

**MINUTES  
OF THE  
ORDINARY MEETING OF COUNCIL  
HELD ON  
15 MARCH 2011  
AT 6.30PM IN THE COUNCIL CHAMBERS  
MELVILLE CIVIC CENTRE**

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**MINUTES OF THE ORDINARY MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBERS, MELVILLE CIVIC CENTRE, 10 ALMONDBURY ROAD, BOORAGOON, COMMENCING AT 6.30PM ON TUESDAY, 15 MARCH 2011.**

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**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 and then His Worship the Mayor, Russell Aubrey, read aloud the Affirmation of Civic Duty and Responsibility.

**Affirmation of Civic Duty and Responsibility**

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

**2. PRESENT**

His Worship the Mayor, Russell Aubrey

**COUNCILLORS**

Cr C Robartson  
Cr N Pazolli, Cr P Reidy  
Cr A Nicholson, Cr A Ceniviva  
Cr J Barton  
Cr N Foxton  
Cr B Kinnell, Cr C Halton

**WARD**

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

**3. IN ATTENDANCE**

|                  |   |
|------------------|---|
| Dr S Silcox      | Chief Executive Officer                   |
| Mr M Tieleman    | Director Corporate Services               |
| Mr J Christie    | Director Technical Services               |
| Ms C Young       | Director Community Development            |
| Mr S Cope        | Director Urban Planning                   |
| Mr L Hitchcock   | Executive Manager Legal Services          |
| Mr P Prendergast | Manager Planning and Development Services |
| Mr B Taylor      | Manager Information, Technology & Support |
| Ms D Whyte       | Senior Management Accountant              |
| Mr J Clark       | Governance & Compliance Program Manager   |
| Ms D Beilby      | Minute Secretary                          |

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

**4. APOLOGIES AND APPROVED LEAVE OF ABSENCE****4.1 APOLOGIES**

|                              |                      |
|------------------------------|----------------------|
| Cr M Reynolds (Deputy Mayor) | University Ward      |
| Cr G Wieland                 | Bicton/Attadale Ward |

**4.2 APPROVED LEAVE OF ABSENCE**

|                  |                         |
|------------------|-------------------------|
| Cr R Subramaniam | Bull Creek Leeming Ward |
|------------------|-------------------------|

**5. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION) AND DECLARATIONS BY MEMBERS****5.1 DECLARATIONS BY MEMBERS WHO HAVE NOT READ AND GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTED BEFORE THE MEETING.**

Nil.

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

Nil.

**6. QUESTION TIME**

At the Ordinary Meeting of Council held on the 15 February 2011 the following questions (6.1 to 6.10) were presented by the public. All of the questions related to a possible future application for, or the location of, a telecommunications tower at Point Walter. At that meeting these questions were taken on notice. Responses in writing have been provided to the residents from Mr Steve Cope, Director Urban Planning and the details contained in those responses are recorded below:

**6.1 Mr D Barrett, Bicton**Question

*"Given overwhelming community opposition to phone towers at Pt Walter in 2002 and 2010, will Council now remove Pt Walter from its list of preferred telco sites? If so, when?"*

Response

The City is currently in the process of completing a review of its suite of Planning Policies. The Policy referred to, reference No 28-003 "Development of Telecommunication Towers and Associated Infrastructure", will be the subject of review in the coming months, with a report to Council anticipated in April 2011.

**6.2 Ms A Partlon, Bicton**Question

*"What measures will Council take to protect and preserve Pt Walter and our public open spaces from further telco applications?"*

Response

The determination as to whether such infrastructure would be permitted is considered on a case by case basis following a formal request by the proponent that included full details about the proposed installation. The City of Melville primarily considers whether such an installation would impact on the aesthetics within Point Walter and the degree to which it would present a visual intrusion in the landscape. In addition, the City of Melville would also consider the proposed location in terms of the potential disturbance to remnant vegetation or the developed landscape during the installation process and the provision of ongoing maintenance access if required.

**6. QUESTION TIME CONTINUED****6.3 Ms C Barrett, Bicton**Question

*"In light of community opposition to phone towers at Pt Walter, will Council upgrade its telecommunications policy to exclude Pt Walter and public open space from it's list of preferred telco sites?"*

Response

The City is currently in the process of completing a review of its suite of Planning Policies. The Policy referred to, reference No 28-003 "Development of Telecommunication Towers and Associated Infrastructure", will be the subject of review in the coming months, with a report to Council anticipated in April 2011.

**6.4 Ms S Taylor-Rees, Bicton**Question

*"On the 9<sup>th</sup> June 2009 Kym Davis was asked by Telstra if Council supported the location of a tower at Pt Walter. It is assumed Council did support the location and thus a Development Application was lodged by Aurecon/Telstra.*

- 1. How was this decision reached and who was involved?*
- 2. Why did Council support this location given the following – past community opposition, a moratorium had been placed on Pt Walter, environmental status of Pt Walter, previous abortive attempts by Telstra, a telecommunications policy that was developed 7 years previously and expired by 2 years and Telstra clearly stating Pt Walter was a contentious site?"*

Response

The acceptance of a planning application should not be construed as an indication of the City's support. The City is bound to consider any planning application brought before it. The application form was signed by the Chief Executive Officer in order that the matter could be considered. The City was aware that in signing the planning application form, the issues raised by the proposed development could be the subject of detailed consideration by the City and that a process of community consultation and engagement could follow. If the application had not been signed, the matter could have been the subject of an appeal to the State Administrative Tribunal.

The City was in the process of considering the application at the time of its withdrawal. The City had not indicated its support for the proposal as a decision on the proposal remained outstanding

**6. QUESTION TIME CONTINUED**

The Presiding Member advised the meeting that since the written response was provided to Ms Taylor-Rees, the Director Urban Planning had provided additional information by email to Ms Taylor-Rees. The contents of the email are recorded below –

“In response to any enquiries regarding the permissibility of telecommunications towers, officers of the City of Melville would refer the enquirer to Council Policy 28 - 003 : Development of Telecommunication Tower and Associated Infrastructure.

The City's suite of Planning Policies is currently under review and a report on Policy 28 - 003 along with reporting other Planning Policies will be submitted to the Council in the coming months.”

**6.5 Ms J Henze, Bicton**Question

*“Will Council now adopt legislation which will protect Pt Walter from future applications of Telstra or other companies to erect infrastructure on this property?”*

Response

The City is currently in the process of completing a review of its suite of Planning Policies. The Policy referred to, reference No 28-003 “Development of Telecommunication Towers and Associated Infrastructure”, will be the subject of review in the coming months, with a report to Council anticipated in April 2011.

**6.6 M Henze, Bicton**Question

*“What will Council do in order to protect Pt Walter from future infrastructure projects/developments as is/was the case with the Telstra communication tower?”*

Response

The City is currently in the process of completing a review of its suite of Planning Policies. The Policy referred to, reference No 28-003 “Development of Telecommunication Towers and Associated Infrastructure”, will be the subject of review in the coming months, with a report to Council anticipated in April 2011.

**6. QUESTION TIME CONTINUED****6.7 R Buetler & D Buetler, Bicton**Question

*“The City of Melville’s vision is “create a safe, attractive city where the consequences of our actions for future generations are taken in to account”. Where does the erection of a 46m electromagnetic energy emitting blight on the riverside landscape conform to Melville Council’s vision?”*

Response

Planning applications are considered on their individual merit, on a case by case basis. Prior to determination, a full and thorough planning assessment is undertaken. In the case of the proposed telecommunications installation at Point Walter the assessment process being followed was not concluded as the application was withdrawn.

**6.8 Ms J Pursley, Palmyra**Question

*“Does Melville Council agree that it has a responsibility to protect an A-class reserve located within its district and if so, what measures are being taken to ensure Pt Walter Reserve will be protected for future generations to enjoy and not be subjected to the installation of telecommunication towers?”*

Response

Point Walter is not land that is reserved under the City of Melville Community Planning Scheme. On the contrary, Point Walter Reserve is zoned as Reserve under the provisions of the Metropolitan Region Scheme, and as such the Western Australian Planning Commission (WAPC) is the Authority that has the responsibility for determining planning applications for development proposed to be undertaken on land within it. The City does however have a consultative role in the process when applications for development are under the consideration of then WAPC, and to that end can consider the implications of any development proposed, and make its concerns known to the WAPC, prior to any decision being taken by them.



**6. QUESTION TIME CONTINUED****6.9 Mr T Palmer, Bicton**Question

*"We have an elected Council to represent our wishes by making recommendations to State Government on behalf of the local community. By now it should be blaringly obvious that the proposed Telstra Tower is strongly opposed by the Melville Community not only by residents in the bordering streets, but by all those who enjoy the recreational benefits and who saw the reserve as a major attraction when choosing to live in the City of Melville. What steps can we expect Council to take to ensure our wishes are respected and acted upon to ensure that Point Walter reserve can not be the subject of future applications by Telstra?"*

Response

The City is fully aware of the opposition that exists to the notion of a telecommunications installation such as was proposed at Point Walter. There is little that the City can do however, to ensure that the Point Walter Reserve, or any other area of natural beauty within the City, is safeguarded from such development applications. The City is currently in the process of completing a review of its suite of Planning Policies, including that which relates to Telecommunications Development. It is considered that the changes that will take place in updating that policy will assist in the assessment process that will be followed if there were any further development applications submitted for the City's consideration

**6.10 Mrs C Gould, Booragoon**Question

*"Will Council give an undertaking to the community to review the current policy pertaining to the development of phone towers within the City, removing Pt Walter as a preferred site and actively discouraging phone towers in sensitive locations?"*

Response

The City is currently in the process of completing a review of its suite of Planning Policies. The Policy referred to, reference No 28-003 "Development of Telecommunication Towers and Associated Infrastructure", will be the subject of review in the coming months, with a report to Council anticipated in April 2011.

