting the authorised inquiry into the City of Canning.

Amendment

At 8.24pm Cr Macphail moved, seconded Cr Robartson -

That Part 4 be added to the Officer Recommendation as follows -

4. A copy of this report be forwarded to the Department of Infrastructure and Transport and to Jandakot Airport Holdings for information.

At 8.24pm the Mayor submitted the amendment, which was declared

CARRIED (13/0)

Reasons for Amendment

The Department of Infrastructure and Transport is the Federal Government agency responsible for civil aviation and airports. Jandakot Airport Holdings is lessee of Jandakot Airport. Communication of the Council's position with respect to access to Jandakot Airport is considered to be of relevance and importance to the Department of Infrastructure and Transport and to Jandakot Airport Holdings.

COUNCIL RESOLUTION (3299) **APPROVAL**

At 8.24pm the Mayor submitted the substantive motion as amended –

That the Council;

1. With respect to the proposal for an eastern road link servicing Jandakot Airport, advise the Minister for Regional Development and Lands, the Minister for Planning, the Member for Bateman, the Member for Jandakot, the Member for Riverton, the Member for Southern River, the Department of Regional Development and Lands, Department of Planning, Western Australian Planning Commission and Landgate that the Council:

(a) Supports the concept of an eastern link road servicing Jandakot Airport to minimise congestion, improve safety and enhance the efficiency of the regional road network.

P12/3299 – JANDAKOT AIRPORT – EASTERN ROAD ACCESS OPTIONS (REC)

(b) Supports the proposed eastern link road to be constructed between Jandakot Airport and Ranford Road in the vicinity of the Johnston Road reserve given that the alignment provides the most direct route, provides opportunities for a design that minimises the need for clearing of vegetation, provides separation to residential areas and presents an opportunity to provide a rationalised intersection point to Ranford Road, capable of servicing future public transport initiatives and other land uses.

(c) Opposes the proposal by the City of Canning to close Johnston Road, Lothian Road and Govan Road in Canning Vale given that these road reserves maintain the most practical and direct opportunities to establish an eastern link servicing Jandakot Airport.

(d) Does not support the alternative route for an eastern link servicing Jandakot Airport involving Clifton Road and Bannister Road to South Street given that the proposed route is indirect, requires substantial expenditure on a major bridged rail crossing, will result in loss of native vegetation within Ken Hurst Park, is likely to result in major congestion at the intersection of Bannister Road and South Street and will cause unnecessary disruption to the operations at the Southern Metropolitan Regional Council's Regional Resource Recovery Centre site.

2. The Southern Metropolitan Regional Council be advised that Council:

(a) Opposes the alternative Jandakot Airport east link route being promoted by the City of Canning, involving Clifton and Bannister Roads,

(b) Although supportive of measures to ensure the east link road is not constructed via Clifton and Bannister Roads, that a possible closure of portion of Clifton Road reserve in the vicinity of Bannister Road is not supported given that the City seeks to maintain a legal access (in the long term) to the City's freehold landholding at Ken Hurst Park to maintain options for that site.

3. A copy of this report be forwarded to the Department of Local Government for information and retention by those conducting the authorised inquiry into the City of Canning.

4. A copy of this report be forwarded to the Department of Infrastructure and Transport and to Jandakot Airport Holdings for information.

At 8.31pm the Mayor declared the motion **CARRIED (13/0)**

CD12/8044 – LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS (REC) (ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	Emergency Evacuation and Management Plan
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	:	Peter Carrie Coordinator Neighbourhood Amenity

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

CD12/8044 – LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS (REC) (ATTACHMENT)

KEY ISSUES / SUMMARY

- Section 41 of the Emergency Management Act 2005 requires that a local government is to ensure that arrangements ("Local Emergency Management Arrangements") for emergency management in the local government district are prepared.
- Local Emergency Management Arrangements are to be consistent with the State Emergency Management Policies and State Emergency Plans.
- Local Emergency Management Arrangements are to include a local recovery plan and the nomination of a Local Recovery Coordinator.
- Copies of the Local Government's Emergency Management Arrangements are to be delivered to the State Emergency Management Committee (SEMC) as soon as practicable after they are prepared.
- It is recommended that the Council note the Local Emergency Management Arrangements.

BACKGROUND

The City has prepared Local Emergency Management Arrangements for Council to note prior to submission to the State Emergency Management Committee.
8044_Local_Emergency_Management_Arrangements_March_2012

The aim of the City of Melville Local Emergency Management Arrangements is to detail the emergency management arrangements for the City and to ensure that an understanding between agencies and stakeholders involved in managing emergencies within the City is clearly established.

The purpose of the emergency management arrangements are to set out:

a) The local government's policies for emergency management;

b) The roles and responsibilities of public authorities and other persons involved in emergency management in the local government district;

c) Provisions about the coordination of emergency operations and activities relating to emergency management performed by the persons mentioned in paragraph b);

d) A description of emergencies that are likely to occur in the local government district;

e) Strategies and priorities for emergency management in the local government district;

f) Other matters about emergency management in the local government district prescribed by the regulations; and

g) Other matters about emergency management in the Local Government district that the Local Government considers appropriate, (s. 41(2) of the Emergency Management Act 2005.

CD12/8044 – LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS (REC) (ATTACHMENT)

DETAIL

These arrangements are to ensure that there are suitable plans in place to deal with the identified emergencies should they arise. It is not the intent of this document to detail the procedures for Hazard Management Authorities (HMA's) in dealing with an emergency. These should be detailed in the HMA's individual plan.

Furthermore:

a) This document applies to the local government district of the City of Melville;

b) This document covers areas where the City of Melville provides support to HMA's in the event of an incident;

c) This document details the City of Melville's capacity to provide resources in support of an emergency, while still maintaining business continuity; and

d) The City of Melville's responsibility in relation to recovery management.

These arrangements are to serve as a guide to be used at the local level. Incidents may arise that require action or assistance from District, State or Federal level.

A Local Emergency Management Committee (LEMC) is to be formed by the Local Government and chaired by the Mayor or a Councillor. Councillor Barton is the current chairperson of the City's LEMC which meets quarterly in accordance with the Emergency Management Act 2005.

The Local Recovery Coordinator is the Manager Operations.

The functions of the LEMC are:

a) To advise and assist the Local Government in establishing Local Emergency Management Arrangements for the district;

b) To liaise with public authorities and other persons in the development, review and testing of the Local Emergency Management Arrangements; and

c) To carry out other emergency management activities as directed by SEMC or prescribed by regulations.

The LEMC has adopted these Arrangements at its meeting held on 28 March 2012.

It is a function of a Local Government:

a) Subject to this Emergency Management Act 2005, to ensure that effective Local Emergency Management Arrangements are prepared and maintained for it's district;

b) To manage recovery following an emergency affecting the community in it's district; and

c) To perform other functions given to the Local Government under this Act.

CD12/8044 – LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS (REC) (ATTACHMENT)

PUBLIC CONSULTATION/COMMUNICATION

A survey of the community was undertaken in 2010 to gain an insight into what the community identified as sources of risks that may impact on the City of Melville and what effect those sources of risk may have, if they were to impact on the local community. The community survey was sent to residents and businesses within the City of Melville. A total of 4,400 surveys were circulated with a return of 924 completed surveys representing 21% of the total.

A Risk Register was developed as part of the survey and the community identified the following sources of risk as having the greatest likelihood of impacting the City of Melville based on a rating scale of 1 being low likelihood and 6 being high likelihood :

Source of Risk	*Average Rating*
Severe storm event	***4.19***
Road transport emergency	***3.76***
Building fires	***3.70***
Critical infrastructure failure	***3.57***
Hazardous materials spills	***3.38***
Bushfire	***3.10***

The City of Melville conducted a single multi-hazard risk analysis workshop in May 2010 to analyse the identified risks. Representatives from the community and public authorities attended the workshop.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Consultation has been undertaken with the Western Australian Local Government Association, Emergency Management Services, Fire and Emergency Services Authority of Western Australia, the Melville State Emergency Services Unit, the Police and Department of Child Protection.

STATUTORY AND LEGAL IMPLICATIONS

Section 41 of the Emergency Management Act 2005 requires that a local government is to ensure that Local Emergency Management Arrangements for emergency management in the local government district are prepared.

These arrangements have been prepared in accordance with the requirements of the Emergency Management Act 2005.

CD12/8044 – LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS (REC) (ATTACHMENT)

FINANCIAL IMPLICATIONS

There are no up front financial implications for the Council relating to this report. However, there are ongoing financial costs in undertaking a test of the emergency arrangements annually (as required by the Emergency Management Act 2005) estimated at $5,000 per annum.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There is a risk to the community should the City not have Local Emergency Management Arrangements for emergency management in place.

The Emergency Management Act 2005 requires the City to manage the recovery of the community after an event.

Risk Statement	Level of Risk	Risk Mitigation Strategy
That the Local Emergency Management Arrangements and related requirements of the Emergency Management Act 2005 are not in compliance with legislative requirements or policies.	**Major** consequences which are possible	Ensure all legislative requirements are in the compliance calendar and reported on to ensure all legislative requirements are met.

The legislative responsibilities the City of Melville has pertaining to the Emergency Management Act 2005 are all listed in the organisational compliance calendar. Part of the requirements is to annually test our Local Emergency Management Arrangements.

Testing is done via a yearly scheduled desk-top exercise; the test (involving City of Melville staff, State Government and Not-For-Profit Organisations) identifies areas for improvements. Those areas will be assessed and implemented and reported back to the Local Emergency Management Committee. The scheduled desk-top exercise will also be audited and this is captured in the organisational compliance calendar.

POLICY IMPLICATIONS

There is no policy implications associated with this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The requirement for Emergency Management arrangements are a statutory requirement.

CD12/8044 – LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS (REC) (ATTACHMENT)

CONCLUSION

The City of Melville Local Emergency Management Arrangements is provided for Council's information prior to submission to the State Emergency Management Committee.

The Local Emergency Management Arrangements will also be tabled at the District Emergency Management Committee (DEMC) and lodged with Emergency Management Western Australia.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (8044) **NOTING**

That the Council note the City of Melville Local Emergency Management Arrangements 8044 Local Emergency Management Arrangements March 2012 and that the Local Emergency Management Arrangements will be submitted to the State Emergency Management Committee.

At 8.31pm the Mayor submitted the motion, which was declared

CARRIED EN BLOC (13/0)

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	Mt Pleasant Bowling Club
Customer Index	:	Mt Pleasant Bowling Club
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	C05/8004 Mt Pleasant Bowling Club Self Supporting Loan Request. April 2005 C07/8017 Mt Pleasant Bowling Club request for Self Supporting Loan. December 2007. C11/8037 8017 Mt Pleasant Bowling Club Self Supporting Loan Request July 2011.
Works Programme	:	Not Applicable
Funding	:	$300,000
Responsible Officer	:	Michael Doyle Community Recreation Coordinator

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when Council review decisions made by Officers.*
☐	Quasi-Judicial	*when 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 (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

KEY ISSUES / SUMMARY

The purpose of this report is to present a substitute request from the Mt Pleasant Bowling Club (Inc) (the Club) Executive for a previously approved loan which will:

- still permit the Club to pay out two existing self supporting loans which have supported synthetic greens,
- allow the Club to replace one existing synthetic green (B) to grass in order to remain sustainable; and
- allow the Club to undertake some Club facility renovations and equipment upgrades.

It is recommended that Council support the substitute request from the Mt Pleasant Bowling Club (Inc) which demonstrates strategic planning for a sustainable future.

BACKGROUND

At the July 2011 Ordinary Meeting of the Council. it was resolved:

1. ***That by Absolute Majority Decision of the Council the Mt Pleasant Bowling Club is granted approval for a Self Supporting Loan of $350,000 repayable over ten years subject to:***

    a. ***The Mt Pleasant Bowling Club providing an acceptable ten year cash flow analysis reviewed and supported by an independent certified practicing, chartered or similarly qualified and experienced accountant.***
    b. ***The Mt Pleasant Bowling Club noting that the City of Melville will not support any further Self Supporting Loans for any purpose until such time 60% of all loans are repaid or within a five year period (October 2017).***
    c. ***The Mt Pleasant Bowling Club using the loan to pay out Loan 404 and 407 in full and replace the surfaces of green's B and C.***
    d. ***The penalty costs associated with the early payout of loans 404 and 407 to be met by the Mt Pleasant Bowling Club.***
    e. ***The Mt Pleasant Bowling Club contributing $70,000 towards the replacement synthetic playing surfaces from Club funds.***

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

f. The Mt Pleasant Bowling Club confirms in writing that it will contribute $40,000 per annum representing synthetic playing surface replacement funds, into a separate interest bearing deposit with an Authorised Deposit Taking Institution having a credit rating equivalent to Standard and Poor's BBB+ with such deposit being in the joint names of the Club and the City of Melville of which the City's Director Corporate Services shall be a co- signatory and agrees that release of these funds shall only be permitted for the replacement of the synthetic playing surfaces.

g. The Mt Pleasant Bowling Club use the $20,000 manufacturer's compensation as a contingency fund for this replacement project and commits any unspent contingency to the synthetic playing surface replacement fund.

h. The Mt Pleasant Bowling Club agreeing to an annual meeting with the Director Corporate Services of the City of Melville to discuss the Club's audited annual reports and overall financial position.

i. The Mt Pleasant Bowling Club, as part of the agenda at each of the Club's Executive Committee meetings, list and discuss the Club's progress in regards to meeting their loan commitments as well as progress in relation to the synthetic playing surface replacement fund and take any action necessary to ensure compliance with Council's requirements.

j. The Mt Pleasant Bowling Club to minute the discussions of the Executive Committee meetings and forward a copy to the Director Community Development of the City of Melville.

k. The Mt Pleasant Bowling Club meeting the requirements and associated costs of the Council's Self Supporting Loan Policy CP-010.

l. The Mt Pleasant Bowling Club entering into a loan agreement with the City of Melville at its own costs.