## 6. QUESTION TIME CONTINUED

### 6.11 Mr C Walkley, Bicton

At the Ordinary Meeting of Council held on 15 February 2011, Mr Walkley submitted the following question relating to disability parking bays. At the meeting the question was taken on notice. A response in writing was provided to Mr Walkley from Mr Steve Cope, Director Urban Planning and the details contained in that response are recorded below:

#### Question

*"What criteria determines the number of disability (ACROD) parking bays provided at shopping centres. My question is posed by the provision of three bays at Myaree and only two bays at Woolworths (Stammers)?"*

#### Response

The requirement for Universal or Disabled Carparking Spaces comes from the Building Regulations that adopt the Building Code of Australia 2010 as follows:

#### **BCA Part D3.5 Carparking**

Carparking spaces for people with disabilities—

- (a) subject to (b), must be provided in accordance with Table D3.5 in—
  - (i) a *carpark required* to be *accessible*; and
  - (ii) a carparking area on the same allotment as a building *required* to be *accessible*; and
- (b) need not be provided in a *carpark* or carparking area where a parking service is provided and direct access to any of the carparking spaces is not available to the general public or occupants; and
- (c) subject to (d), must comply with AS 2890.1; and
- (d) are not *required* to be signed where there is a total of not more than 5 carparking spaces, so as to restrict the use of the carparking space only for people with disabilities.

| Table D3.5 CARPARKING SPACES FOR PEOPLE WITH DISABILITIES<br>Class of building to which the <i>carpark</i> or carparking area is associated  | Number of carparking spaces <i>required</i> for people with disabilities   |
|--|--|
| Class 3 (a) Boarding house, guest house, hostel, lodging house, backpackers accommodation, or the residential part of a hotel or motel. (b) Residential part of a <i>school</i> , accommodation for the aged, disabled or children, residential part of a <i>health-care building</i> which accommodates members of staff or the residential part of a <i>detention centre</i> . | To be calculated by multiplying the total number of carparking spaces by the— (i) percentage of <i>accessible sole-occupancy units</i> to the total number of <i>sole-occupancy units</i> ; or (ii) percentage of beds to which access for people with disabilities is provided to the total number of beds provided. The calculated number to be taken to the next whole figure. 1 space for every 100 carparking spaces or part thereof. |
| Class 5, 7, 8 and 9c   | 1 space for every 100 carparking spaces or part thereof.   |

**6. QUESTION TIME CONTINUED**

Class 6 (a) Up to 1000 carparking 1 space for every 50 carparking spaces or spaces; and part thereof.

The requirement for disabled carparking spaces for a newly constructed shopping centre (a Class 6 building) is one space for every 50 carparking spaces or part thereof.

Previously to the current BCA requirements, if a shopping centre was less than 500 square metres floor area, then there was little or no disabled requirements.

This is why some older shopping centres have little or no disabled carparking spaces.

Regardless of the BCA requirements, a property owner is required to comply with the Disability Discrimination Act and ensure that a disabled person will not be disadvantaged when accessing a building, and including from the carpark.

**6.12 Mr E Nielsen, Booragoon**Question 1***Subject-Western Power's Proposed Network Expansion***

*"With reference to the Ordinary Meeting of Council (October 19, 2010) item 8.3 Special Meeting of Electors 7 October 2010 I ask the following.*

*Regarding subsection 'Reject and Replace' item 2(b) being 'That the Council advises Western Power of the decisions of the meeting as listed below:' can the Electors please receive a progress report from the Council regarding this matter, particularly with regards to the following items.*

***Decision No 3:***

1. *Has Western Power been asked to find an alternative site for the Myaree substation?"*

Response

Western Power has stated that the vacant site at McCoy Street is being considered and will form part of the decision making process for reaching a preferred option.

Question 2

- "2. *What dialogue has the City had with Western Power regarding alternative sites?"*

**6. QUESTION TIME CONTINUED**Response

The City of Melville has suggested alternative sites at the Fremantle Cemetery and a community member suggested the McCoy Street site in Myaree. Western Power will be considering these options as part of their deliberations.

Question 3**Decision No 4**

*"1. Have demands been made for Western Power to urgently relocate High Voltage power lines? If so what was the reply?"*

Response

The City of Melville has not demanded that Western Power relocate High Voltage power lines.

The City of Melville is currently awaiting Western Power's report on the various options they are considering.

**Decision No 6**

*"1. What advocacy has the City undertaken so far regarding this Council decision?"*

Response

City of Melville officers contact relevant Western Power staff on a regular basis for an update on the various options being considered.

Western Power maintain a section on their website in relation to the issue of sub stations in the City of Melville. The link for the web site is:

<http://www.westernpower.com.au/networkprojects/substationPowerlineProjects/freMel/Options.html>

**7. AWARDS AND PRESENTATIONS****8. CONFIRMATION OF MINUTES****8.1 ORDINARY MEETING OF COUNCIL – 15 FEBRUARY 2011**  
**Min 15 February 2011****COUNCIL RESOLUTION**

At 6.45pm Cr Robartson moved, seconded Cr Foxton -

**That the Minutes of the Ordinary Meeting of Council held on Tuesday, 15 February 2011, be confirmed as a true and accurate record.**

At 6.45pm the Mayor submitted the motion which was declared

**CARRIED (10/0)**

**8.2 NOTES OF AGENDA BRIEFING FORUM – 1 MARCH 2011**  
**Notes 1 March 2011****COUNCIL RESOLUTION**

At 6.46pm Cr Reidy moved, seconded Cr Kinnell -

**That the Notes of Agenda Briefing Forum held on Tuesday, 1 March 2011, be received.**

At 6.46pm the Mayor submitted the motion which was declared

**CARRIED (10/0)**

**8.3 FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE (FMARC) – 14 MARCH 2011****COUNCIL RESOLUTION**

At 6.46pm Cr Ceniviva moved, seconded Cr Kinnell -

**That the Minutes of the Financial Management, Audit, Risk & Compliance Committee Meeting held on Monday 14 March 2011 be noted.**

**NB:**

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

At 6.46pm the Mayor submitted the motion which was declared

**CARRIED (10/0)**

**9. DECLARATIONS OF INTEREST****9.1 FINANCIAL INTERESTS****9.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT**

- Cr Halton P11/3189 - Extension of Trading Hours of Blend Cafe on Lot 17 (358) Marmion Street, Melville
- Mr J Christie Director Technical Services  
T11/3191 – Late Item - Variation Request to the Regional Resource Recovery Centre – Project Participants Agreement

**10. APPLICATIONS FOR NEW LEAVES OF ABSENCE**

Nil.

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

Nil.

**12. PETITIONS**

Nil.

**13. REPORTS OF THE CHIEF EXECUTIVE OFFICER****13.1 FINANCIAL MANAGEMENT, AUDIT, RISK & COMPLIANCE COMMITTEE –  
14 MARCH 2011**

The following items were presented by the Presiding Member of the Financial Management, Audit, Risk & Compliance Committee.

**13.1.1 ITEMS REQUIRING COUNCIL RESOLUTION**

**C11/ 5162 - COMPLIANCE AUDIT RETURN 2010 (REC) (ATTACHMENT)**

|                            |  |
|----------------------------|--|
| Ward                       | : All  |
| Category                   | : Operational  |
| Subject Index              | : Audits – Compliance  |
| Customer Index             | : Department of Local Government   |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter.  |
| Previous Items             | : C07/5001 – Compliance Audit Return 2006 – Ordinary Meeting of Council 20 February 2007<br>C08/5004 - Compliance Audit Return 2007 – Financial Management, Audit, Risk and Compliance Committee 11 March 2008<br>C09/5051 – Compliance Audit Return 2008 - Financial Management, Audit, Risk and Compliance Committee 17 March 2009<br>C10/5103 – Compliance Audit Return 2009 - Financial Management, Audit, Risk and Compliance Committee |
| Works Programme            | : Not Applicable   |
| Funding                    | : Not Applicable   |
| Responsible Officer        | : Jeff Clark<br>Governance and Compliance Program Manager  |

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input type="checkbox"/>            | Executive      | <i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>   |
| <input type="checkbox"/>            | Legislative    | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input checked="" type="checkbox"/> | <b>Review</b>  | <b><i>when Council review decisions made by Officers.</i></b>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>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.</i> |

**C11/ 5162 - COMPLIANCE AUDIT RETURN 2010 (REC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

- All Western Australian Local Authorities are required to undertake a Compliance Audit Return and submit their findings to the Department of Local Government by 31 March each year.
- One area of non compliance was identified and is discussed within the report including the action being undertaken to address the area where the City of Melville did not meet its statutory obligations in full.

**BACKGROUND**

The completed 2010 Compliance Audit Return forms part of the Attachments to the Agenda [5162 Compliance Audit Return](#). The return covers the period 1 January 2010 to 31 December 2010.

The Compliance Audit Return is presented to Council for adoption. A copy of the Council report and a certified copy of the return are required to be endorsed by the Mayor and Chief Executive Officer and submitted to the Department of Local Government by 31 March 2011.

**DETAIL**

The City has achieved another impressive compliance outcome for 2010 and the one matter identified is considered to be of minor significance. The Officers of the City perform extremely well against the requirements of 476 Acts, Regulations and legislative requirements that determine the work practices and responsibilities of the City. However the Compliance Audit Return only assesses compliance against the Local Government Act 1995 and associated Regulations. The responses of Officers to the 283 audit questions have been audited by the Process Improvement Auditor who will provide a report to the Chief Executive Officer on recommendations for administrative improvements.

This year's audit has in the opinion of Officers provided 99.65% compliance. The 347 questions from 2009 have decreased to 283 in 2010. Of the 283 fields of compliance that have been tested, one item revealed non-compliance. The decrease in the number of questions assessed in 2010 is in part due to the reduced number of questions relating to finance from 101 to 44.

The return has been compiled with continued substantial rigour beyond that experienced in most Local Governments. Officers have been expected to demonstrate compliance and provide detail of their work to ensure the work procedures of the City assist to meet obligations of the Act and Regulations. It is pleasing to note that there is an increased Officer knowledge of compliance matters and where possible, systems have been amended to assist with compliance requirements.

The Return containing the questions and responses is provided as an attachment [5162 Compliance Audit Return](#). This document is provided by the Department of Local Government in an on-line environment to allow local governments to update the Return with their responses and when completed, print for certification by the Mayor and Chief Executive Officer.



**C11/ 5162 - COMPLIANCE AUDIT RETURN 2010 (REC) (ATTACHMENT)**

The Process Improvement Auditor has been undertaking extensive examination of the responses by all Service Areas and will provide a separate report on his findings and suggestions for improvement.