At the time, the Club's intention was to use the $350,000 for the following:

- To replace B and C Greens in 2012: $220,000
  *Pay out existing loan which by September 2012 will be: $201,677
  ** Hypothetical settlement date of 14 September 2012 and is based on interest rates prevailing on 9 June 2011.*

  Total replacement: $421,677

  Less current level of Club sinking fund: $ 70,000

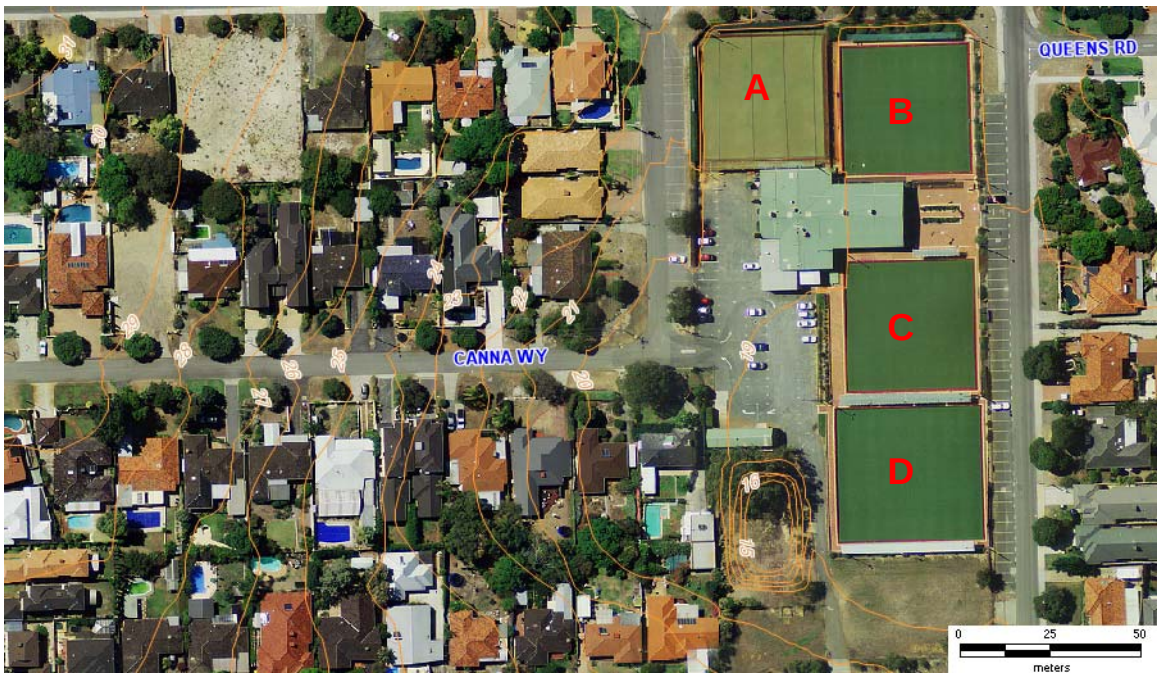
  Require to borrow: ***$351,677**
  ** Mt Pleasant Bowling Club (Inc) will contribute the additional $1,677 from Club funds.*

However, the Club has now reconsidered its approach to its playing surfaces and believes that the new proposal will better provide for the sustainability of the Club.

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

Council Item D11/8037 – Mt Pleasant Bowling Club Self Supporting Loan Request from the Ordinary Meeting of Council held on 19 July 2011 is attached as background to this report. **8045_Attachment**

The Mt Pleasant Bowling Club (Inc) currently provides its membership with three synthetic playing greens known as B, C and D and one grass green known as A green.



At the July 2011 Ordinary Meeting of the Council, the Mt Pleasant Bowling Club (Inc) were given approval to take out a self supporting loan for $350,000 to replace the synthetic surfaces on greens B and C and to pay out two existing loans. This loan was due to be taken out in September 2012.

Recently, the Mt Pleasant Bowling Club (Inc) has further investigated the challenges facing aging bowling clubs in Perth. This, coupled with the state wide decline in pennant memberships, has initiated a rethinking of the Club's strategic direction and changed the way the Club wishes to use funds from any self supporting loan.

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

The Mt Pleasant Bowling Club (Inc) now intends to conduct the following works:

- Pay out two existing loans;
- Replace synthetic B green to a grass surface (through sinking fund and Club funds);
- Decommission grass green A; and
- Upgrade furniture and interior of the Clubhouse.

Over the years, the Mt Pleasant Bowling Club (Inc) has demonstrated its ability to plan for the future. The Club recognise that for its size and membership numbers it would be unsustainable to operate and replace three synthetic greens. Since the installation of green D, replacement costs have increased significantly. The Mt Pleasant Bowling Club (Inc) also recognise that player numbers state wide are on the decline and have taken this decision to ensure Club sustainability and be in a position to self fund future synthetic playing surfaces when due for replacement.

The synthetic surface on green B is due for replacement in 2013 and the Mt Pleasant Bowling Club (Inc) believes that diverting the cost associated with synthetic surface replacement into providing a grassed green, while decreases overall capacity, is sufficient for Club operations and is a more viable option for the Club long term.

The Club aims to be proactive in maintaining a high level of Clubroom and playing facilities and is satisfied that it is able to exist without the use of one green.

PUBLIC CONSULTATION/COMMUNICATION

No Planning or Building approvals will be required and advertising of the Self Supporting Loan will be conducted as identified under the Statutory and Legal Implications of this report.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

The advice provided by the Department of Local Government whether a rescission motion was required concerning the resolution of the Council in July 2011 concluded that as there was no substantial change to the former resolution and that the provisions of S5.25 (1) (e) of the Local Government Act 1995 do not apply.

STATUTORY AND LEGAL IMPLICATIONS

Should the Self Supporting Loan (SSL) be approved a period of 30 days public advertising is required under Section 6.20 (2) Local Government Act 1995.

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

FINANCIAL IMPLICATIONS

The Mt Pleasant Bowling Club (Inc) currently has two self supporting loans with the City of Melville.

Loan Number	Original Loan Amount	Projected Amount owing at 5/09/2012
Loan 404	$395,298	*$142,000 (64% repaid)
Loan 407	$140,000	*$ 59,677 (57.5% repaid)
TOTAL	$535,298	*$201,677 (62.5% repaid)

The Club is seeking to borrow $300,000 to pay out Loans 404 and 407, make some essential playing surface replacements and Clubroom upgrades.

The financial explanation is set out below:

To replace B green to grass: $ 35,000
*Pay out existing loan which by September 2012 will be: $201,677
** Hypothetical settlement date of 14 September 2012 and is based on interest rates prevailing on 9 June 2011.*
Upgrade furniture and Clubroom interior $ 65,000
Total replacement: $301, 677

Require to borrow: ***$300,000**
** Mt Pleasant Bowling Club (Inc) will contribute the additional $1,677 from Club funds.*

This request for funding is $50,000 less than the approval received at the July 2011 Ordinary Meeting of the Council.

A comparison of the current and proposed annual repayment schedule is estimated below:

Item (Per Annum)	Amount
CURRENT ARRANGEMENTS	
Bank Loan (Principle and Interest)	$78,000
Synthetic Playing Surface Replacement Fund	$10,000
TOTAL	**$88,000**
PROPOSED ARRANGEMENTS	
*Bank Loan (Principle and Interest)	$39,000
Synthetic Playing Surface Replacement Fund	$30,000
TOTAL	**$69,000**

** The interest rate quoted on the new loan is based on rates applying as at 21st March 2012 and may change dependant on the rate on the day the new loan is taken out.*

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

The comparison indicates that the new arrangement will be $69,000 per annum. This represents a saving per year of $19,000 to the Club. The Club has demonstrated the capacity to pay the current $88,000 per annum through a good loan repayment history with the City and contributions to the sinking fund. This indicates that the Club has the capacity meet the cost of $69,000 per annum.

The Mt Pleasant Bowling Club (Inc) has already resurfaced green C. These works were completed in January 2012 at a cost of $140,000. Funds for these works were provided by the Club's synthetic playing surface replacement fund ($90,000) and general Club funds ($50,000).

At the July 2011 Ordinary Meeting of the Council, the Mt Pleasant Bowling Club (Inc) committed to contribute $40,000 annually to a synthetic surface replacement sinking fund. However, given that they are now requesting one less synthetic green, they are proposing to reduce this contribution to $30,000 annually for this funding request. Therefore, over the next ten years (life expectancy of playing surface), the Club would have contributed $300,000 to the sinking fund.

As the sinking funds will be invested and assuming a 5% interest rate per annum, by 2022 there will be a total of $396,203 for playing surface replacement. It is estimated by the Club that by 2022 the cost of replacing the two synthetic greens will be approximately $400,000 ($200,000 per green) indicating that the Club is likely to have sufficient funds without requiring a further self supporting loan for surface replacement in the future.

STRATEGIC RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The review of the Club's approach regarding their future sustainability is one of consolidation, responsive to changing trends and one that provides flexibility for the sport of bowls. The Mt Pleasant Bowling Club (Inc) is managed by an Executive Committee that have been proactive in maintaining the Club as a successful bowling club within the Western Australia bowling community demonstrated by the 2010 Metropolitan Club of the Year award from the sports peak body Bowls WA.

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

Risk Statement	Level of Risk	Risk Mitigation Strategy
A significant financial exposure should the Mt Pleasant Bowling Club (Inc) not be in a position to honour its financial commitment to the City of Melville.	Moderation consequences which are likely, resulting in a **High** level of risk from a community perspective.	Establish an agenda item for the Club's executive meetings reporting back to the City of Melville on an annual basis. That the meeting be included in the City's Compliance Calendar for bring forward annually.
The Mt Pleasant Bowling Club (Inc) not being in a position to offer its members adequate playing surfaces.	Moderation consequences which are likely, resulting in a **High** level of risk.	Approve request for Self Supporting Loan.

POLICY IMPLICATIONS

Policy CP - 010 Self Supporting Loan, states that *"Approval will only be considered where the Club or organisation can adequately demonstrate, by provision of forward financial plans covering the life of the loan, a capacity to meet the loan repayment. The financial plans are to be certified by an independent Certified Practicing, Chartered or similarly qualified and experienced Accountant".*

Policy CP - 010 Self Supporting Loan states that: "*Where the total combined value of a Club or organisations current and/or new self-supporting loan exceeds $250,000 (two hundred and fifty thousand dollars) a Loan Guarantee Fee of the % determined annually by Council when setting the Fees & Charges of the initial principal amount which will be charged and applied by incorporating into the periodic loan repayments amount.*

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

An alternative is for the Council to not approve the revised position; however the Club's request demonstrates a more sustainable approach. It considers the Club's current requirements and still provides flexibility for future reinstatement of green A if future growth eventuates.

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

CONCLUSION

The report demonstrates that the Club plans for the future by the investment in synthetic greens in 2005, further expansion of synthetic greens in 2008 and consolidating its facilities in order to provide a sustainable future for the Club.

Officers believe that this is a sustainable move for the Mt Pleasant Bowling Club (Inc) and it provides the City with some long term flexibility should there be a need to consolidate the number of clubs within the City of Melville. Decommissioning the grass green A provides for the possibility of reopening it should numbers dictate in cases of any amalgamation of clubs.

The Mt Pleasant Bowling Club (Inc) recognises the value of synthetic greens but in this case does not require the additional capacity created by a third synthetic green and have made the decision to consolidate the number of greens and replace a synthetic green with a grass green for the long term future of the Mt Pleasant Bowling Club (Inc).

The Mt Pleasant Bowling Club (Inc) demonstrates prudent management by way of an experienced Club Executive. Should the actions stated in this agenda not be adopted, the Mt Pleasant Bowling Club (Inc) would face an uncertain future that may result in a potential risk of the Club defaulting on existing loans.

The annual contribution to the synthetic playing surface replacement fund of $30,000 will place the Club in a position to have the majority of the eventual replacement funds.