A Compliance Calendar was introduced in 2008 and this is a major improvement to assist management of all compliance matters. The Calendar is updated monthly which enables a management response should a matter require attention. The monthly reports generated from the Calendar are reviewed by the Executive Management Team. The 2011 Compliance Calendar is provided as an attachment [5162 Corporate Compliance Calendar 2011](#) for the information of Council.

Detailed below is the area which has required an Officer response.

**“Committee Minutes – Certification by Presiding Member”**

Substantial Compliance

Were the minutes of all Council and committee meetings signed to certify their confirmation by the person presiding at the meeting at which the minutes of Council or committee were confirmed.

*Officer Comment:*

*There were four Financial Management, Audit, Risk and Compliance Committee meetings in 2010 and two Governance Committee meetings. The Certification of minutes form was not provided to or signed by the presiding member. In the minutes of each meeting, the minutes of the previous Committee meeting were confirmed.*

The Process Improvement Auditor's findings in this matter is provided as an attachment. [5162 Compliance Audit Return February 2011 Findings.](#)

**PUBLIC CONSULTATION/COMMUNICATION**

No external consultation has been carried out.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

No external consultation with other agencies has been carried out.

**STATUTORY AND LEGAL IMPLICATIONS**

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

**FINANCIAL IMPLICATIONS**

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

**C11/ 5162 - COMPLIANCE AUDIT RETURN 2010 (REC) (ATTACHMENT)**

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

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

| <b>Risk Statement</b>   | <b>Level of Risk</b>  | <b>Risk Mitigation Strategy</b>                 |
|---|---|---|
| The Compliance Audit Return is a statutory requirement and if the Return was not submitted, the Department of Local Government might take adverse action on the City. | Minor consequences which are almost certain, resulting in a <b>High</b> level of risk | Complete and submit the Return by the due date. |

**POLICY IMPLICATIONS**

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

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

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

**CONCLUSION**

The area in which Officer's have provided supplementary comment is regarded as substantial compliance and has already been addressed. The City is substantially compliant in 99.65% of 283 questions.

**OFFICER & COMMITTEE RECOMMENDATION & COUNCIL RESOLUTION (5162)  
APPROVAL**

**That the Compliance Audit Return for the period 1 January 2010 to 31 December 2010 5162 Compliance Audit Return be adopted and forwarded to the Department of Local Government following certification by His Worship the Mayor and the Chief Executive Officer.**

At 6.48pm the Mayor submitted the motion which was declared

**CARRIED EN BLOC (10/0)**

**C11/5170 – FRAUD AND CORRUPTION PREVENTION POLICY AND MANAGEMENT PLAN (REC) (ATTACHMENT)**

|                            |   |   |
|----------------------------|---|---|
| Ward                       | : | All   |
| Category                   | : | Policy  |
| Subject Index              | : | Formal Enquiries – Code of Conduct, Fraud   |
| 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        | : | Bruce Taylor<br>Manager Information and Corporate Support                                       |

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**C11/5170 – FRAUD AND CORRUPTION PREVENTION POLICY AND MANAGEMENT PLAN (REC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

This Item seeks the Council support to adopt the Fraud and Corruption Prevention Policy and note the Fraud and Corruption Prevention Plan.

**BACKGROUND**

The *Local Government Act 1995* requires every local government to adopt a Code of Conduct for observance by all Elected Members, Officers and delegates representing the local government. A Fraud and Corruption Prevention Policy has now been developed to support the Code of Conduct and is presented to the Council for formal adoption as a Council Policy.

The key aims of the Policy are to –

- articulate that the City of Melville is intolerant of fraud and corruption;
- prevent fraud and corruption occurring at the City of Melville.

A Fraud and Corruption Prevention Plan has also been developed which aims to put the following principles into practice within the organisation:

- prevention, detection and investigation of fraud and corruption;
- prosecution of offenders, including those involving routine or minor instances of fraud or corruption where appropriate;
- application of appropriate civil, administrative or disciplinary penalties;
- recovery of the proceeds of fraudulent or corrupt activity;
- training of all employees in ethics, privacy and fraud and corruption awareness activities;
- specialised training of all employees involved in fraud and corruption control activities; and
- external scrutiny of our fraud and corruption control activities.

**DETAIL**

At the City of Melville it is recognised that fraud and corruption are illegal and contrary to the City's organisational values. In view of this, a proactive stance is taken to ensure incidences of fraudulent activity or corrupt behaviour do not occur. Whilst the City aims to foster a culture which upholds trust and honesty as part of its core values, it is acknowledged that not everyone throughout the organisation may share those values. As such, the City will ensure, that the effective prevention of fraud and corruption is an integral part of its operating activities.

**C11/5170 – FRAUD AND CORRUPTION PREVENTION POLICY AND MANAGEMENT PLAN (REC) (ATTACHMENT)**

All employees and Elected Members are accountable for, and have a role to play in, fraud and corruption control. The City encourages staff and Elected Members to disclose actual or suspected fraudulent or corrupt activity. When identified, any suspected fraudulent or corrupt activity will be promptly investigated, and where appropriate legal remedies available under the law will be pursued. All alleged incidences will be investigated thoroughly. Where appropriate, the City will protect the anonymity of those responsible for reporting the activity. The Fraud and Corruption Prevention Plan has been developed to assist the City of Melville in meeting the objectives of the Policy by ensuring that it has thorough, up-to-date procedures in place to manage the risk of fraud or corruption occurring in the organisation.

Critical to the success of this Policy and the Prevention Plan will be staff, Elected Members and contractors being aware of their responsibilities in relation to fraud and corruption control, the identification, treatment and recording of fraud and corruption risks, fraud auditing and detection processes, fraud and corruption reporting responsibilities and obligations and investigation procedures.

**PUBLIC CONSULTATION/COMMUNICATION**

There has been no external consultation undertaken in developing the Policy and Prevention Plan.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

There has been no consultation undertaken with other agencies or consultants in developing the Policy or Prevention Plan.

**STATUTORY AND LEGAL IMPLICATIONS**

The Local Government Act 1995 (section 5.103) requires that each Local Government has a Code of Conduct; however, there is no specific legislation that requires the Council to have a Fraud and Corruption Policy or a Fraud and Corruption Prevention Plan.

The City of Melville is committed to the aims and objectives of the *Public Interest Disclosure Act 2003*. It recognises the value and importance of contributions of staff to enhance administrative and management practices and strongly supports disclosures being made by staff as to corrupt or other improper conduct.

The Policy and Prevention Plan adviser's staff and Elected Members of their responsibility in preventing and reporting fraud and corruption, should it occur in the City of Melville.

**FINANCIAL IMPLICATIONS**

There are no direct financial costs or implications relevant to the Council in adopting the Policy or supporting the Prevention Plan. There may be significant implications should the Council not have such a Policy or Prevention Plan and fraud or corruption occurs in the organisation.

**C11/5170 – FRAUD AND CORRUPTION PREVENTION POLICY AND MANAGEMENT PLAN (REC) (ATTACHMENT)**

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

There are significant risks to the organisation in not having a Policy or Prevention Plan that assists the organisation in controlling fraud and corruption.

The Prevention Plan identifies that risk assessments will be undertaken to assess the risk of fraud occurring in the organisation and where identified, ensure that appropriate mitigation and prevention measures are implemented.

A variety of techniques to assess various risk factors may be utilised, including :

- **Accounting risks:** The need to assess attitudes to the application of accounting standards, and to ensure that correct procedures are followed in the case of third parties involved in the assessment of the organisation's performance e.g. auditors and government departments;
- **Personal risks:** The need to assess risks in an environment where there is an autocratic management style, unusual behaviour, expensive lifestyles, untaken holidays, poor quality staff, low morale or high staff turnover;
- **Cultural risks:** The need to be aware of the risks in a culture that requires results at any cost or has a poor commitment to internal controls and demands unquestioning obedience from staff;
- **Structural risks:** The need to understand that fraud is made easier when there are complex corporate structures and when remote locations are poorly supervised; and
- **Business risks:** The need to be alert to the risks that arise when business strategies are poor, income exceeding industry norms, the organisation has a poor corporate reputation or when it is facing liquidity problems.

| Risk Statement  | Level of Risk  | Risk Mitigation Strategy  |
|---|--|---|
| The risk of fraud or corruption occurring at the City of Melville by not having a clearly documented policy and approach to identifying, reporting and managing fraud or corruption, should it occur. | Moderate consequences which are likely, resulting in a <b>High</b> level of risk | Adopting, communicating and implementing the Risk Control Policy and Risk Control Management Plan will increase the awareness of the organisations intolerance to fraud, discourage such activities and increase the identification and reporting of fraud or corruption. |

**POLICY IMPLICATIONS**

There are no current Policy Implications in relation to this Item. This Item supports the adoption of a Policy to prevent control fraud and corruption.

**C11/5170 – FRAUD AND CORRUPTION PREVENTION POLICY AND MANAGEMENT PLAN (REC) (ATTACHMENT)****ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

The alternative option to the recommendation is for the Council not to adopt the Fraud and Corruption Prevention Policy or support the Prevention Plan. This is not considered to be a viable option.

**CONCLUSION**

The Fraud and Corruption Prevention Policy and Plan have been developed to increase the awareness of the organisation's intolerance to fraud and corruption, discourage such activities and increase the identification and reporting of fraud or corruption. The policy is presented for adoption by the Council and the Prevention Plan for noting.

**OFFICER & COMMITTEE RECOMMENDATION & COUNCIL RESOLUTION (5170)  
APPROVAL**

1. **That the Fraud and Corruption Prevention Policy as attached 5170 Fraud and Corruption Prevention Policy be presented to the Council for adoption.**
2. **That the Fraud and Corruption Prevention Plan as attached 5170 Fraud and Corruption Prevention Plan be noted.**

At 6.48pm the Mayor submitted the motion which was declared

**CARRIED EN BLOC (10/0)**

**14. REPORTS OF THE CHIEF EXECUTIVE OFFICER**

The Presiding Member advised Elected Members that when dealing with the following Reports they act in their Quasi-Judicial capacity which means that they are performing functions which involve the exercise of discretion and require a part of the decision making process be conducted in a Judicial Manner. The judicial character arises from the obligation to abide by the principles of natural justice. This on it's part requires the application of the relevant facts to the appropriate statutory regime.