As highlighted in the detail of this report, there is a general participation decline in the sport of bowls throughout Australia. However, the Mt Pleasant Bowling Club (Inc) has the highest playing membership of any club within the City.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (8045)

ABSOLUTE MAJORITY

At 8.32pm Cr Reidy moved, seconded Cr Pazolli -

That by Absolute Majority Decision of the Council, in substitution of the resolution of the Council from the Ordinary Meeting of Council on 19 July 2011, the Mt Pleasant Bowling Club (Inc) is granted approval for a Self Supporting Loan of $300,000 repayable over ten years subject to:

a. The Mt Pleasant Bowling Club (Inc) providing an acceptable ten year cash flow analysis reviewed and supported by an independent certified practicing, chartered or similarly qualified and experienced accountant.

b. The Mt Pleasant Bowling Club (Inc) noting that the City of Melville will not support any further Self Supporting Loans for any purpose until such time that 60% of all loans are repaid.

c. The Mt Pleasant Bowling Club (Inc) using the new loan to pay out Loan 404 and 407 in full.

CD12/8045 – MT PLEASANT BOWLING CLUB SELF SUPPORTING LOAN REQUEST (AMREC) (ATTACHMENT)

d. The penalty costs associated with the early payout of loans 404 and 407 to be met by the Mt Pleasant Bowling Club (Inc).

e. The Mt Pleasant Bowling Club (Inc) confirms in writing that it will contribute $30,000 per annum representing synthetic playing surface replacement funds, into a separate interest bearing deposit with an Authorised Deposit Taking Institution having a credit rating equivalent to Standard and Poor's BBB+ with such deposit being in the joint names of the Club and the City of Melville of which the City's Director Corporate Services shall be a co-signatory and agrees that release of these funds shall only be permitted for the replacement of the synthetic playing surfaces.

f. The Mt Pleasant Bowling Club (Inc) agreeing to an annual meeting with the Director Corporate Services of the City of Melville to discuss the Club's audited annual reports and overall financial position.

g. The Mt Pleasant Bowling Club (Inc), as part of the agenda at each of the Club's Executive Committee meetings, list and discuss the Club's progress in regards to meeting their loan commitments as well as progress in relation to the synthetic playing surface replacement fund and take any action necessary to ensure compliance with Council's requirements.

h. The Mt Pleasant Bowling Club (Inc) to minute the discussions of the Executive Committee meetings and forward a copy to the Director Community Development of the City of Melville.

i. The Mt Pleasant Bowling Club (Inc) meeting the requirements and associated costs of the Council's Self Supporting Loan Policy CP-010.

j. The Mt Pleasant Bowling Club (Inc) entering into a loan agreement with the City of Melville at its own costs.

k. The Mt Pleasant Bowling Club (Inc) maintain the decommissioned green at an acceptable standard

At 8.32pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (13/0)

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

Ward	:	All
Category	:	Strategic
Subject Index	:	Delegated Authority
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	:	C11/5187 Review of City of Melville Delegated Authority Manual – Ordinary Meeting of Council - 21 June 2011
Works Programme	:	Not Applicable
Funding	:	Not Applicable
Responsible Officer	:	Jeff Clark Governance & Compliance Program Manager

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
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☒	**Legislative**	***includes adopting local laws, town planning schemes & policies.***
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

KEY ISSUES / SUMMARY

This report seeks the Council's consideration in reviewing and adopting certain delegations of authority that permit officers to perform functions within prescribed parameters.

BACKGROUND

The Local Government Act 1995 (The Act) provides for the delegation of certain powers and duties to certain Committees (Sections 5.16 & 5.17) and the Chief Executive Officer (Sections 5.42 & 5.43). The Chief Executive Officer may, unless prohibited by the Councils instrument of delegation, further on-delegate powers and duties to employees (Section 5.44).

The Act also provides for a delegations register to be maintained and reviewed each financial year (Section 5.46). Council Officers have reviewed the delegations and this report requests the Council to undertake a review of the reviewed delegations as submitted by the Officers.

DETAIL

It is necessary to review all current delegations to ensure, in the first instance, that they are consistent with the legislation and secondly, that they are, still necessary. Although the provisions of the Local Government Act 1995 do not affect delegations made under other legislation, it is also considered an appropriate time to review those delegations.

"Delegated Authority" refers only to those powers or duties required by legislation and are often referred to as statutory delegations. Generally, these delegated authorities will be made to the Chief Executive Officer who may then on-delegate to such person or persons as he feels appropriate unless otherwise restricted by legislation or Council.

5217 Delegated Authority Manual The City of Melville Delegated Authority Manual is attached. This attachment provides specific detail as to the extent of each delegation.

All Delegations have been reviewed by officers and suggestions have been included on the Delegations for changes to descriptions and sub-delegations to or from positions. The review process was undertaken by all Directors and their suggestions have been noted on each Delegation.

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

It was apparent to Officers that due to the extensive work on the Delegation Authority Manual over the past years, the main amendments recommended are fine tuning of the existing delegations. A listing of all Council Delegations is provided as an attachment with notes in a spreadsheet provided as an attachment identifying any specific change to a delegation. **5217 Listing of Council Delegations**

Minor Amendments to Delegations.

There are instances where Delegations have been amended to note the change of officer position titles. These amendments do not change the nature of the delegation. Minor amendments have also been made to various Delegations to reflect changes to the enabling legislation.

Delegation DA-020 Planning and Related Matters**,** the Enabling Legislation has been amended by deleting Community Planning Scheme No 5 and replacing with Planning & Development Act 2005.

Delegation DA-030 Consideration of Expressions of Interest to Supply Products or Services, the Description has been amended to more clearly define the intent of this delegation.

Delegation DA-033 Power to Invest - A sub-delegation has been provided to the Manager Information, Technology & Support and the Financial Accountant has been removed from the delegation.

Delegation DA-036 Release of Confidential Information, under Description, Local Government Act 1995 has been included in the enabling Legislation.

Delegation DA-041 Seek Legal Services Outside the Approved Panel of Legal Advisors, under Related Policy Reference, Policy - CP–023 Procurement of Products and Services has been included

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

Delegation DA-057 Noise & Environmental Protection Notices, the Header and Description has been amended to reflect current Legislation.

Delegation DA-058 Prosecutions, Environmental Protection Notice, the Header and Description have been amended to reflect current Legislation.

New Delegations

There are no new Delegations in this report.

Deleted Delegations

The following Delegations have been recommended for deletion as they have been superseded by the new Building Act 2011

Delegation DA-017 Building Notices and Other Related Matters

Authority to deal in all respects with matters relating to Buildings pursuant to Part 15 of the Local Government (Miscellaneous Provisions) Act 1960 and the Building Regulations 1989

Delegation DA-019 Functions of Building Surveyor, Building & Demolition Licenses and Classification Certificates

Authority to determine Building and Demolition Licence applications, issue Classification Certificates and undertake the function and role of Building Surveyor in accordance with the requirements of the Local Government (Miscellaneous Provisions) Act 1960, the Building Regulations 1989 and other relevant legislation and the Council Policy.

Delegation DA-021 Strata Titles

Authority to determine all built strata title applications and issue Form 7 Strata Certificates, pursuant to the Strata Titles Act 1985.

PUBLIC CONSULTATION/COMMUNICATION

No external public consultation has been carried out as these delegations are considered to be an internal matter requiring only the Council's consideration.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

The City of Melville Delegated Authority Manual has been modelled on the Department of Local Governments guidelines introduced in the February 2007. These guidelines were prepared in collaboration between Department of Local Government Staff, McLeods Barristers & Solicitors, and officers from various local governments including the City of Melville.

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

STATUTORY AND LEGAL IMPLICATIONS

The following are the key issues under the The Act affecting delegated authority:

- Delegations (to Committees and the Chief Executive Officer) must be made by an absolute majority decision [s.5.16(1) and s.5.42(1)].
- Delegations (whether to Committees or the Chief Executive Officer) must be in writing, and may be general or as otherwise provided in the instrument of delegation [s.5.16(2), s.5.42(2) and s.5.44(2)].
- All Delegations will have effect for the period of time specified in the delegation, or if not specified, indefinitely. Any decision to amend or revoke a delegation must be by absolute majority [s.5.16(3)].
- Any of the Council powers or duties under The Act can be delegated to a Committee comprising Council members only, EXCEPT any power or duty requiring absolute or special majority decisions; or any other power or duty as prescribed [s.5.17(1)(a)].
- Delegations **CANNOT** be made to Committees comprised of "other persons" only [s.5.9(2)(f)] (i.e. with no council members or employees). Following from this, delegations cannot be made to a committee comprised of employees only [such a committee cannot exist by virtue of s.5.9(2)].

A Local Government may delegate to the Chief Executive Officer, by absolute majority, any of its powers or duties under The Act [s.5.42(1)], EXCEPT those identified in s.5.43 as listed below:

(a) any power or duty that requires an absolute or special majority decision or seventy five percent (75%) majority of the Local Government;

(b) accepting a tender which exceeds an amount determined by the Local Government;

(c) appointing of an auditor;

(d) acquiring or disposing of any property valued at an amount exceeding an amount determined by the local government;

(e) any powers under s.5.98 (fees for Council Members), s.5.99 (annual fee for Council Members in lieu of fees for attending meetings), or s.5.100 (payments for certain Committee Members);

(f) borrowing money on behalf of the local government;

(g) hearing or determining an objection of a kind referred to in s.5.95;

(h) any power or duty requiring the approval of the Minister or the Governor;

(i) such other powers or duties as may be prescribed.

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

- Any powers or duties which can be delegated to the Chief Executive Officer in accordance with s.5.42 and s.5.43, can be delegated to a Committee comprising Council members and employees [s.5.17(1)(b)]. Further, the Chief Executive Officer may delegate to any employee any of these powers or duties (other than the power of delegation) [s.5.44(1)]

- Any powers or duties that are necessary or convenient for the proper management of the City of Melville's property or related to an event in which the City of Melville is involved, can be delegated to the following types of Committee:

  (i) comprised of council members, employees and other persons

  (ii) comprised of council members and other persons

  (iii) comprised of employees and other persons [s.5.17(1)(c)]

- Registers must be kept of all Delegations made to Committees, the Chief Executive Officer and employees, and such Delegations are to be reviewed at least once every financial year. [s.5.18, s.5.46(1) & (2)]

- The Chief Executive Officer and any other employee who has been delegated a power or duty under The Act is required to keep a written record of:

  (i) how and when the power was exercised or the duty discharged

  (ii) the persons or classes of persons directly affected (other than Council or Committee members, or employees) by the use of the delegation [s.5.46(3) and Reg. 19].

FINANCIAL IMPLICATIONS

Should the Council choose not to delegate authority to its officers, additional financial costs will be incurred in the extra administrative resources that would need to be applied in order to prepare reports seeking authorisation for individual actions from the Council.

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

STRATEGIC, ENVIRONMENT AND RISK MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
An issue arises that requires urgent attention of officers to ensure public safety.	Moderate consequences which are almost certain, resulting in a **High** level of risk.	Implementation of delegation of power to authorise officers to enter site to make a situation safe.
That Officers exercise a delegation that results in a decision being made that is contrary to the wishes of the Council	Moderate consequences which are unlikely resulting in a **Medium** level of risk.	Clear Council policy is established to guide delegated Officers/committees in the exercise of the delegation.

POLICY IMPLICATIONS

A number of Council policies adopted by the Council have enabling delegations to the Chief Executive Officer who inturn may on delegate to other appointed Officers.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

All delegations are subject to the discretion of the Council and can be removed at any time. The Council may choose to remove delegations which inturn will then require formal consideration of relevant matters or items at the next available meeting of the Council.

Should delegations to Officers not be granted, customers and suppliers would experience increased delays in obtaining approvals, authorisations or payments.

CONCLUSION

It is important to note that major decisions or actions made under delegation are as a matter of procedure referred onto Elected Members for their information. In addition whilst many decisions may be procedural, circumstances may make a decision contentious and therefore may be referred on to the Council for formal decision despite the enabling delegation.

C12/5217 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL (AMREC) (ATTACHMENT)

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (5217)

ABSOLUTE MAJORITY

At 8.32pm Cr Robartson moved, seconded Cr Willis -

That by Absolute Majority Decision, the Council:

1 Adopt the City of Melville Delegated Authority Manual 5217 Delegated Authority Manual as attached.

2 Revoke the following delegations:

- **Delegation DA-017 Building Notices and Other Related Matters**
- **Delegation DA-019 Functions of Building Surveyor, Building & Demolition Licenses and Classification Certificates**
- **Delegation DA-021 Strata Titles**

At 8.32pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (13/0)

C12/5000 – 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		Bruce Taylor - Manager Information, Technology & Support

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

KEY ISSUES / SUMMARY

This report details the documents to which the City of Melville Common Seal has been applied for the period from 24 February 2012 up to and including 22 March 2012 and recommends that the information be noted.

C12/5000 – 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 by the Chief Executive Officer and the Mayor and the Chief Executive Officer attest the affixing of the seal.