**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)**

Disclosure of Interest

|                        |   |  |
|------------------------|---|--|
| Item No                | : | P11/3189.  |
| Elected Member/Officer | : | Cr Halton  |
| Type of Interest       | : | Interest under Code of Conduct 4.3                                     |
| Nature of Interest     | : | Code of Conduct – local shops, awareness of traffic and parking issues |
| Request                | : | Stay, discuss and vote   |
| Decision of Council    | : | Not Required   |

|                            |   |   |
|----------------------------|---|---|
| Ward                       | : | Palmyra/Melville/Willagee   |
| Category                   | : | Operational   |
| Application Number         | : | DA-2010-717   |
| Property                   | : | Blend Cafe Pizza Bar, 358 Marmion Street, Melville WA 6156                                      |
| Proposal                   | : | Extension of approved trading hours to open all day Sunday                                      |
| Applicant                  | : | Mr T N Widger   |
| Owner                      | : | Mr R A Forbes   |
| Disclosure of any Interest | : | No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items             | : | Item DA-2009-1186 Change of Use from Take Away to Restaurant (Café)                             |
| Responsible Officer        | : | Peter Prendergast<br>Manager Planning and Development Services                                  |



**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)**

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                |  |
|-------------------------------------|----------------|--|
| <input type="checkbox"/>            | Advocacy       | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>  |
| <input type="checkbox"/>            | Executive      | <i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>includes adopting local laws, town planning schemes &amp; policies.</i>   |
| <input type="checkbox"/>            | Review         | <i>when Council review decisions made by Officers.</i>   |
| <input checked="" type="checkbox"/> | Quasi-Judicial | <b><i>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.</i></b> |

**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)**

**KEY ISSUES / SUMMARY**

- This application is referred to the Council for consideration and determination as it involves the exercise of discretion in respect of the Council Car Parking Policy.
- Development approval is sought for an extension to the trading hours of an existing Restaurant at 358 Marmion Street, Melville, to allow trading all day Sunday.
- Two submissions were received during the advertising period.
- The proposal does not satisfy the relevant provisions contained within the Community Planning Scheme No. 5 (CPS5), and Council policy with regard to car parking.
- The proposal is supported as many of the other shops within the centre are closed on a Sunday, the current Restaurant approval for the tenancy results in a reduced car parking requirement than the previous approved uses, and there is the potential for customers to visit more than one tenancy within the centre, and in doing so, reduce the demand for car parking.
- Notwithstanding this, it is recommended that approval should be granted for a temporary period of 12 months only. This will enable a review of the car parking facility to be undertaken, to include a thorough assessment and appraisal of its existing and potential use, as well as provide the opportunity for a management strategy to be developed which will ensure that maximum benefit is derived from its existence in the interests of all users.



**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)****BACKGROUND**

Planning approval was granted on 30 July 2008 for a change of use of 356 Marmion Street to operate as a Restaurant (known as Blend Café) subject to conditions which included a limitation on the number of patrons to 20.

The City granted approval on 1 December 2009 for a change of use to restaurant of the adjoining tenancy at 358 Marmion Street. This approval was granted subject to conditions which limited their opening hours to trading after 6pm Monday to Sunday only, with a seating capacity of up to 100 patrons. There was no restriction imposed with respect to closing times.

The shopping centre contains nine commercial tenancies which include a supermarket, liquor outlet, butcher, beautician, two shops, café and take away.

No parking exists within the shopping centre site however, the City owns the adjacent car parking area to the south of the centre, located between the various shopfronts and Marmion Street. This car park comprises part of the Marmion Street road reserve.

**Scheme Provisions**

|              |                              |
|--------------|------------------------------|
| MRS Zoning   | : Urban                      |
| CPS 5 Zoning | : Community Centre           |
| R-Code       | : N/A                        |
| Use Type     | : Restaurant                 |
| Use Class    | : 'P' Use – use is permitted |

**Site Details**

|                                       |                               |
|---------------------------------------|-------------------------------|
| Lot Area                              | : 172sqm                      |
| Retention of Existing Vegetation      | : N/A                         |
| Street Tree(s)                        | : N/A                         |
| Street Furniture (drainage pits etc.) | : N/A                         |
| Site Details                          | : See above aerial photograph |

**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)**

**DETAIL**

**Development Requirements**

| Development Requirement | Required/ Allowed  | Proposed  | Comments        | Delegation to approve variation | Plan Notation |
|-------------------------|--|---|-----------------|---------------------------------|---------------|
| Car Parking             | 1 bay per 4 patrons at capacity, plus 1 bay per staff member – 25 bays. Based on patron capacity of 76 seats and staff requirements for Sunday trading.<br><br>Total parking requirement of centre – 158 on-site bays. | No on-site parking available, although the centre collectively uses the 72 bays located immediately adjacent. | Does not comply | Council                         |               |

**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)**

**PUBLIC CONSULTATION/COMMUNICATION**

Advertising Required: Yes  
Neighbour's Comment Supplied: Yes  
Reason: Variation to Parking Requirements  
Support/Object: One Support / One Objection

| Affected Property | Summary of Submission   | Support/Objection | Officer's Comment   | Action (Condition/Support/Not Uphold) |
|-------------------|---|-------------------|---|---------------------------------------|
| 1                 | Businesses have a right to remain viable; however, due consideration must be given to other parties, both residential and commercial in granting someone more rights over others. | Neutral/Support   | The car parks within the adjacent City parking area are not allocated to specific tenancies.  | Not Uphold                            |
|                   | Parking issues causing conflict between hospitality premises and general retail premises at the centre. These problems mainly arise Monday to Saturday.                           |                   | The parking issues Monday to Saturday within the centre are acknowledged however this proposal relates to the extension of trading hours on a Sunday when car parking demand in the centre can be more readily managed. | Noted                                 |
|                   | I would NOT have a problem with Blend opening the restricted area all day Sunday.   |                   |   | Noted                                 |
| 2                 | Business owners already struggle with parking due to the café and its staff but also neighbouring residential.  | Objection         | The high parking demands upon the centre Monday to Saturday are acknowledged and cannot be attributed to the subject tenancy alone.   | Not Uphold                            |
|                   | Unfair that other shop owners should have their customers walk further to   |                   | The parking bays within the adjacent road reserve are not   | Not Uphold                            |

**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)**  
**MARMION STREET, MELVILLE (AMREC)**

|  |   |  |  |                           |
|--|---|--|--|---------------------------|
|  | <p>gain access to their shop.</p> <p>The restricted area of the shop has previously been opened before 6pm, creating parking problems.</p> <p>The café has created problems in the back loading area, littering and overflowing bins.</p> |  | <p>allocated to each tenancy of the shopping centre.</p> <p>This matter has been investigated by Council officers and the Applicant has been reminded of their conditions of planning approval. Any future breaches of the conditions of planning approval will be dealt with accordingly.</p> <p>The rear access way is used by all tenancies within the centre who all have a duty to operate in a responsible manner. The City is aware of the issues with regard to loading, storage and rubbish at the rear of all of the shops within the centre and is currently in contact with the owners of the tenancies to resolve this matter. The issue is not one which is attributed to the Blend Café tenancies only.</p> | <p>Noted</p> <p>Noted</p> |
|--|---|--|--|---------------------------|



**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)****REFERRALS TO GOVERNMENT AGENCIES**

Not applicable.

**STATUTORY AND LEGAL IMPLICATIONS**

Should the Council refuse to grant consent for the development, the applicant will have the right to have the decision reviewed in accordance with Part 14 of the *Planning and Development Act 2005*.

**FINANCIAL IMPLICATIONS**

There are no anticipated financial implications.

**STRATEGIC, RISK & ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

There are no anticipated strategic, risk or environmental management implications.

**POLICY IMPLICATIONS**

Policy 06-024: Car Parking (Non-Residential): This policy exists to control the provision of car parking associated with non-residential development throughout the City.

Under the provisions of this policy, a 'Restaurant' use requires '1 bay per 4 patrons at capacity, plus 1 bay per staff member'. No dedicated on-site car parking is available for the subject Restaurant use, nor is there any provision for any of the other tenancies located within this centre. There are however 72 City of Melville car parking bays located immediately adjacent to the centre. These bays operate as the de facto shopping centre car park, although the total number of bays available are not for the exclusive use of the shops. Despite the existence of this car parking facility, there is insufficient car parking for the centre as a whole, when judged against the requirements of Policy 06-024, which requires the provision of 158 bays for the centre overall.

**ALTERNATE OPTIONS & THEIR IMPLICATIONS**

This application may be refused by the Council due to the on-site car parking variation, although such a decision may result in an appeal to the State Administrative Tribunal.

**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358)  
MARMION STREET, MELVILLE (AMREC)****COMMENT**

As outlined above, approval has previously been granted to operate the Restaurant (known as Blend Café) from the 356 Marmion Street tenancy subject to a condition limiting the number of patrons to 20. No conditions were imposed on this tenancy regarding hours of operation.

Planning approval was also granted to extend the Restaurant into 358 Marmion Street. In approving that application, conditions of approval were imposed to limit the number of people occupying the 358 Marmion Street tenancy to 100 persons and a restriction that the tenancy could not open until after 6pm each day. No restrictions were imposed with respect to closing times.

Planning approval is now sought to extend the Sunday trading hours of the 358 Marmion Street tenancy to allow for all day trading from this tenancy. If approved, the 358 Marmion Street tenancy will operate in conjunction with the 356 Marmion Street tenancy all day on Sundays. The use operates without restriction in terms of closing times. The application the subject of this report does not propose to alter this aspect of the operation. Notwithstanding, the restaurant kitchen is generally closed at 9.30pm, with the restaurant itself closed for business by 10.30pm..

The use of the application site for a restaurant is already established via the previous grant of planning approval. The issue for this application is therefore whether the extension to trading hours sought for Sundays is appropriate or not, taking into account the issue that exists in respect of car parking.

**Car Parking Considerations**

At the time of the initial approval for the change of use of 358 Marmion Street to a restaurant, it was concluded that the restaurant use could not be endorsed at the scale sought by the applicant. This was because of the lack of any dedicated off street car parking, notwithstanding the existence of a 72 bay car park within the adjacent Council owned reserve.

The change of use to restaurant granted at that time was conditional upon the use not being operational until after 6pm daily. This condition was imposed, as by that time of day, the majority of businesses located within the Centre were closed, and the available car parking facilities within the adjacent reserve could be more readily relied upon to satisfy the car parking demands from the remaining businesses that remain open throughout the evening trading period.

It is considered that this logic can now be extended in the context of Sunday day time trading, as there are only two other businesses that currently trade during the Sunday day time period, these being the Supermarket which trades from 7am to 6pm, and the Bottle Shop which trades from 11am to 8pm. It is noted that the objection received in respect of this proposal is submitted by the operator of a tenancy that does not trade on Sundays.



**P11/3189 - EXTENSION OF TRADING HOURS OF BLEND CAFE ON LOT 17 (358) MARMION STREET, MELVILLE (AMREC)**

In view of these trading patterns, it can be seen that there are a surplus of car parking bays available on Sundays and the lifting of the restrictions to enable Sunday trading during the day time period would not result in any significant car parking impacts.

Notwithstanding this, there is concern that the opportunity should be taken to review how the de facto car park operates. To that end it is recommended that Council approve the extension of the trading hours for Blend on Sundays for a 12 month period only. This will provide the time necessary for the City to undertake the review. It is recommended that the review incorporate an assessment of the demand that exists for the car parking, from both users of the Local Centre, and those who may park there for other reasons, including those who use the parking as an informal park and ride facility. Once the review is complete, a Car Park Management Strategy can be adopted.

**CONCLUSION**

The extension to Sunday trading hours is recommended for temporary 12 month approval as the majority of businesses within this Centre are closed for trading on Sunday, and those that are open can readily satisfy the car parking needs of their customers from the bays that exist within the adjoining Council owned car parking facility.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3189)****ABSOLUTE MAJORITY APPROVAL**

At 6.48pm Cr Reidy moved, seconded Cr Foxton –

**That the proposed extension to trading hours at Lot 17 (358) Marmion Street, Melville be approved with an Absolute Majority decision of Council subject to the following conditions and advice notes:**

**SPECIAL CONDITIONS:**

- 1. The premises are not to be occupied by patrons before 6pm Monday to Saturday. The Restaurant can trade all day Sunday.**
- 2. No more than 100 patrons are permitted within 358 Marmion Street, Melville at any one time during the operating hours specified in Condition 1.**
- 3. This approval is valid for a period of twelve months only from the date of issue. Should the applicant seek to operate the use after this period, an application for renewal must be submitted to and approved by the City.**

**ADVICE NOTE:**

- 1. The use and / or development hereby permitted shall at all times comply with the requirements of the Environmental Protection (Noise) Regulations 1997. Consultation with Health Services of the City of Melville should occur prior to the installation of any noisy equipment.**

At 6.48pm the Mayor submitted the motion which was declared

**CARRIED BY ABSOLUTE MAJORITY (10/0)**

The Presiding Member advised Elected Members that the Meeting was now moving out of the Quasi-Judicial phase.

**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL - PROPOSED LAND EXCHANGE INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS (REC) (ATTACHMENT)**

|                            |  |
|----------------------------|--|
| Ward                       | : Applecross/Mt Pleasant   |
| Category                   | : Operational  |
| Application Number         | : Not Applicable   |
| Subject Index              | : Strategic Urban Planning, Strategy for Council Assets and Land   |
| Customer Index             | : Department of Education and Training, Applecross Senior High School  |
| Property                   | : Reserve 28910, Lot 2702 (30) Links Road, Ardross (Department of Education) and Reserve 28911, Lot 2695 Ardessie Street, Ardross (City of Melville) |
| Proposal                   | : Land Exchange Involving Portions of Reserve 28910 and 28911, Links Road, Ardross   |
| Applicant                  | : Department of Education and Training on behalf of Applecross Senior High School  |
| Owner                      | : State of Western Australia   |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter.  |
| Responsible Officer        | : Andrew Smith<br>Land and Property Planner  |
| Previous Items             | : Not applicable   |

**AUTHORITY / DISCRETION**

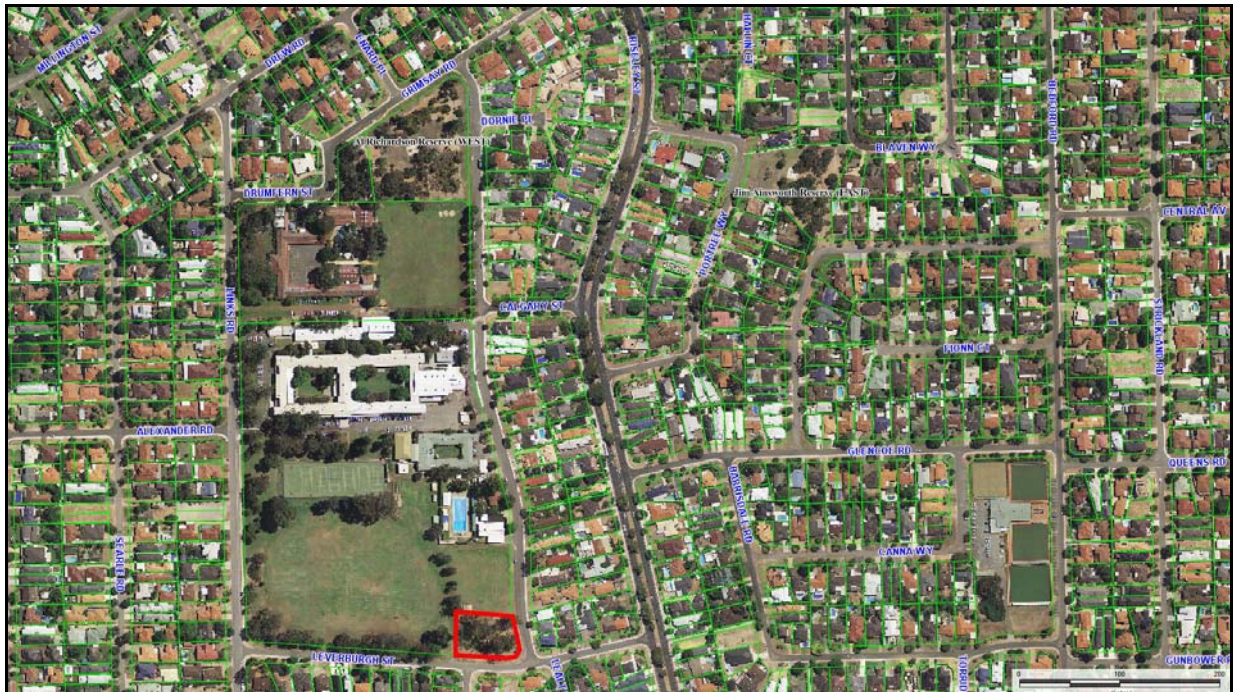
**DEFINITION**

|                                     |                       |   |
|-------------------------------------|-----------------------|---|
| <input checked="" type="checkbox"/> | <b>Advocacy</b>       | <b><i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i></b>  |
| <input type="checkbox"/>            | <b>Executive</b>      | <i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>   |
| <input type="checkbox"/>            | <b>Legislative</b>    | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | <b>Review</b>         | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | <b>Quasi-Judicial</b> | <i>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.</i> |

**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)**

**KEY ISSUES / SUMMARY**

- The Department of Education and Training (DET) is currently initiating significant improvements to the Applecross Senior High School educational and sporting facilities located at Reserve 28910, Lot 2702 (30) Links Road, Ardross
- Schematics for these improvements indicate that the installation of tennis courts to the south east of the site will result in the tennis courts extending past the boundary of this reserve into the adjacent Reserve 28911, Lot 2695 Ardessie Street, Ardross.
- Reserve 28911, Lot 2695 Ardessie Street, Ardross is vested in the City of Melville for the purpose of drainage.
- The extent of impact to the City's Reserve is 41sqm and the DET have suggested a rationalisation of the boundaries of both reserves to provide for this issue.
- This rationalisation will result in a transfer of 41 sqm from the City's Reserve 28911 to the DET and a compensatory 41 sqm transfer of land from the DET's Reserve 28910 to the City of Melville.
- Both reserves whilst vested in the City of Melville and the DET respectively are owned by the State Government, as such this transfer will not result in any funds being exchanged between the two parties.
- The DET have agreed to satisfy all conditions required by the City as result of this transfer and as previously indicated by the City's Technical Services Division.



**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE  
INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)****BACKGROUND**

This matter has not previously been presented to Council.

**Scheme Provisions**

|              |   |  |
|--------------|---|--|
| MRS Zoning   | : | Reserve 28911 – Urban<br>Reserve 28910 – Reserve for Public Purposes         |
| CPS 5 Zoning | : | Reserve 28911 – Residential – Living Area<br>Reserve 28910 – Public Purposes |
| R-Code       | : | Reserve 28911 – R40<br>Reserve 28910 – Not applicable                        |
| Use Type     | : | Reserve 28911 – Drainage<br>Reserve 28910 – High School                      |
| Use Class    | : | Not applicable   |

**Site Details**

|                                      |   |   |
|--------------------------------------|---|---|
| Lot Area                             | : | Reserve 28911 – 80674.58 sqm<br>Reserve 28910 – 2579.09 sqm |
| Retention of Existing Vegetation     | : | Not applicable  |
| Street Tree(s)                       | : | Not applicable  |
| Street Furniture (drainage pits etc) | : | Not applicable  |
| Site Details                         | : |   |

[3186 Applecross SHS Schematic Design Site Plan](#)  
[3186 Applecross Tennis Court Site Re Alignment](#)



**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)****PUBLIC CONSULTATION/COMMUNICATION**

|                               |   |
|-------------------------------|---|
| Advertising Required:         | No  |
| Neighbour's Comment Supplied: | No  |
| Reason:                       | Item involves both adjacent property owners to this application, with DET as the initiator of this application. |
| Support/Object:               | Not applicable  |

No external consultation has been carried out to date. As the application involves the minor boundary adjustment of two adjacent reserves, this will have no impact on any other property owner or resident (other than the City of Melville and the DET) and will result in no variation to land use than that which currently exists. The proposed use of the land, however, may have impacts on nearby residents and accordingly it is recommended that DET be required to undertake appropriate consultation with nearby landowners.