DETAIL

Register Reference	Party	Description	File Reference
533	City of Melville and Willagee Rugby League Football Club	Deed of Management Licence -Portion of Webber Reserve, Webber Street Willagee	2420869
570	City of Melville and Marmion Reserve Sporting Association	Deed of Management Licence – Portion of 440 Marmion Street Melville.	2438034
594	City of Melville and Attadale Playgroup Inc	Renewal of Management Licence – Attadale Playgroup Inc on Portion of Reserve 4813	2547345
601	City of Melville and Melville City Soccer Club	Variation for the Change of name of Melville City Soccer Club to Melville City Football Club	2597101
643	City of Melville	Section 70A Notification-Satisfy Condition 2 of Planning Approval	2664173

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

C12/5000 – COMMON SEAL REGISTER (REC)

STATUTORY AND LEGAL IMPLICATIONS

Section 2.5(2) of the Local Government Act 1995.
The local government is a body corporate with perpetual succession and a common seal.

Section 94(3) of the Local Government Act 1995:
(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.

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 action 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 February 2012 up to and including 22 March 2012, be noted.

At 8.32pm the Mayor submitted the motion, which was declared

CARRIED EN BLOC (13/0)

C12/6000 - INVESTMENT STATEMENTS (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	:	Khris Yeoh – Senior Financial Accountant

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

KEY ISSUES / SUMMARY

- This report presents the investment statements for the month of February 2012 and recommends that the information detailed in the report be noted.
- There were no credit events in February 2012 that affected the City's Collaterised Debt Obligation (CDO) investments.
- Monthly valuations for ADIs and CDOs shown for February are based on valuations obtained from CPG Research and Advisory as at 29 February 2012. When compared to the valuations used as at 30 June 2011, valuations obtained from CPG as at 29 February 2012 show that:
  - ADIs have increased in value by $29,520.
  - CDOs have increased in value by $4,824,792.

After the end of the period one CDO with a face value of $2m and 30 June 2011 book value of $966,372 was repaid in full and a further CDO with a face value of $1m, but which had suffered a loss of principal of 35.1% and had a 30 June 2011 book value of $10,758, was repaid at the "call" date yielding $649,464 plus the quarterly interest payment of $8,795.

C12/6000 - INVESTMENT STATEMENTS (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 the Council's Investment of Funds Policy CP-009, with the objective of maximising returns whilst maintaining low levels of credit risk exposure.

DETAIL

Summary details of investments held as at the end of February 2012 are shown in the tables below.

CITY OF MELVILLE
STATEMENT OF INVESTMENTS
FOR THE PERIOD ENDING 29 FEBRUARY 2012

SUMMARY BY FUND	PURCHASE PRICE $	MANAGEMENT VALUE AT 30/06/2011 $	ESTIMATED CURRENT MARKET VALUE $	BOOK PROFIT/(LOSS) $	BOOK PROFIT/(LOSS) %
MUNICIPAL	$ 47,064,333	$ 47,064,333	$ 47,064,333	$ -	0.00%
RESERVE	$ 51,576,991	$ 35,272,887	$ 40,127,199	$ 4,854,312	9.41%
TRUST	$ 505,818	$ 505,818	$ 505,818	$ -	0.00%
CRF	$ 183,184	$ 183,184	$ 183,184	$ -	0.00%
	$ 99,330,326	**$ 83,026,221**	**$ 87,880,534**	**$ 4,854,312**	**4.89%**

SUMMARY BY INVESTMENT TYPE	PURCHASE PRICE $	MANAGEMENT VALUE AT 30/06/2011 $	ESTIMATED CURRENT MARKET VALUE $	BOOK PROFIT/(LOSS) $	BOOK PROFIT/(LOSS) %
ADI	$ 2,500,000	$ 2,466,215	$ 2,495,735	$ 29,520	1.18%
CDO	$ 17,920,000	$ 1,649,681	$ 6,474,473	$ 4,824,792	26.92%
BOND	$ -	$ -	$ -	$ -	0.00%
FRN	$ 10,500,000	$ 10,500,000	$ 10,500,000	$ -	0.00%
FRTD	$ 2,500,000	$ 2,500,000	$ 2,500,000	$ -	0.00%
TERM DEPOSIT	$ 59,069,738	$ 59,069,738	$ 59,069,738	$ -	0.00%
11AM	$ 6,609,942	$ 6,609,942	$ 6,609,942	$ -	0.00%
UNITS (Local Govt Hse)	$ 230,645	$ 230,645	$ 230,645	$ -	0.00%
	$ 99,330,326	**$ 83,026,221**	**$ 87,880,534**	**$ 4,854,312**	**4.89%**

SUMMARY BY CREDIT RATING	PURCHASE PRICE $	MANAGEMENT VALUE AT 30/06/2011 $	ESTIMATED CURRENT MARKET VALUE $	BOOK PROFIT/(LOSS) $	BOOK PROFIT/(LOSS) %
AA	$ 5,500,000	$ 5,500,000	$ 5,500,000	$ -	0.00%
AA-	$ 59,879,681	$ 59,879,681	$ 59,879,681	$ -	0.00%
A+	$ 6,300,000	$ 6,300,000	$ 6,300,000	$ -	0.00%
A	$ 3,000,000	$ 2,969,715	$ 2,988,045	$ 18,330	0.61%
A-	$ 2,500,000	$ 2,496,500	$ 2,507,690	$ 11,190	0.45%
BBB+	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ -	0.00%
CCC	$ -	$ -	$ -	$ -	0.00%
CCC-	$ -	$ -	$ -	$ -	0.00%
NR	$ 17,920,000	$ 1,649,681	$ 6,474,473	$ 4,824,792	26.92%
UNITS (Local Govt Hse)	$ 230,645	$ 230,645	$ 230,645	$ -	0.00%
	$ 99,330,326	**$ 83,026,221**	**$ 87,880,534**	**$ 4,854,312**	**4.89%**

C12/6000 - INVESTMENT STATEMENTS (REC)

The following statements detail the investments held by the City. Marketable investments are shown at their estimated market value.

STATEMENT OF INVESTMENTS
FOR THE PERIOD ENDING 29 FEBRUARY 2012

INSTITUTION / INVESTMENT	RISK of IMPAIRMENT	INVESTMENT TYPE	Current Interest Rate %	S & P RATING	FACE VALUE $	BOOK VALUE AT 30/6/2011 $	CURRENT EST MARKET VALUE $	INVESTMENT GAIN / (LOSS) SINCE 30/6/10 $	MATURITY DATE
BANKWEST (11AM)		11AM	4.25%	AA-	$2,409,024	$2,409,024	$2,409,024	$0	On call
WESTPAC (MAXI DIRECT)		11AM	4.80%	AA-	$2,900,000	$2,900,000	$2,900,000	$0	On call
WESTPAC (MAXI BONUS 1)		11AM	5.20%	AA-	$1,300,918	$1,300,918	$1,300,918	$0	On call
WESTPAC (MAXI BONUS 2)		11AM	5.20%	AA-	$0	$0	$0	$0	On call
					$6,609,942	**$6,609,942**	**$6,609,942**	**$0**	
AMP BANK LTD (TERM)		TERM	Various	AA-	$1,000,000	$1,000,000	$1,000,000	$0	Various
BANKWEST (TERM)		TERM	Various	AA-	$11,369,738	$11,369,738	$11,369,738	$0	Various
BENDIGO AND ADELAIDE BANK (TERM)		TERM	5.75%	A-	$1,500,000	$1,500,000	$1,500,000	$0	7-May-12
COMMONWEALTH BANK (TERM)		TERM	5.20%	AA-	$3,000,000	$3,000,000	$3,000,000	$0	5-Apr-12
SUNCORP METWAY LTD (TERM)		TERM	Various	A+	$6,300,000	$6,300,000	$6,300,000	$0	Various
NAB (TERM)		TERM	Various	AA-	$10,300,000	$10,300,000	$10,300,000	$0	Various
ST GEORGE BANK (TERM)		TERM	Various	AA-	$13,800,000	$13,800,000	$13,800,000	$0	Various
RABODIRECT (TERM)		TERM	5.60%	AA	$1,500,000	$1,500,000	$1,500,000	$0	21-May-12
WESTPAC (TERM)		TERM	Various	AA-	$10,300,000	$10,300,000	$10,300,000	$0	Various
					$59,069,738	**$59,069,738**	**$59,069,738**	**$0**	
BANK OF QUEENSLAND (FLOAT RATE TD)		FRTD	6.42%	BBB+	$2,000,000	$2,000,000	$2,000,000	$0	30-Sep-13
ING BANK		FRTD	5.69%	A	$500,000	$500,000	$500,000	$0	6-Sep-12
					$2,500,000	**$2,500,000**	**$2,500,000**	**$0**	
COMMONWEALTH BANK (COVERED BOND)		FRN	6.10%	AAA	$2,000,000	$2,000,000	$2,000,000	$0	25-Jan-17
COMMONWEALTH BANK (RETAIL BOND)		FRN	5.81%	AA	$2,000,000	$2,000,000	$2,000,000	$0	20-Dec-15
COMMONWEALTH BANK (FRN)		FRN	5.48%	AA	$2,000,000	$2,000,000	$2,000,000	$0	2-Aug-16
NAB (FRN)		FRN	5.38%	AA-	$2,000,000	$2,000,000	$2,000,000	$0	16-Sep-14
NAB (FRN)		FRN	5.61%	AA-	$2,000,000	$2,000,000	$2,000,000	$0	21-Jun-16
WESTPAC (FRN)		FRN	5.94%	AA-	$500,000	$500,000	$500,000	$0	6-Feb-17
					$10,500,000	**$10,500,000**	**$10,500,000**	**$0**	
ADELAIDE BANK	Very Low	ADI	4.85%	A-	$1,000,000	$996,500	$1,007,690	$11,190	28-Mar-12
MACQUARIE BANK	Very Low	ADI	4.95%	A	$1,500,000	$1,469,715	$1,488,045	$18,330	31-May-12
WESTPAC BANK	Full redemption	ADI	#N/A	AA-	$0	$0	$0	$0	
APHEX (GLENELG)	High	CDO	6.17%	NR	$2,000,000	$122,833	$504,540	$381,707	22-Dec-14
BERYL FINANCE GLOBAL BANK NOTE	Early Term.	CDO	0.00%	NR	$2,000,000	$1	$1,200,000	$1,199,999	20-Sep-14
BERYL FINANCE GLOBAL BANK NOTE 2	Early Term.	CDO	0.00%	NR	$450,000	$1	$270,000	$269,999	20-Sep-14
CORSAIR (CAYMAN) KAKADU	High	CDO	5.83%	NR	$1,500,000	$75,255	$288,075	$212,820	20-Mar-14
CORSAIR (CAYMAN) TORQUAY	Very High	CDO	6.31%	NR	$1,885,000	$22,493	$361	-$22,132	20-Jun-13
ETHICAL LIMITED GREEN	High	CDO	5.99%	NR	$1,000,000	$10,758	$92,969	$82,211	20-Mar-14
HELIUM CAPITAL (ESPERANCE)	High	CDO	6.69%	NR	$1,800,000	$347,317	$483,846	$136,529	20-Mar-13
HELIUM CAPITAL (SCARBOROUGH)	Defaulted	CDO	#N/A	NR	$0	$0	$0	$0	
MAGNOLIA FLINDERS	Moderate	CDO	5.93%	NR	$2,000,000	$966,372	$2,024,480	$1,058,108	20-Mar-12
MANAGED ACES CLASS 11A PARKES	Very High	CDO	7.73%	NR	$1,000,000	$2,934	$1,909	-$1,025	20-Jun-15
MANAGED ACES CLASS 1A PARKES	High	CDO	6.06%	NR	$1,050,000	$10,269	$98,112	$87,843	20-Jun-15
OMEGA CAPITAL CLASS A HENLEY	Moderate	CDO	5.27%	NR	$385,000	$80,689	$370,181	$289,492	20-Jun-13
STARTS (CAYMAN) BLUE GUM	Defaulted	CDO	#N/A	NR	$0	$0	$0	$0	
ZIRCON FINANCE COOLANGATTA	Early Term.	CDO	0.00%	NR	$1,500,000	$9,095	$600,000	$590,905	20-Sep-14
ZIRCON FINANCE MERIMBULA	Early Term.	CDO	0.00%	NR	$500,000	$1,663	$200,000	$198,337	20-Jun-13
ZIRCON FINANCE MIAMI	Early Term.	CDO	0.00%	NR	$850,000	$1	$340,000	$339,999	20-Mar-17
					$20,420,000	**$4,115,896**	**$8,970,208**	**$4,854,312**	
UNITS IN LOCAL GOVT HOUSE		UNITS	0.00%		$230,645	$230,645	$230,645	$0	
TOTAL FUNDS INVESTED					**$99,330,326**	**$83,026,221**	**$87,880,534**	**$4,854,312**	