**REFERRALS TO GOVERNMENT AGENCIES**

|                 |   |
|-----------------|---|
| Required:       | Yes   |
| Reason:         | Adjustment of boundaries of reserves will require amendments to Metropolitan Region Scheme to reflect new uses of each parcel of land subject to this transfer – the DET have committed to undertake this scheme amendment process. |
| Support/Object: | Not applicable  |

**STATUTORY AND LEGAL IMPLICATIONS**

Any decision regarding amendment of vested reserve boundaries ultimately lies with the Minister of Lands and will be dealt with in accordance with the provisions of the Land Administration Act 1997.

**FINANCIAL IMPLICATIONS**

All costs associated with the application are required to be accepted by the DET. As such there are no financial implications to the City as a result of this approval.

**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)**

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

Approval of this item will enable the Department of Education and Training to develop a higher standard of educational and sporting facilities than those which currently exist at the Applecross Senior High School. Whilst the proposed additions may be able to be accommodated within the current boundaries of the Reserve 28910, the redesign of the layout of these facilities may have a material impact on either the proposed tennis courts (which traverse the current boundary) or other facilities at the school as a result of the tennis courts needing to be relocated.

| Risk Statement  | Level of Risk   | Risk Mitigation Strategy   |
|---|---|--|
| There are no strategic or risk management implications with this application. | Insignificant consequences which are rare, resulting in a <b>Low</b> level of risk. | Not applicable. The proposal will enable the Department of Education and Training to develop a more functional facility. |

**POLICY IMPLICATIONS**

There is no Council Policy that relates to this type of land exchange between the City and a State Government agency or department.

**ALTERNATE OPTIONS & THEIR IMPLICATIONS**

Council may choose not to accede to this request. In this instance the DET would be required to redesign the configuration of improvements to the recreational areas of the Applecross High School.

Whilst the implications of this redesign are not known, the concept designs as provided by the DET would appear to indicate that the proposed tennis courts would not be able to locate at the facility without significant changes being made to the existing open space areas, potentially impacting on the use of this space for sporting activities.

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**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE  
INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)****COMMENT**

The DET is currently investing a significant amount of funds into the Applecross Senior High School to improve the educational and sporting facilities at this site.

The proposed additions include the installation of 6 tennis courts at the site to support the already existing multi sports oval, swimming pool, basketball/netball courts and cricket nets.

The positioning of the proposed tennis courts sufficient distance from the already existing facilities has resulted in the proposed south west boundary of the proposed courts traversing the corner of the current DET Reserve (Reserve 28910) into the City of Melville Reserve 28911.

This Reserve is vested in the City of Melville for drainage purposes and is the location of a drainage sump providing capacity to the local drainage system.

The extent of the boundary issue relates only to an area of 41 sqm and the DET has proposed an exchange of land between the City and the DET to enable the tennis courts to be located in their preferred position whilst not reducing the overall area of the City's drainage reserve.

Attached to this agenda is a diagram indicating the proposed tennis courts as well as the extent of the area of the tennis courts entering into the City's Reserve 28911.

Both reserves whilst controlled by different agencies are the property of the State Government. As such the City cannot obtain any funds from this transfer, any funds realised from this transfer would be required to be given to the property owner, the State Government of Western Australia.

**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)**

In considering this matter, the issue was referred to the City's Technical Services Division who advised as follows;

*Technical Services Division to give support to the proposal for the realignment of the cadastral boundary at the sump on the corner of Ardessie Street and Leverburgh Street subject to the following conditions.*

- *That there is no net loss of land to the City of Melville as a result of the proposed boundary adjustment.*
- *There is a minimum of 1.5 to 2 metres from the edge of the sump and its perimeter fence.*
- *All cost associated with the proposal are to be met by the applicant.*
- *That the capacity of the sump is in no way compromised by the proposal.*
- *If necessary infill / excavation will need to be done to the sump to keep its volume as is.*

The DET has been informed of these requirements and has agreed to meet these as a condition of approval.

In addition to these requirements, the transfer of land between the two reserves will also require modification to the City's Community Planning Scheme Number 5 and the Metropolitan Region Scheme (MRS) due to the minor alteration to land uses involved.

The land transfer is able to proceed independently from the Scheme amendment processes.

The DET has further agreed to initiate any such MRS amendment required as a result of this land exchange.

**CONCLUSION**

The resultant upgrade in educational and sporting facilities at Applecross Senior High School will certainly benefit the school community.

The location of the proposed tennis courts over the boundary line of Reserve 28910 is unfortunate, however is a preferable option to the relocation of the tennis courts to another location on the Senior High School site which may have a more material impact on already existing educational and sporting facilities at the school.

On the basis that no detrimental impact on the existing drainage reserve has been able to be identified as a result of this transfer, there appears to be no reason not to accede to this request.



**P11/3186 - APPLECROSS SENIOR HIGH SCHOOL PROPOSED LAND EXCHANGE INVOLVING PORTIONS OF RESERVE 28910 AND 28911, LINKS ROAD, ARDROSS  
(REC) (ATTACHMENT)**

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3186)**

**APPROVAL**

**That the Council:**

- 1. Accede to the request of the Department of Education and Training (DET) to initiate a 41sqm transfer of land between the City of Melville (Reserve 28911) and the DET (Reserve 28910) for the purposes of facilitating the extension of recreation facilities at the Applecross Senior High School.**
- 2. That the DET be required to satisfy the following conditions to the satisfaction of the Chief Executive Officer as a condition of such approval being granted;**
  - a. That there is a minimum of 1.5 to 2 metres from the edge of the sump and its perimeter fence;**
  - b. All costs associated with the proposal are to be met by the DET;**
  - c. That the capacity of the sump is not to be compromised as a result of this proposal;**
  - d. If required, infill and/or excavation may need to be completed by the DET to ensure that point c of this approval is achieved;**
  - e. That the proposal results in no net loss of land to the City of Melville as a result of the proposed boundary adjustment**
  - f. That any subsequent process required as a result of this approval is required to be undertaken by and at the cost of the DET (e.g. Metropolitan Region Scheme amendment).**
  - g. That appropriate consultation be undertaken with surrounding residents particularly in relation to potential impacts and consequences of development of the site.**

At 6.48pm the Mayor submitted the motion which was declared **CARRIED EN BLOC (10/0)**

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)  
(REC) (ATTACHMENT)**

|                            |  |
|----------------------------|--|
| Ward                       | : All  |
| Category                   | : Operational  |
| Subject Index              | : Policy & Policy Development  |
| Customer Index             | : City of Melville   |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter.  |
| Previous Items             | : Item C10/5106 Ordinary Meeting of Council held 20 April 2010 – Review of Urban Planning Policies 2010<br>Item P10/3152 Ordinary Meeting of Council held 17 August 2010 – Adoption of Advertised Urban Planning Policies<br>Item P10/3178 Special Meeting of Council held 9 November 2010 – Second Stage Review of Urban Planning Policies, |
| Works Program              | : Not Applicable   |
| Funding                    | : Not Applicable   |
| Responsible Officer        | : Peter Prendergast<br>Manager Planning and Development Services   |

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

[3188 Scheme Amendments Relating To Rome Road MELVILLE](#)

[3188 Pulo Road Policy Final](#)

[3188 Flood and Security](#)

[3188 Tennis Court Policy Final](#)

[3188 Home Occ Sexual Services Policy Final](#)

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)  
(REC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

- Community Planning Scheme No. 5 (CPS5) allows Council to prepare and adopt planning policies and undertake regular policy reviews.
- Planning policies supplement CPS5 provisions and the requirements of the Residential Design Codes (R-Codes).
- The application of planning policies provides a sound basis for planning decisions and improves the validity of such decisions when policies are used in determining them. Provided a policy is soundly based, it enjoys the same status as CPS5 provisions, and can stand under scrutiny at the State Administrative Tribunal (SAT).
- This report relates to the second stage of the Urban Planning Policy Review which is in current process. It refers specifically to six policies which were considered at the Special Meeting of Council on 9 November 2010 and advertised thereafter for a period of 21 days closing on 21 December 2010.
- The Stage Two review introduces one new policy relating to Crime Prevention Through Environmental Design (CPTED).
- Modifications to the remaining five policies (Flood Lighting and Security Lighting; Tennis Courts; Home Occupation Relative to Sexual Services Business Policy; Scheme Amendment Relating to Rome Road and Pulo Road Subdivision Development Standards) are also proposed.
- One submission was received during the advertising period in relation to the Home Occupation Relative to Sexual Services Business policy.
- It is recommended that the revisions to those policies relating to Flood Lighting and Security Lighting; Tennis Courts; Home Occupation Relative to Sexual Services Business Policy; Scheme Amendment Relating to Rome Road and Pulo Road Subdivision Development Standards, be adopted by Council in accordance with Clause 9.6(b) of CPS5.
- Upon further review of the Crime Prevention Through Environmental Design policy it is considered that this policy needs further clarification and simplification. Accordingly, it is recommended that further consideration of this policy be included in the Stage 3 policy review.

**BACKGROUND**

CPS5 allows the Council to prepare and adopt planning policies to supplement CPS5 provisions and the requirements of the R-Codes.

Planning policies which address technical planning issues need to be adopted under CPS5 and require formal advertising for public comment for 21 days. Following consultation, the policies need to be adopted by the Council.

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)  
(REC) (ATTACHMENT)**

The Council has 54 existing policies dealing with planning and development matters. It has been identified that a number of additional policies are required to address emerging development and planning administration issues. Due to the sheer number of policies, and their often inherent complexity, the roll out of the comprehensive review in respect of these policies will continue to be reported to Council over the coming months.

The Council initiated the first stage of a review of the existing urban planning policies on 20 April 2010 (Report C10/5106) and following a 21 day consultation period, resolved on 17 August 2010 to adopt the advertised policies (with minor modifications).

On 9 November 2010 Council resolved to initiate the second stage of the review as follows:

***CP-06-PL-028 Community Planning Scheme No. 5 and Residential Design Code Development Advertising Facilities Procedures.***

- 1. In the first line of Part 5 - Guiding Principles for Advertising, remove the word "Clause" after the word "Should".***
- 2. After the word "exception" in the second paragraph of Part 5 – Guiding Principles for Advertising, add the words "of proposed amendments that fully comply with the R-Codes, CPS5 or Council Policies."***

***CP-06-PL-037 Home Occupation Relative to Sexual Services Business Policy***

***In the second last line of the fourth paragraph under Background, change the word "be" to "been" to now read "been granted".***

***A That Council resolve to adopt the following operation orientated Council Policy reviews:***

- i. CP- 044 Development Advisory Unit***
- ii. CP-06-PL-028 Community Planning Scheme No. 5 Development Advertising Procedures as amended***
- iii. CP – 06-PL-034 "Incomplete" Building Licence Applications, Refusal of Building Licence Applications and the Collection of Relative Fees***
- iv. CP - 06-PL-036 Planning Process and Decision Making***

***B That Council resolve pursuant to Clause 9.6(b) of Community Planning Scheme No. 5 to adopt the following Draft Council Policy reviews and Draft Council Policy initiative for public consultation:***

- i. CP-06-PL-006 Flood and Security Lighting***
- ii. CP-06-PL-010 Tennis Courts***
- iii. CP-06-PL-037 Home Occupation Relative to Sexual Services Business Policy as amended***
- iv. CP-28-PL-012 Scheme Amendments Relating to Rome Road, Melville***

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)  
(REC) (ATTACHMENT)**

- v. ***CP-28-PL-015 Pulo Road Subdivision Development Standards***
- vi. ***New Policy Initiative - Crime Prevention Through Environmental Design (CPTED) Policy (Designing Out Crime Initiatives)***

**C That Council resolve pursuant to Clause 9.6(e) of Community Planning Scheme No. 5 to place a notification in a local newspaper circulating the district to advise that the following Policies have been revoked:**

- i. ***CP-28-PL-001 Murdoch Mews***
- ii. ***CP-28-PL-002 Somerville Boulevard Design Guidelines***
- iii. ***CP-28-PL-009 Living Area Precinct: AT1 Attadale Additional Development Requirements***
- iv. ***CP-28-PL-010 Living Area Precinct: A1 Applecross Additional Development Requirements***

Accordingly, the four policies outlined in resolution A were adopted on 9 November 2010 and are now operational.

The six policies outlined in resolution B above were advertised on 30 November 2010 for 21 days. The review of these six policies is the subject of this report.

The four policies outlined in resolution C above were revoked and are no longer operational.

**PUBLIC CONSULTATION/COMMUNICATION**

Public consultation is required for the adoption of all planning policies in accordance with Clause 9.6 of CPS5.

As a result of Council's resolution of 9 November 2010, public consultation was undertaken by notice in the Melville Times Newspaper on 30 November 2010, providing for a 21 day public submission period expiring on 21 December 2010.

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)**  
**(REC) (ATTACHMENT)**

One submission was received during the advertising period. This submission related to the proposed review of the existing Home Occupations Relative to Sexual Services Business Policy as follows:

| Summary of submission   | Comment   | Uphold/Not Uphold |
|---|---|-------------------|
| There is already ample opportunity existing for these services without establishing them within the City of Melville, even in an industrial area. | <p>The Home Occupations Relative to Sexual Services Business policy states that the City will not approve the operation of a sexual services business within an existing residential premises as a Home Occupation.</p> <p>The proposed modifications to this policy do not change the intent of the policy and are merely to update the policy to recognise that Amendment No 55 to CPS5 has still not been approved and is awaiting the State Government's review of the Sexual Services legislation.</p> | Not Uphold        |

Should Council resolve to adopt the amendments to the existing five policies and adopt the proposed new policy, a notice must be placed in the press to satisfy the provisions of CPS5.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Clause 9.6(b)(ii) of CPS5 requires Council to advise the Western Australian Planning Commission (WAPC) of any proposed policy which affects the interests of the Commission. It is noted that as the proposed policies and modifications do not have regional significance, the WAPC is not to be consulted in this regard.

**STATUTORY AND LEGAL IMPLICATIONS**

The review of Council's planning policies will improve the validity of Council policies in review situations by the State Administrative Tribunal. Once finally adopted by Council, the reviewed policies in effect carry the power and weight of CPS5.

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)**  
**(REC) (ATTACHMENT)**

**FINANCIAL IMPLICATIONS**

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

**STRATEGIC, RISK & ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

| <b>Risk Statement</b>   | <b>Level of Risk</b>  | <b>Risk Mitigation Strategy</b>   |
|---|---|---|
| Administration undertakes functions delegated by Council in a manner not in accordance with Council's objectives causing reputational risk. | <b>Minor</b> to <b>Major</b> depending on issue.                                  | Ensure sound Council policies are in place that provide clear guidance to the administration. |
| Policies are not in compliance with legislative requirements or contemporary standards.   | Minor consequences which are possible, resulting in a <b>Medium</b> level of risk | Periodic review mitigates against outdated legislative or other relevant references.          |

**POLICY IMPLICATIONS**

The implication of this and subsequent reports relative to the policy review is that Council will have a revised set of Planning and Building policies to guide future development in the City.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Council could elect not to adopt the proposed policy changes or may make changes to the proposed policies. It should be noted that any modifications to the policies previously advertised, dependent upon the extent of the changes, may require re-advertising.

It is inappropriate not to review the policies as their relevance in the consideration of development matters would be diminished over time.



**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)  
(REC) (ATTACHMENT)****COMMENT**

There are currently 38 policies dealing with Development and Building Control and a further 16 dealing with Strategic Land Use Planning. In addition to these 54 policies, it has been identified that a number of new policies are required to address emerging development and planning administration issues.

This report relates to the second stage of the urban planning policy review. As a result of Council's resolution on 9 November 2010, five policies (Flood Lighting and Security Lighting; Tennis Courts; Home Occupation Relative to Sexual Services Business Policy; Scheme Amendment Relating to Rome Road and Pulo Road Subdivision Development Standards) are proposed to be amended and a new policy initiative relating to Crime Prevention through Environmental Design (CPTED) is introduced.

Details of the proposed amendments to the existing Stage 2 policies, as well some commentary in respect of the new CPTED policy, are provided below:

**CP- 06-PL-006 Flood and Security Lighting**

The review simplifies the existing policy by deleting all unnecessary information requirements for applications. The revised Policy includes Lighting Consultant certification requirements, as well as compliance with the relevant Australian Standard.

**CP – 06-PL-010 Tennis Courts**

The review introduces occupancy requirements to ensure users of the tennis court are occupants of the property. The policy also adopts the same approach as the reviewed Flood and Security Lighting policy above, seeking certification by a suitably qualified lighting consultant to indicate compliance with relevant Australian Standards where tennis courts are to be illuminated.

**CP - 06-PL-037 Home Occupation Relative to Sexual Services Business Policy**

Minor modifications to this policy are proposed to recognise that Amendment No 55 to CPS5 has still not been approved by the Hon. Minister and is awaiting further review of the State Government's Sexual Services legislation.

**CP - 28-PL-012 Scheme Amendments Relating to Rome Road, Melville**

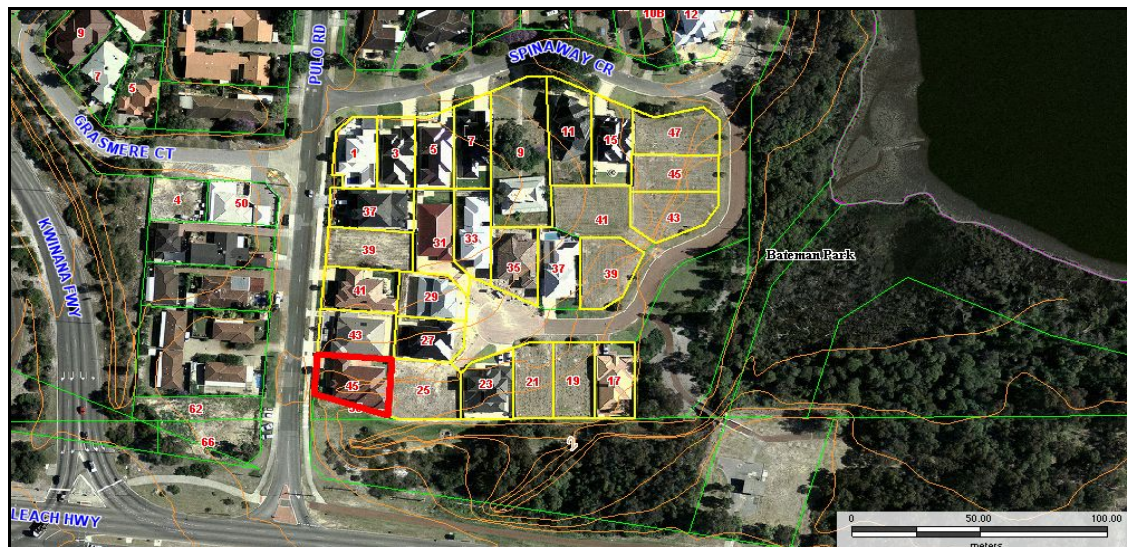
Minor review includes typographical changes only.



**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)**  
**(REC) (ATTACHMENT)**

**CP - 28-PL-015 Pulo Road Subdivision Development Standards**

This policy relates to properties coded R12.5 and subdivided to R20 standards in view of the historic nature of the site. Minor changes are proposed to clarify the intention of the policy to allow development to be undertaken in accordance with the R20 code notwithstanding the R12.5 coding. The reviewed policy now identifies those properties that the policy refers to.



**New Policy Initiative - Crime Prevention Through Environmental Design (CPTED) Policy (Designing Out Crime Initiatives)**

This is a new policy, the need for which was identified after the release of the Designing Out Crime planning guidelines released by the Department of Planning.

With the exception of one submission received in respect of Policy 06-PL-037 'Home Occupation Relative to Sexual Services Business' (which has been addressed elsewhere in this report) there were no objections raised as a result of the consultation exercise followed by the City since the matter was last considered by Council in November 2010.

In preparing this report, the opportunity has been taken to further review the content of those policies under review, prior to their final adoption. This has resulted in a number of minor modifications being made. These include grammatical corrections and alterations to formatting, as well as the rewording of some provisions in order that their intent is more clearly specified. The rewording changes do not affect the stated objectives, nor do they alter the intent of any of the policy provisions. The changes in question as they relate to specific policies, are outlined below.

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)  
(REC) (ATTACHMENT)**CP- 06-PL-006 Flood and Security Lighting

The intent of the existing Flood and Security Lighting policy is for the policy to only pertain to non-residential security lighting. Accordingly, a change to this policy has been made to clarify that security lighting attached to dwellings and residential outbuildings where they comply with the relevant Australian Standard do not require planning approval.