CREDIT RISK COMPARISON

CREDIT RISK		PURCHASE PRICE $		CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	MAX. % AMOUNT IN TOTAL PORTFOLIO	Comments
AA		$5,500,000		$5,500,000	6%	80%	
AA-		$60,879,681		$60,879,681	69%	80%	
A+		$6,300,000		$6,300,000	7%	50%	
A		$2,000,000		$1,988,045	2%	50%	
A-		$2,500,000		$2,507,690	3%	50%	
BBB+		$2,000,000		$2,000,000	2%	20%	
NR		$17,920,000		$6,474,473	7%		**Purchased Prior To Policy Change**
UNITS IN LOCAL GOVT: HOUSE		$230,645		$230,645	0%	0.1%	**Council Decision**
TOTAL		**99,330,326**		**87,880,534**	**100%**		

C12/6000 - INVESTMENT STATEMENTS (REC)

DIVERSIFICATION RISK

INSTITUTION		INVESTMENT TYPE	S & P RATING	CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	INSTITUTION PROPORTION	MAX. % WITH ANY ONE INSTITUITION	Comments
AMP BANK LTD (TERM)		TERM	AA-	1,000,000	1.14%	1.14%	20%	
BANKWEST (11AM)		11AM	AA-	2,409,024	2.74%		20%	
BANKWEST (TERM)		TERM	AA-	11,369,738	12.94%	15.68%	20%	
BANK OF QUEENSLAND (FLOAT RATE TD)		FRTD	BBB+	2,000,000	2.28%	2.28%	10%	
BENDIGO AND ADELAIDE BANK (TERM)		TERM	A-	1,500,000	1.71%	1.71%	15%	
COMMONWEALTH BANK (TERM)		TERM	AA-	3,000,000	3.41%		20%	
COMMONWEALTH BANK (COVERED BOND)		FRN	AAA	2,000,000	2.28%		20%	
COMMONWEALTH BANK (RETAIL BOND)		FRN	AA	2,000,000	2.28%		20%	
COMMONWEALTH BANK (FRN)		FRN	AA	2,000,000	2.28%	10.24%	20%	
ING BANK		FRTD	A	500,000	0.57%	0.57%	15%	
MACQUARIE BANK		ADI	A	1,488,045	1.69%	1.69%	15%	
NAB (FRN)		FRN	AA-	4,000,000	4.55%		20%	
NAB (TERM)		TERM	AA-	10,300,000	11.72%	16.27%	20%	
RABODIRECT (TERM)		TERM	AA	1,500,000	1.71%	1.71%	15%	
ST GEORGE BANK (TERM)		TERM	AA-	13,800,000	15.70%	15.70%	20%	
SUNCORP METWAY LTD (TERM)		TERM	A+	6,300,000	7.17%	7.17%	15%	
WESTPAC (MAXI BONUS 1)		11AM	AA-	1,300,918	1.48%		20%	
WESTPAC (MAXI BONUS 2)		11AM	AA-	-	0.00%		20%	
WESTPAC (MAXI DIRECT)		11AM	AA-	2,900,000	3.30%		20%	
WESTPAC (TERM)		TERM	AA-	10,300,000	11.72%		20%	
WESTPAC (FRN)		FRN	AA-	500,000	0.57%		20%	
WESTPAC BANK		ADI	AA-	-	0.00%	17.07%	20%	
ADELAIDE BANK		ADI	A-	1,007,690	1.15%	1.15%	10%	
CDO - Various		CDO		6,474,473	7.37%	7.37%		Purchased Prior To Policy Change
UNITS IN LOCAL GOVT HOUSE		UNITS		230,645	0.26%	0.26%		
				87,880,534	**100%**	**100%**		

MATURITY COMPARISON

TERM to MATURITY				CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	MAX. % IN ANY ONE YEAR	Comments
MUNICIPAL & TRUST FUNDS							
< 1 year				44,339,506	100%	100%	
				44,339,506	**100%**		
RESERVE FUNDS							
< 1 year				22,059,342	55%	100%	
< 2 years				2,684,207	7%	80%	
< 3 years				4,955,584	12%	80%	
< 4 years				2,100,021	5%	40%	
< 5 years				6,500,000	16%	40%	
> 5 years				1,828,045	5%	20%	Purchased Prior To Policy Change
				40,127,199	**100%**		

The values ascribed to Authorised Deposit Taking Institutions (ADIs) by the City's independent financial advisers are based on current market evidence. Positive improvements in the market since 30 June 2011 are evident by an increase in market valuations. These valuations assume that the City will be required to sell these investments prior to maturity. The City is however a holder to maturity of these investments as there is no need to sell ADIs. There is therefore no reason to expect that any losses will be incurred. Recent repurchases by the issuing banks at their full value supports this view.

Since 30 June 2009, $15,000,000 worth of ADIs has been repurchased by the issuing banks. These had been written down in previous financial years, to a book value of $14,738,160. A book profit of $261,840 has therefore been realised. The City expects that the remaining two ADIs will be repurchased by the issuing banks as they reach their call dates over the next three months.

Due to the absence of an active market for CDOs and the ongoing uncertainty in financial markets, the City adopted a very conservative approach when valuing its CDOs for year end reporting purposes.

C12/6000 - INVESTMENT STATEMENTS (REC)

Monthly valuations for ADIs and CDOs shown for February are based on valuations obtained from CPG Research and Advisory as at 29 February 2012. When compared to the valuations used as at 30 June 2011, valuations obtained from CPG as at 29 February 2012 show that:

- ADIs have increased in value by $29,520.
- CDOs have increased in value by $4,824,792.

Lehman Brothers arranged CDOs have experienced an increase, as heightened investor expectations of a favourable ruling in the courts grew which would result in an early termination and the City gaining access to the collateral representing the City's original investments which are held by the Trustees.

Some of the non Lehman Brothers arranged CDOs continue to pay coupon payments based on the full amount invested whilst those CDO's that have suffered an erosion of credit support and therefore underlying principal pay interest at a reduced rate depending on the extent of the principal loss experienced. Based on previous independent advice from a number of sources, the City's policy has been to continue to hold these investments to maturity unless opportunities to sell at realistic values are presented. No realistic offers have been received to date.

The City is also expecting one of its CDO's (Magnolia Flinders) with a face value of $2m to be repaid in full when it matures on 20 March 2012. The book value of this CDO was $966,372 as at 30 June 2011, which gives a book profit of $1,033,628. The full repayment with interest of the Flinders CDO was received on 20 March 2012.

In addition the distressed CDO known as Ethical Limited Green, which had suffered a loss of principal of 35.1% due to defaults, was repaid by the arranging bank JP Morgan on the call date of 20 March 2012 with funds of $649,464 plus quarterly interest of $8,795. The 30 June 2011 book value of this CDO was $10,758 which yields a book profit of $638,706.

It should be noted that CDOs are structured in such a manner so as to provide for a level of defaults of a number of the entities referenced by the CDOs before there is loss of value at maturity of the CDOs themselves. Further investment in CDOs is specifically excluded under the City's current Investment Policy

Credit Ratings and Credit Events

There were no credit events or defaults in February that affected the City's CDO investments.

Twenty one credit events impacting the City's CDO investments have now been recorded to date. The Companies involved are 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. This has resulted in a loss of $6.96m to date, as detailed below:

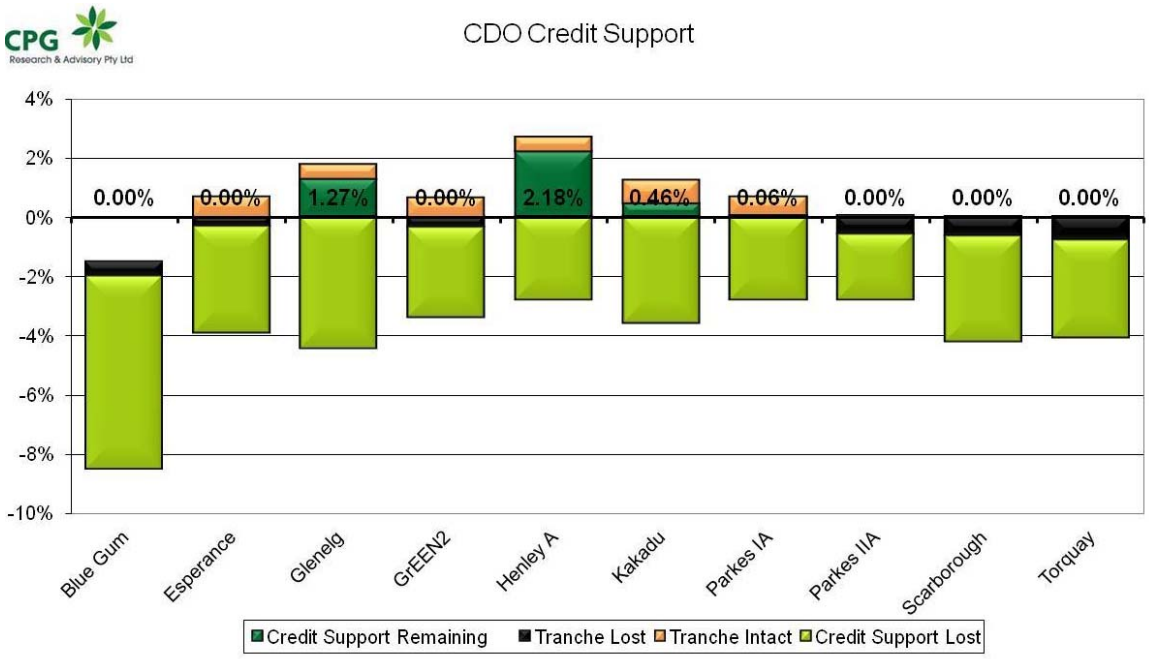
- The total loss of the Starts Cayman Blue Gum CDO with a face value of $1.5m.
- The total loss of the Helium Capital Scarborough CDO with a face value of $1.8m.

C12/6000 - INVESTMENT STATEMENTS (REC)

- The near total loss of 98.373% ($1.854m) of the Corsair Cayman Torquay CDO with a face value of $1.885m.
- The near total loss of 90.5% ($0.905m) of the Managed Aces Class Parkes IIA CDO with a face value of $1.0m.
- The partial loss of 30.3% ($0.545m) of the Helium Capital Esperance CDO with a face value of $1.8m.
- The partial loss of 35.1% ($0.351m) of the Ethical Limited Green CDO with a face value of $1.0m.

Actual losses incurred will be funded from the Risk Management Reserve to the extent that funds are available in that Reserve. Where losses exceed the available funds, these will be prorated and deducted across the City's other Reserve Funds, excluding the Leave Entitlement Reserve, in proportion to the Reserve Balances as at 30 June 2007.

The impact of these credit events on each of the City's CDOs is shown below.



C12/6000 - INVESTMENT STATEMENTS (REC)

CDO Arranger Face Value	No. of Credit Events	Remaining Credit Support before FIRST Loss of Principal	Remaining Credit Support before TOTAL Loss of Principal	Comments
Aphex Glenelg Arranger: Nomura International **$2.0m**	**7 credit events:** Takefuji, AIFUL, Thomson,Lehmans, Landsbanki, CIT Group & PMI Grp.	2.0	2.79	
Beryl Finance Global Bank Note Arranger: Lehman Brothers **$2.45m**	**Nil credit events:**	1	N/A	Terminated due to Lehman bankruptcy – In legal dispute re collateral
Corsair Cayman Kakadu Arranger: J.P. Morgan Australia **$1.5m**	**11 credit events:** AMBAC Assurance, AIFUL, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu, Kaupthing, CIT Group, Anglo Irish Bank & PMI Group	1	1	Very high likelihood of total default.
Corsair Cayman Torquay Arranger: J.P. Morgan Australia **$1.885m**	**11 credit events:** AMBAC Assurance, AIFUL, XL Capital Assurance, Idearc, Freddie Mac, Lehman, WaMu, Glitnir, Kaupthing, CIT Group & PMI Group	-2.0	-2.0	Loss (**98.373%**) of principal has occurred. Very high likelihood of total default.
Ethical Limited Green Arranger: J.P. Morgan Australia **$1.0m - $649,464 repaid 21/3/2012**	**9 credit events:** AMBAC Assurance, XL Capital Assurance, Idearc, Lehman's, WaMu, Glitnir, Kaupthing, CIT Group & PMI Group	-0.9	1.75	Partial loss (**35.1%**) of principal has occurred. Very high likelihood of total default. Investment called.
Helium Capital Esperance Arranger: Merrill Lynch International **$1.80m**	**7 credit events:** PMI Group, Idearc, Tribune, Thomson, Lehman's, AMBAC Assurance & CIT Group.	-0.5	0.67	Partial loss (**30.3%**) of principal has occurred. Very high likelihood of total default.

C12/6000 - INVESTMENT STATEMENTS (REC)

CDO Arranger Face Value	No. of Credit Events	Remaining Credit Support before FIRST Loss of Principal	Remaining Credit Support before TOTAL Loss of Principal	Comments
Magnolia Flinders Arranger: Credit Suisse First Boston **$2.0m**(Full $2m plus interest received 20/3/2012)	**Nil CDO defaults:**	N/A	N/A	Maturity imminent on 20 March 2012 – now matured
Managed Aces Class Parkes 1A Arranger: Morgan Stanley **$1.05m**	**9 credit events:** AMBAC Assurance, AIFUL, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu, CIT Group & PMI Group.	0.2	1.94	High likelihood of total default.
Managed Aces Class Parkes 11A Arranger: Morgan Stanley **$1.0m**	**9 credit events:** AMBAC Assurance, AIFUL, FGIC, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu & CIT Group.	-1.8	-1.8	Partial loss (**90.5%**) of principal has occurred. Very high likelihood of total default.
Omega Capital Class A Henley Arranger: BNP Paribas **$0.385m**	**7 credit events:** AMBAC Assurance, Freddie Mac, Fannie Mae, Thomson, Lehman's, CIT Group & PMI Group	3.3	3.44	Maturity imminent on 22 June 2012

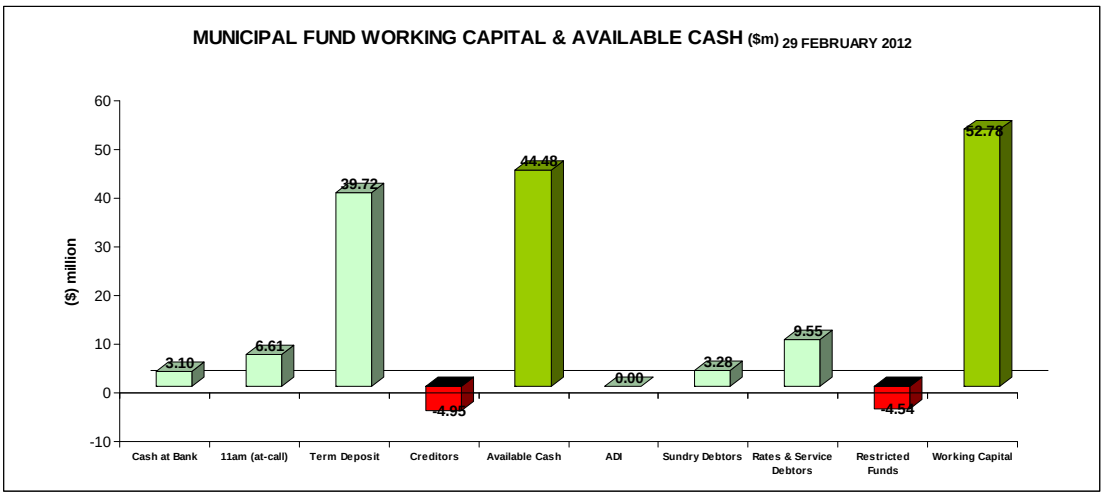
C12/6000 - INVESTMENT STATEMENTS (REC)

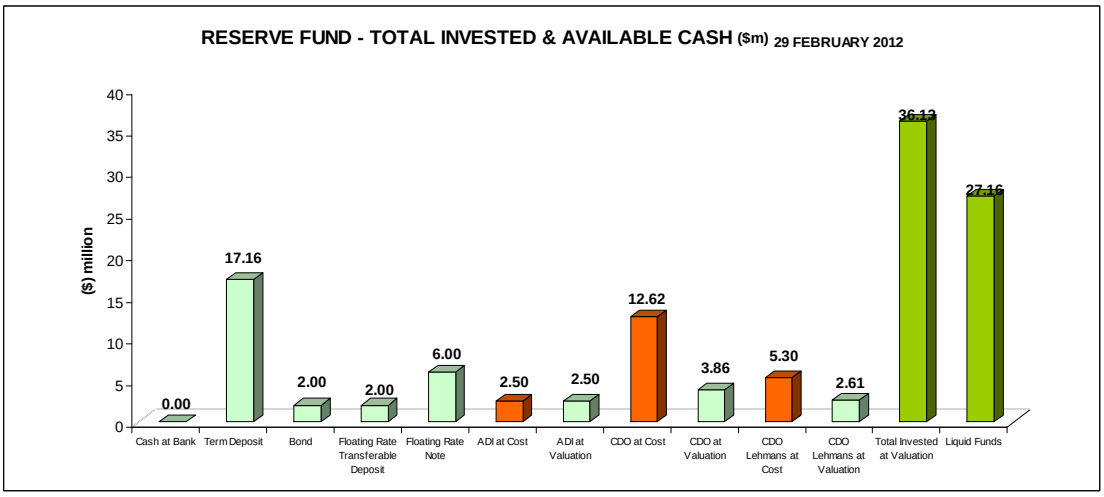
CDO Arranger Face Value	No. of Credit Events	Remaining Credit Support before FIRST Loss of Principal	Remaining Credit Support before TOTAL Loss of Principal	Comments
Zircon Finance Coolangatta Arranger: Lehman Brothers **$1.50m**	**8.0 credit events:** Ambac Assurance, Aiful, FGIC, Freddie Mac, Fannie Mae, WaMu, Chemtura & Cit Group.	4.7	6.5	Terminated due to Lehman bankruptcy – In legal dispute re collateral
Zircon Finance Merimbula A Arranger: Lehman Brothers **$0.50m**	**8.0 credit events:** Ambac Assurance, Aiful, FGIC, Freddie Mac, Fannie Mae, WaMu, Chemtura & Cit Group.	2.9	3.7	
Zircon Finance Miami Arranger: Lehman Brothers **$0.85m**	**7.0 credit events:** Ambac Assurance, Aiful, Thomson, Freddie Mac, Fannie Mae, Abitibi & CIT Group.	8.4	10.1	

C12/6000 - INVESTMENT STATEMENTS (REC)

Net Funds Held

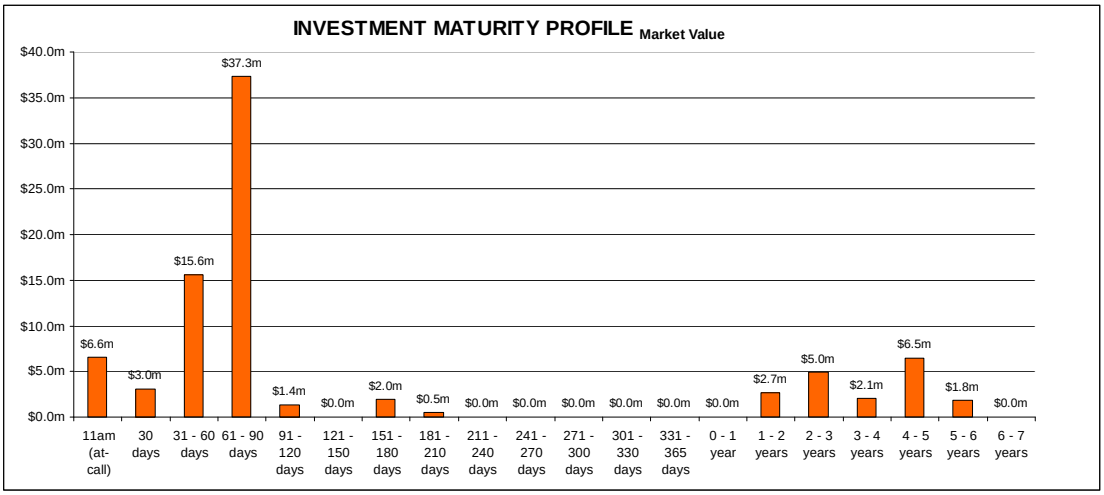
The graphs below summarise the Municipal Fund working capital and available cash and the funds held in the Reserve Fund at purchase price and last valuation, for February 2012.





C12/6000 - INVESTMENT STATEMENTS (REC)

The graph below summarise the maturity profile of the City's investments at market value as at 29 February 2012.



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.

The City also continues to inform the Melville community of the status of investments by placing articles in Mosaic and the local press.

C12/6000 - INVESTMENT STATEMENTS (REC)

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

City officers are in day to day contact with the City's investment advisors, CPG Research and Advisory and periodically with respect to the Lehman Brothers Australia (In liquidation) legal advisors Piper Alderman, litigation funders IMF Australia and the liquidators of Lehman Brothers Australia PPB.

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 and to seek early termination of the Lehman arranged CDOs, so that the City gains access to the more valuable collateral representing the City's original investments which are held by Trustees for the Lehman Brothers arranged CDOs.

In conjunction with approximately 72 other corporations and local government authorities the City of Melville has engaged litigation funder IMF Australia to seek recovery of book losses from Lehman Brothers Australia. Whilst the decisions taken by the various courts have been positive for the City the legal process is lengthy and it will still be some time before certainty is achieved.

Legal actions are taking place between the United Kingdom (UK) and United States (US) courts as to whose laws should be applied in respect of the Lehman Brothers arranged CDOs, which is subject of an early termination. Lehman Brothers was successful in gaining the right to appeal the current UK judgement in favour of investors to the Supreme Court of England and Wales. This is the highest possible court whose decision will bring finality to the legal process in the UK. It is therefore likely that the legal process will continue for at least another year as the US court has not yet issued its first judgement, which is almost certain to be appealed.

As previously mentioned, the likelihood of this happening can be demonstrated by the upward valuations in these CDOs over the past months.

C12/6000 - INVESTMENT STATEMENTS (REC)

FINANCIAL IMPLICATIONS

For the period ending February 2012, interest earned on:

- Municipal and Trust Funds was $1,918,271 against a year to date budget of $1,013,067. This represents a $905,204 positive variance some of which was recognised during the half year budget review.
- Reserve Funds was $1,680,195 against a year to date budget of $533,333. This represents a $1,146,862 positive variance.

Investment earnings received in respect to CDO investments since 1 July 2007 has been $4.570m and $2.889m in respect to ADIs.

In accordance with the Council's Investment Policy, any surplus investment returns derived as a result of investing in ADIs, CDOs, Bonds, Floating Rate Notes, Floating Rate Transferable Deposit and Term Deposits when compared to the cash rate will be transferred to the Risk Management Reserve.

Due to Lehman Brothers entering into Chapter 11 bankruptcy proceedings, the City has not received interest payments on the $5.3m face value of Lehman Brothers arranged CDOs. At this time we understand that interest on the underlying collateral is being retained by the trustee who has taken control of that collateral.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Council's investment policy was constructed 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.

Due to the continuing credit market concerns overseas, the risks associated with the City's investment portfolio in CDOs also increased to levels which are of concern. Whilst the City continues to earn and be paid interest from its non Lehman arranged CDOs, the reassessment by the major rating agencies of their credit risk models used to assess the credit ratings associated with CDO portfolios, has resulted in significant downgrading of CDO investments to credit rating levels that do not meet the Council's investment policy.

Due however to the lack of an active market for CDOs, these investments must continue to be held unless opportunities to sell at realistic values are presented.

The risk of loss due to the default of some of the CDOs is very high whilst the risk of loss due to the default of deposits with banks or ADIs is considered extremely low.

In response to the current market conditions, funds are currently being invested for short periods and/or only with highly credit rated Australian banking institutions.

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

C12/6000 - INVESTMENT STATEMENTS (REC)

POLICY IMPLICATIONS

Council Policy CP-009 – Investment of Funds.

The Investment Policy was reviewed and readopted at the Ordinary Meeting of Council held on 15 November 2011.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

Whilst the situation regarding the CDO investments remains tenuous with the loss of two and the partial default/loss of four other CDO investments (one of which was repaid post the end of the period), the full impact of the book value devaluation of these investments was accounted for in the previous financial years. No further material book value devaluations are expected over the course of the current and future financial years.

Officers, in conjunction with investment advisors CPG, will continue to monitor the situation regarding CDO investments and report this on a monthly basis. Based on independent advice received from various sources, the City's policy is to continue to hold these investments to maturity unless opportunities to sell at realistic values are presented. No realistic offers have been received to date.

As a result of improved book values of previously written down investments, continuing cost savings/efficiencies, alternative revenue generation projects and the strong investment returns that have been realised over the past few years, the value of the City's Reserve funds have been restored to in excess of pre global financial crisis levels.

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

That the Investment Report for the month of February 2012 be noted.

At 8.34pm the Mayor submitted the motion, which was declared

CARRIED EN BLOC (13/0)

C12/6001 – SCHEDULE OF ACCOUNTS FOR FEBRUARY 2012 (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	:	2011/2012 Budget
Responsible Officer	:	Khris Yeoh Senior Financial Accountant

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

C12/6001 – SCHEDULE OF ACCOUNTS FOR FEBRUARY 2012 (REC) (ATTACHMENT)

KEY ISSUES / SUMMARY

This report presents details of the payments made to suppliers for the provision of goods and services for the month of February 2012 and recommends that the Schedule of Accounts be noted.

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 Administration) 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 for the month ending 29 February 2012**,** **6001 February 2012** including Payment Registers numbers Cheques **269 to 274** and Electronic Funds Transfers **231 to 233** were distributed to the Members of Council on 17 April 2012.

Payments in excess of $25,000 for the month are as follows:

C12/6001 – SCHEDULE OF ACCOUNTS FOR FEBRUARY 2012 (REC) (ATTACHMENT)

Supplier Name	Remittance Number	Remittance Details	
Alpha West Services Pty Ltd	E027866 & E027685	Upgrade of IP Telephony System	$93,180.78
Badge Constructions (WA) Pty Ltd	E027700	Progress Claim 9 for redevelopment of Melville Aquatic Fitness Centre	$332,096.15
City of Cockburn	E027777 & E027550	Waste disposal fees for January 2012	$73,107.07
Data#3 Limited	E027648	Software licences	$34,571.94
Dickies Tree Service	E027779 & E027553	Tree lopping service	$52,754.10
Downer EDI Works Pty Ltd	E027693	Road resurfacing	$367,426.29
Dowsing Concrete	E027751 & E027922	Concrete works	$55,305.53
Fire & Emergency Services Authority WA	E027890	ESL remittances for January 2012	$863,334.26
Flexi Staff	E027583 & E027798	Temp. Staff hire	$139,375.95
Forpark Australia	E027556 & E027780	Playground Equipment supply & maintenance	$51,825.51
Gladstone MRM (Australia) Pty Ltd	E027838, E027766 & E027628	Software	$34,767.48
Globe Australia	E027889, E027711 & E027770	Spraying service	$29,587.80
Greenspan - MCE	E027589 & E027802	Electronic engineering	$44,810.70
MacDonald Johnston Engineering	E027560, E027758 & E027783	Waste Compactor supply & maintenance	$28,745.13
Natural Area Management & Services	E027744	Weed control service	$30,580.00
Optus Billing Services Pty Ltd	Chqs 047488 & 047106	Mobile phone billing	$25,656.09
Perth Engineering & Maintenance WA Pty	E027643 & E027767	Disposal of recyclables for December 2011 & January 2012	$107,776.12
Robinson Buildtech	E027759, E027788 & E027568	Building maintenance	$38,740.55
Southern Metropolitan Regional Council	E027848 & E27652	MSW fees & green waste fees for January 2012	$642,176.56
Synergy	Chq 047491	Electricity supply	$131,476.34
Total Eden	E027611 & E027815	Reticulation supplies	$33,375.54

C12/6001 – SCHEDULE OF ACCOUNTS FOR FEBRUARY 2012 (REC) (ATTACHMENT)

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 2011/2012 Budget.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

No other identifiable strategic, risk and environmental management implications.

POLICY IMPLICATIONS

Not Applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

C12/6001 – SCHEDULE OF ACCOUNTS FOR FEBRUARY 2012 (REC) (ATTACHMENT)

CONCLUSION

This is a regular monthly report for Elected Members information.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6001) NOTING

That the Schedule of Accounts for the month ending 29 February 2012 as approved by the Director Corporate Services in accordance with delegated authority DA-035, and detailed in attachment 6001_February 2012 be noted.

At 8.34pm the Mayor submitted the motion, which was declared

CARRIED EN BLOC (13/0)

C12/6002 – FINANCIAL STATEMENTS FOR FEBRUARY 2012 (REC) (ATTACHMENTS)

Ward	:	All
Category	:	Operational
Subject Index	:	Financial Reporting - Financial Statements
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	:	Khris Yeoh – Senior Financial Accountant

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

KEY ISSUES / SUMMARY

- This report presents the financial statements for the period ending 29 February 2012 and recommends that they be noted by the Council.
- Money expended in an emergency:
  - As a result of the fire at the Civic Centre, unbudgeted expenditure of $410,956 has been expended from Municipal funds since the day of the fire. The majority of which will be recovered from the insurance claim.

C12/6002 – FINANCIAL STATEMENTS FOR FEBRUARY 2012 (REC) (ATTACHMENTS)

BACKGROUND

The Financial Statements for the period ending 29 February 2012 have been prepared and tabled in accordance with the Local Government (Financial Management) Regulations 1996 as amended.

DETAIL

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

To 29 February 2012, a net operating positive variance of $4.740m was recorded. A net positive variance of $3.473m was recorded against capital.

Variances

A summary of variances is included below.

CITY OF MELVILLE
RATE SETTING STATEMENT
FOR THE PERIOD ENDED 29 FEBRUARY 2012

	February Actual $	YTD Budget $	YTD Actual $	Current Commitments $	Variance $	Variance %	Annual Budget $	Annual Revised Budget $
Revenues								
Governance	203,073	970,243	1,908,771	-	938,527	97%	1,410,890	1,668,290
General Purpose Funding	962,300	5,121,148	6,126,729	-	1,005,581	20%	8,068,771	8,068,771
Community Amenities	301,171	15,642,927	15,984,790	-	341,863	2%	15,913,420	15,913,420
Recreation and Culture	457,781	5,516,242	5,459,841	-	(56,401)	-1%	7,897,263	8,475,698
Transport	178,291	3,494,229	3,079,127	(268)	(415,371)	-12%	4,379,770	4,973,764
Other Property and Services	132,978	4,299,404	3,082,366	-	(1,217,038)	-28%	491,281	3,162,299
	2,262,678	37,722,557	38,409,820	(268)	686,995	2%	41,010,932	45,112,279
Expenses								
Governance	(1,076,414)	(10,960,939)	(9,640,376)	(833,306)	487,257	-12%	(15,632,267)	(15,823,249)
General Purpose Funding	(21,792)	(2,763,714)	(2,818,938)	(72,789)	(128,014)	2%	(2,903,840)	(2,903,840)
Law, Order, Public Safety	(340,985)	(2,474,413)	(2,196,118)	(29,968)	248,327	-11%	(3,598,560)	(3,669,086)
Education & Welfare	(488,518)	(3,609,945)	(3,320,381)	(133,831)	155,733	-8%	(5,460,056)	(5,467,565)
Community Amenities	(1,504,288)	(12,069,821)	(11,055,656)	(368,656)	645,508	-8%	(18,233,961)	(18,528,991)
Recreation and Culture	(2,297,397)	(17,216,476)	(15,832,712)	(879,578)	504,186	-8%	(25,508,929)	(25,579,083)
Transport	(582,293)	(6,678,405)	(5,899,354)	(555,508)	223,543	-12%	(10,060,564)	(10,067,896)
Other Property and Services	(175,914)	(2,731,042)	(2,747,764)	(125,203)	(141,924)	1%	(3,109,231)	(3,365,892)
	(6,580,426)	(59,177,683)	(54,149,764)	(3,012,489)	2,015,430	-8%	(85,495,791)	(86,403,985)

Revenue

$51.716m in Rates has been raised to 29 February 2012. This is compared with a year to date budget of $51.578m, resulting in a positive variance of $0.138m.

Money Expended in an Emergency

As a result of a recent fire at the Civic Centre, unbudgeted expenditure of $410,956 has been expended from the City's Municipal funds since the day of the fire. It is anticipated that the costs incurred, less the City's $10,000 insurance excess and any betterment, will be recouped from our insurers in the 2011/12 financial year. Officers will continue to report to Council on the progress of expenditures.

Some of the major expenditure items include:

- Fire damage repairs to date : $317K
- Purchase of a new scanner/printer : $94K

The reinstatement works were completed during January 2012.

C12/6002 – FINANCIAL STATEMENTS FOR FEBRUARY 2012 (REC) (ATTACHMENTS)

Budget Amendments

There are no budget amendments in this report that require Council approval as any amendments have been dealt with in the Mid Year Budget Review report C12_6046.

Rates Collections and Debtors

Details of Rates and Sundry debtors are shown in attachment 6002L, 6002M and 6002N.

Rates, refuse & FESA payments totalling $2.92m, was collected over the course of the month. Rate collection progress for the month of February was 0.2% above target, and 88.2% of the 2011/12 rates was collected as at 29 February 2012 which compares favourably to the 86.2% collected at the same time last year with the improvement being attributed to the earlier issue of rate notices this year.

The total sundry debtors balance decreased by $59k over the course of the month. The 90+ day's debtor balance decreased by $37k.

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

DESCRIPTION	LINK
Statement of Financial Activity – February 2012	**6002A_February_2012**
Operating Statements by Program – February 2012	**6002B_February_2012**
Representation of Working Capital – February 2012	**6002E_February_2012**
Reconciliation of Net Working Capital – February 2012	**6002F_February_2012**
Notes on Operating Statements reporting on variances of 10% or greater – February 2012	**6002H_February_2012**
Summary of Rates Debtors – February 2012	**6002L_February_2012**
Graph Showing Rates Collections – February 2012	**6002M_February_2012**
Summary of General Debtors aged 90 Days Old or Greater – February 2012	**6002N_February_2012**
Detail of Debts Written Off for the Month – February 2012	Not Applicable

C12/6002 – FINANCIAL STATEMENTS FOR FEBRUARY 2012 (REC) (ATTACHMENTS)

Granting of concession or writing off debts owed to the Council

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. The delegation is conditioned on the basis that a quarterly report detailing any debts written off is to be submitted to the Council.

No debts were written off during the month of February 2012.

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 Regulations) 1996 Part 4 – Financial Reports
Regulation 34 of the Local Government (Financial Management) Regulations 1996 as amended in March 2005, requires that:

(1) A local government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, 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 sub-regulation (1)(d)*;* and
(c) such other supporting information as is considered relevant by the local government.

C12/6002 – FINANCIAL STATEMENTS FOR FEBRUARY 2012 (REC) (ATTACHMENTS)

(3) The information in a statement of financial activity may be shown-
  (a) according to nature and type classification;
  (b) by program; or
  (c) by business unit.

(4) A statement of financial activity, and the accompanying documents referred to in sub-regulation (2), are to be-
  (a) presented to the Council-
    (i) at the next ordinary meeting of Council following the end of the month to which the statement relates; or
    (ii) if the statement is not prepared in time to present it to the meeting referred to in subparagraph (i), to the next ordinary meeting of Council after that meeting;
  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 AAS 5, to be used in statements of financial activity for reporting material variances.

The variance adopted by the Council at its meeting held on 28 June 2011, which also adopted the 2011/12 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

The majority of variances identified for the period ending 29 February 2012 will be dealt with once the Budget Review revisions for 2011/12 are loaded into the financial system. Other real variances are dealt with in 6002H (Notes on Operating Statements reporting on variances of 10% or greater).

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

No identifiable strategic, risk and environmental management implications.

POLICY IMPLICATIONS

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

C12/6002 – FINANCIAL STATEMENTS FOR FEBRUARY 2012 (REC) (ATTACHMENTS)

CONCLUSION

The attached reports reflect a positive financial position of the City of Melville as at 29 February 2012.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6002) **APPROVAL**

That the Statements of Financial Activity and the Operating Statements for the financial year to date ending 29 February 2012 as detailed in the following attachments be noted:

DESCRIPTION	LINK
Statement of Financial Activity – February 2012	6002A_February_2012
Operating Statements by Program – February 2012	6002B_February_2012
Representation of Working Capital – February 2012	6002E_February_2012
Reconciliation of Net Working Capital – February 2012	6002F_February_2012
Notes on Operating Statements reporting on variances of 10% or greater – February 2012	6002H_February_2012
Summary of Rates Debtors – February 2012	6002L_February_2012
Graph Showing Rates Collections – February 2012	6002M_February_2012
Summary of General Debtors aged 90 Days Old or Greater – February 2012	6002N_February_2012
Detail of Debts Written Off for the Month – February 2012	Not Applicable

At 8.35pm the Mayor submitted the motion, which was declared

CARRIED EN BLOC (13/0)

14. REPORTS OF THE CHIEF EXECUTIVE OFFICER

14. 1 LATE ITEMS FROM THE GOVERNANCE COMMITTEE MEETING 4 APRIL 2012

The following items from the Governance Committee Meeting of 4 April 2012 require consideration by the Council.

LATE ITEM M12/5216 – CITY OF MELVILLE – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC) (CONFIDENTIAL ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	Personnel file
Customer Index	:	Personnel file
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	M12/5126 – Chief Executive Officer Performance Review – Council – March 2012
Works Programme	:	Not applicable
Funding	:	Not applicable
Responsible Officer	:	Kylie Johnson Executive Manager Organisational Development

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	**Executive**	***the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.***
☐	Legislative	*includes adopting local laws, town planning schemes & policies.*
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

LATE ITEM M12/5216 – CITY OF MELVILLE – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC) (CONFIDENTIAL ATTACHMENT)

KEY ISSUES / SUMMARY

- The Governance Committee has been determined through Council to be the reviewers of the Chief Executive Officer performance.
- The Council has established the process for the performance review.
- The Governance Committee are to determine the survey to be used, and recommend the Performance Review Consultant to be involved in the process.

BACKGROUND

On 20 March 2008 Dr Shayne Silcox commenced in the role of Chief Executive Officer (CEO) at the City of Melville. The last performance review was finalised in May 2011, and resulted in a new five year contract being adopted by Council. In accordance with Clause 7 of the CEO contract there is to be a Performance Review every 12 months.

DETAIL

The review process endorsed by Council on 20 March 2012 is detailed as attachment **5216_Chief_Executive_Officer_Performance_Review**. As indicated in the process the Governance Committee are to determine the survey and recommend the Performance Review Consultant for the CEO performance review process.

The survey for the CEO performance review provides feedback opportunities to the Council on performance over the past twelve months. To enhance the survey process a number of options have been forwarded to Elected Members on 30 March 2012 under confidential cover.

The finalised survey will be distributed to Elected Members, with a summary of the feedback from the survey consolidated into a report, by the Performance Review Consultant. Meetings for the Elected Members to meet with the Performance Review Consultant and submit their surveys and discuss potential future performance criteria will be scheduled a number of days after the survey is distributed.

It is noted that in the last CEO Performance Review process there were some survey responses that were unable to be clarified to provide adequate constructive and specific feedback through to the CEO. It will be the role of Elected Members to ensure feedback is specific, fair and constructive, and the Performance Review Consultant will be asked to clarify any comments made if so required so that feedback to the CEO can be beneficial.

LATE ITEM M12/5216 – CITY OF MELVILLE – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC) (CONFIDENTIAL ATTACHMENT)

The role of the Performance Review Consultant is to assist in discussions between Elected Members, His Worship the Mayor and the CEO in all aspects of the performance discussion and future performance criteria, as well as the salary package review.

Seven providers were invited to quote and three responses were received for the consideration of the Governance Committee, the quotations were forwarded to Elected Members on 30 March 2012 under confidential cover Four of the seven declined to put in a quotation.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES/CONSULTANTS

Consultants have been contacted to provide quotations for the role of Performance Review Consultant in the CEO performance review.

STATUTORY AND LEGAL IMPLICATIONS

Section 5.38 of the Local Government Act 1995 states the need to review a CEO's performance at least once a year in relation to every year of employment.

Section 5.23 (2) of the Local Government Act 1995 states that a meeting by a Council or Committee, or part of a meeting, may be closed to members of the public if a matter affecting an employee is being dealt with.

FINANCIAL IMPLICATIONS

The cost of a Consultant to assist with the Performance Review process is within the current operational budget.

LATE ITEM M12/5216 – CITY OF MELVILLE – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC) (CONFIDENTIAL ATTACHMENT)

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk	Risk Mitigation Strategy
That the Consultant will not assist adequately	Low	Defined process and requirements have been clearly articulated to providers and references have been obtained.

POLICY IMPLICATIONS

Not applicable

ALTERNATE OPTIONS & THEIR IMPLICATIONS

Not applicable as the requirements for a performance review are mandatory.

CONCLUSION

The Governance Committee are to determine the survey and also recommend the Performance Review Consultant for the CEO performance review process. Once these decisions have been made the process will continue, according to the Council endorsed process detailed in attachment **5216_Chief_Executive_Officer_Performance_Review**

COMMITTEE RECOMMENDATION (5216) **APPROVAL**

At 8.36pm Cr Robartson moved, seconded Cr Barton -

1. **That the option C survey for the Chief Executive Officer performance review as contained in the confidential attachment entitled 'Survey Options' be endorsed.**

2. **That the Governance Committee's recommendation to appoint Anne Lake Consultancy as the Performance Review Consultant for the Chief Executive Officer performance review be noted.**

LATE ITEM M12/5216 – CITY OF MELVILLE – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC) (CONFIDENTIAL ATTACHMENT)

Amendment

At 8.36pm Cr Willis moved, seconded Cr Nicholson -

That after Part 2 the following be inserted;

"3 That the Governance Committee, after consideration of the Chief Executive Officer Performance Review, request the Performance Review Consultant to prepare a Chief Executive Officer Performance Development Plan that will form part of the Governance Committee's recommendations to the Council.

4 That future appointments of a Performance Review Consultant be approved by the Council on the recommendation of the Governance Committee."

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

CARRIED (13/0)

Reasons for Amendment

Cr Willis provided the following reasons in support of the amendment –

"The scope of works required of the Performance Review Consultant is unclear.

Also as Council is responsible for the Chief Executive Officer appointment and performance any decisions including the Performance Development Plan should be approved by the Council.

I would suggest the time frame for this review should be extended to assist everyone involved."

COUNCIL RESOLUTION (5216) **APPROVAL**

At 8.47pm the Mayor submitted the substantive motion as amended –

1. That the option C survey for the Chief Executive Officer performance review as contained in the confidential attachment entitled 'Survey Options' be endorsed.

2. That the Governance Committee's recommendation to appoint Anne Lake Consultancy as the Performance Review Consultant for the Chief Executive Officer performance review be noted.

3. That the Governance Committee, after consideration of the Chief Executive Officer Performance Review, request the Performance Review Consultant to prepare a Chief Executive Officer Performance Development Plan that will form part of the Governance Committee's recommendations to the Council.

4. That future appointments of a Performance Review Consultant be approved by the Council on the recommendation of the Governance Committee.

At 8.47pm the Mayor declared the motion **CARRIED (11/2)**

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

Ward	:	All
Category	:	Strategic
Subject Index	:	Surveys and Customer Surveys
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	:	Jeff Clark Governance & Compliance Program Manager

AUTHORITY / DISCRETION

		DEFINITION
☐	Advocacy	*when the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☐	Executive	*the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
☒	**Legislative**	***includes adopting local laws, town planning schemes & policies.***
☐	Review	*when the Council review decisions made by Officers.*
☐	Quasi-Judicial	*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.*

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

KEY ISSUES / SUMMARY

This report provides the results of the Councillor Satisfaction and Effectiveness Survey for review.
The lowest scoring questions in each area have been identified to encourage further input to determine how Elected Members' expectations can be met.
The report is provided for noting.

BACKGROUND

A Councillor Satisfaction and Effectiveness Survey was conducted in February 2012 to obtain Elected Member's responses to questions across six areas dealing with different aspects of Elected Members experience of the City and fellow Elected Members.

DETAIL

The Councillor Satisfaction and Effectiveness Survey is conducted annually to provide an opportunity for Elected Members to review, assess and make comment against the surveyed areas of:

1 City of Melville Staff
2 The Operation of the Organisation
3 The Operation of Council (yourself and colleagues)
4 The Council Meeting Process and Associated Documents
5 Functions hosted by the City of Melville
6 Council Facilities and Equipment

In 2012, the survey was concluded with 10 responses by Elected Members and the survey results, comments and graphs are provided as a confidential attachment to inform Elected Members. The survey results were distributed to Elected Members on 30 March 2012 under confidential cover.

Comment on the lowest scoring questions in each area has been provided to encourage additional information from Elected Members to assist Officers to meet Elected Members expectations or for Officers to provide more detail in the identified areas. The area with the lowest mean score of 4.35 is the "Operation of the Organisation". Any concerns that Elected Members hold in this area or information that is required to inform Elected Members could be identified at the time this report is discussed. The comments provided in this area range over a number of issues and clarification of Elected Members' expectations will assist in dealing with the issues.

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

City of Melville Staff

Number of questions – 11
Mean score – 5.78
Range – 6
Comment - 2

The following questions scored lowest in this set of questions:

1 "Keep me informed" scored 5.10. No comment provided.
2 "Are willing to answer questions" scored 5.50. Concern was noted re the timeliness of responses to phone calls/messages and one comment related to the perceived attitude of some staff in responding to Elected Members enquiries.
3 "Provide personalised attention" scored 5.60. The majority of respondents (seven) rated this question at 6 & 7.

The Operation of the Organisation

Number of questions – 10
Mean score – 4.35
Range – 7
Comment - 6

The following questions scored lowest in this set of questions:

1 "Has a low price compared to other Local Governments" scored 3.80. One comment advised that it is difficult to gain a comparison between local governments.
2 "Offers me value for money" scored 4.40. No comment provided.

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

The Operation of Council (yourself and colleagues)

Number of questions – 20
Mean score – 5.75
Range – 7
Comment - 6

The following questions scored lowest in this set of questions:

1 "The organisation communicates effectively with its stakeholders" scored 4.60. The comments advised that there was insufficient time on occasions to consider reports and that briefings could include greater detail.
2 "Matters are discussed in a constructive way" scored 4.70. No comment provided.
3 "Council members bring valuable experience and skills to the organisation" scored 5.00. No comment provided.

The Council Meeting Process and Associated Documents

Number of questions – 13
Mean score – 5.35
Range – 7
Comment - 4

The following questions scored lowest in this set of questions:

1 "Council Papers are accurate" scored 5.00. Two comments advised that the respondents thought not all information is included in reports.
2 "Strategic plans and business strategies are clear and precise when presented to Council" scored 5.30. No comment provided.
3 "Council papers are timely" scored 5.40. Comment requested that where possible, information be provided earlier. The majority of respondents (seven) rated this question at 6 & 7.

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

Functions hosted by the City of Melville

Number of questions – 4
Mean score – 5.68
Range – 7
Comment - 5

The following questions scored lowest in this set of questions:

1 "Functions hosted by the City of Melville are attended by the relevant persons" scored 5.30. No comment provided.

2 "The City of Melville hosts a satisfactory number of functions involving external attendees" scored 5.5. One comment advised that the City hosted too many functions.

Council Facilities and Equipment

Number of questions – 2
Mean score – 6.00
Range – 6
Comment - 4

The following question scored lowest in this set of questions:

1 "The Swan Room and equipment are suitable for Information Session meetings" scored 6.30. Two comments advised that the Swan Room was not adequate in size, layout and seating for Elected Member Information Sessions.

Other Comment

Comment was provided on four separate matters:

1 A request to update software and the webmail system.
2 A concern relating to formal letters from the Chief Executive Officer to Elected Members on the occasion/s where an Elected Member is thought to have breached the Code of Conduct or the Local Government (Rules or Conduct) Regulations 2007.
3 A request for more open debate/discussion among Elected Members in a non-judgemental arena.
4 An expression of thanks for the opportunity to participate in the survey and provide comment.

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

Suggestions for change in the Survey

Three comments were provided:

1 A request for more detail into Strategic issues.
2 A request that the survey questions be more specific.
3 A comment of "great survey".

PUBLIC CONSULTATION/COMMUNICATION

No external public consultation has been carried out as these delegations are considered to be an internal matter requiring only the Council's consideration.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

No consultation with other agencies/consultants was required for this report or survey.

STATUTORY AND LEGAL IMPLICATIONS

There are no statutory or legal implications in this report.

FINANCIAL IMPLICATIONS

The only financial implication has been officer time to initiate, analyse and report on the survey.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

All areas of risk are mitigated by full participation of Elected Members in the survey to allow analysis and action to commence on any issues identified.

Risk Statement	Level of Risk	Risk Mitigation Strategy
That Elected Members and Administration do not identify areas of improvement in the City's administration and Elected Members relationships with colleagues.	Minor consequences which are possible, resulting in a **Medium** level of risk.	Conduct a comprehensive survey to identify areas of shortcoming that will then be open to remedial action.

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

POLICY IMPLICATIONS

There are no policy implications in this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

An alternative is to not conduct a survey and be unaware of any concerns held by Elected Members relating to the Administration or colleagues. The survey could be conducted biennially however such a decision would not deal with matters of concern in a timely manner.

CONCLUSION

The Councillor Satisfaction and Effectiveness Survey is an important tool to identify where the Administration is meeting the expectations of Elected Members and also to allow all Elected Members to note the comments and expectations of their colleagues for the Council to function. The survey provides a basis for clear understandings and identification of matters where the Administration is performing to expectation and others where attention will be required.

COMMITTEE RECOMMENDATION (5227) **APPROVAL**

That the Governance Committee -

1. **Note the Councillor Satisfaction and Effectiveness Survey responses for 2012.**

2. **Request the Mayor and Deputy Mayor to undertake a workshop at an Elected Member Information Session of Elected Members to provide guidance to the Chief Executive Officer of the expectations of the Council in the areas that scored below 5.00 in the "Operation of the Organisation" section of the Councillor Satisfaction and Effectiveness Survey.**

3. **That the Chief Executive Officer be requested to investigate models of self assessment and report to a future meeting of the Governance Committee.**

LATE ITEM C12/5227 – COUNCILLOR SATISFACTION AND EFFECTIVENESS SURVEY (REC) (CONFIDENTIAL ATTACHMENT)

COUNCIL RESOLUTION (5227) **APPROVAL**

That the Council -

1. **Note the Councillor Satisfaction and Effectiveness Survey responses for 2012.**

2. **Request the Mayor and Deputy Mayor to undertake a workshop at an Elected Member Information Session of Elected Members to provide guidance to the Chief Executive Officer of the expectations of the Council in the areas that scored below 5.00 in the "Operation of the Organisation" section of the Councillor Satisfaction and Effectiveness Survey.**

3. **That the Chief Executive Officer be requested to investigate models of self assessment and report to a future meeting of the Governance Committee.**

At 8.48pm the Mayor submitted the motion, which was declared

CARRIED EN BLOC (13/0)

15. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

16. EN BLOC ITEMS

At 8.49pm Cr Willis moved, seconded Cr Kinnell -

That the recommendations for items CD12/8044, C12/5000, C12/6000, C12/6001 C12/6002 and C12/5227 be carried En Bloc.

At 8.49pm the Mayor submitted the motion, which was declared **CARRIED (13/0)**

17. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL

Nil.

18. CLOSURE

There being no further business to discuss, His Worship the Mayor declared the meeting closed at 8.50pm.