CP - 28-PL-015 Pulo Road Subdivision Development Standards

The policy has been amended to identify those properties that the policy specifically applies to.

CP – 06-PL-042 Crime Prevention Through Environmental Design (CPTED) Policy

Upon further review of this policy, it is considered that the policy would benefit from a further review. In order to provide an additional review period, it is recommended that the final adoption of this policy be deferred, to be included as part of the Stage 3 policy review.

**CONCLUSION**

Given that no substantiated submissions were received in relation to the advertised draft policies, it is recommended that with the exception of policy reference CP-06-PL-042 Crime Prevention Through Environmental Design (CPTED), which is recommended for further review, the remaining Stage 2 policies be adopted by Council in accordance with Clause 9.6(b) of CPS5.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3188)****APPROVAL****That the Council;****A Resolve pursuant to Clause 9.6(b) of Community Planning Scheme No. 5 to adopt the following amended policies:**

- i. **CP-06-PL-006 Flood and Security Lighting**  
3188 Flood and Security
- ii. **CP-06-PL-010 Tennis Courts**  
3188 Tennis Court Policy
- iii. **CP-06-PL-037 Home Occupation Relative to Sexual Services Business**  
3188 Home Occupation Relative to Sexual Services Business Policy
- iv. **CP-28-PL-012 Scheme Amendments Relating to Rome Road, Melville**  
3188 Scheme Amendments Relating To Rome Road MELVILLE
- v. **CP-28-PL-015 Pulo Road Subdivision Development Standards**  
3188 Pulo Road Policy

**P11/3188 – FINAL ADOPTION OF URBAN PLANNING POLICIES (STAGE 2 REVIEW)**  
**(REC) (ATTACHMENT)**

- B** That the CP-06-PL-042 Crime Prevention Through Environmental Design (CPTED) Policy be deferred for consideration as part of the Stage 3 policy review.
- C** Note that a Public Notice will be placed in a local newspaper circulating within the City in relation to the final adoption of the policies in A) above pursuant to Clause 9.6(b)(iv) of Community Planning Scheme No. 5.

At 6.48pm the Mayor submitted the motion which was declared **CARRIED EN BLOC (10/0)**

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)**

|                            |  |
|----------------------------|--|
| Ward                       | : University Ward  |
| Category                   | : Operational  |
| Subject Index              | : Community Sport and Recreation Facilities Funding  |
| Customer Index             | : Fremantle Christian Brothers College Amateur Football Club   |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter.  |
| Previous Items             | : Item C10/8028 - Community Sporting and Recreation Facilities Funding (small grants round) Ordinary Meeting of Council held March 2010. |
| Works Programme            | : Not Applicable   |
| Funding                    | : \$50,000   |
| Responsible Officer        | : Renae Parks<br>A/Community Recreation Coordinator  |

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)****KEY ISSUES / SUMMARY**

This report seeks Council approval;

- of the priority and ranking for a Small Grant as part of the Community Sport and Recreation Facility Fund facilitated by the Department of Sport and Recreation.
- for the City of Melville to contribute one third to the total cost of the upgrade of the flood lights at Morris Buzacott Reserve (up to \$30,223).

**BACKGROUND**

The purpose of the Community Sport and Recreation Facilities Fund (CSRFF) program is to provide Western Australian Government financial assistance to community groups and local government authorities to develop basic infrastructure for sport and recreation.

The program aims to increase participation in sport and recreation, with an emphasis on physical activity through rational development of sustainable, good quality, well-designed and well-utilised facilities.

Through the CSRFF, the State Government invests \$20 million annually towards the development of high quality physical environments in which people can enjoy sport and recreation.

Priority will be given to projects that lead to facility sharing and rationalisation. Multi-purpose facilities reduce infrastructure required to meet similar needs and increase sustainability.

Applicants must be either a local government authority, not for profit sport, recreation or community organisation and incorporated under the WA Associations Incorporation Act 1987. Clubs must demonstrate equitable access to the public on a short term and casual basis.

The Council can consider up to three CSRFF requests per annum.

Two smaller requests can be considered as part of the small grants process for projects up to \$150,000. These items are presented at the:

- August round of Council meetings (winter)
- March round of Council meetings (summer)

The third request for Standard Annual Grants (up to \$500,000) and for Forward Planning Grant (\$500,000+) process are presented to the October round of Council meetings each year and are for specified projects.



**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)****DETAIL**

At the March 2010 round of Council meetings, the City of Melville considered an application for grant funding from the Fremantle Christian Brothers College Amateur Football Club for the upgrading of the floodlighting at the Morris Buzacott Reserve.

Subsequently, the application was forwarded to the Department of Sport and Recreation for consideration but was unsuccessful.

The Fremantle Christian Brothers College Amateur Football Club has resubmitted the CSRFF application to the City of Melville for the March 2011 round of funding.

**Fremantle Christian Brothers College Amateur Football Club**

The Fremantle Christian Brothers College Amateur Football Club is based at the Morris Buzacott Reserve in Kardinya. Fremantle Christian Brothers College Amateur Football Club wish to replace the top brackets of the existing light poles and replace them with a new bracket and higher performing lights to improve lighting levels at the reserve. The project will see the existing lighting brackets removed and replaced with an efficient and cost effective lighting system. The existing poles and infrastructure will remain.

The Fremantle Christian Brothers College Amateur Football Club has requested that the City of Melville enter into a self supporting loan arrangement with the club if their funding request was successful. The loan will fund the Club's contribution to the project and is explained in more detail in the Financial Implications section of this report and would form a separate agenda item at a future Meeting of Council.

Community Recreation and Parks Services are working closely with all sporting clubs that use City of Melville reserves. The Fremantle Christian Brothers College Amateur Football Club has been very proactive by introducing a number of initiatives that are assisting in lessening the wear and tear on the Morris Buzacott Reserve. These initiatives include:

- Sourcing the use of a school playing field for all of club pre-season training.
- Financing the improvements to the Reserve to accommodate the club.
- Line marking a centre bounce down practice area of the main oval and pitch.
- Adjusting some floodlighting to allow club training sessions to occur off the main playing surface.

Should the application be successful, the outcome would be in line with these initiatives and will provide a lighting system that will expand participation in all levels of football and increase sporting opportunities for the wider local community at the Morris Buzacott Reserve. It will also allow the club to host evening games.

Currently, the City of Melville conducts its scheduled maintenance replacement of floodlighting globes at 80% of the globes designed operation hours. Typically globe replacement provides for training purposes and not match play purposes. The cost of maintenance and globe replacement is likely to be higher for match play purposes and this additional cost will be passed onto the Fremantle Christian Brothers College Amateur Football Club. In principle, support would be given conditional to the club agreeing to fund the additional costs for providing match play floodlighting. The current globes at Morris Buzacott Reserve are now due for replacement.

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)**

There is also a growing demand from a range of sports for match play standard lighting. To cater for the growing demand for match play standard lighting, Officers have considered a model of providing match play lighting at key reserves throughout the City. The Morris Buzacott Reserve fits within this model.

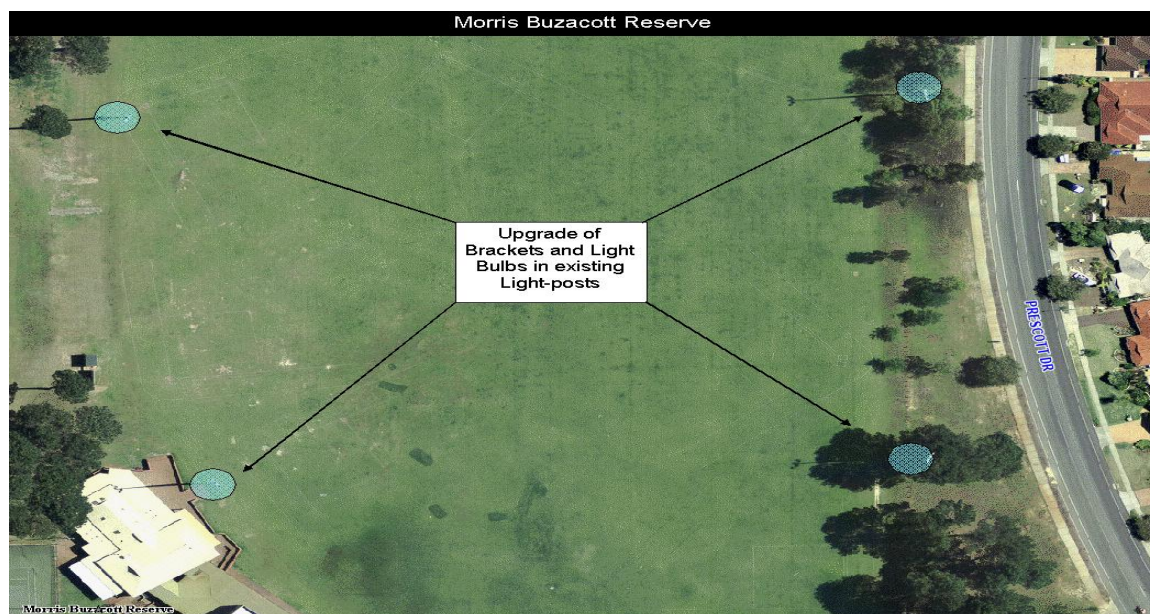
The Western Australian Football Commission and the Department of Sport and Recreation completed a Football Facilities Strategic Plan in 2006. Until this document was produced, there were no facility classification guidelines from which to assess the merits of individual club requests for infrastructure funding. Under the football facilities section of the Football Facilities Strategic Plan, ground lighting for games is considered as an optional requirement for senior clubs and is not a requirement for junior clubs. However, the Western Australian Football Commission is supportive of this project which is demonstrated by their willingness to contribute \$10,000 to the project cost.

Whilst the Fremantle Christian Brothers College Amateur Football Club will be the main beneficiary of the lighting project, there will be some added benefits to the following groups that use the reserve:

- Kardinya Junior Football Club
- Melville Districts Tee Ball Club
- South Fremantle Women's Football Team
- The Fremantle Christian Brothers College Amateur Football Club Intellectually Disabled Team

The application is also supported by the Kardinya Sporting Association that leases the clubroom facilities at the Morris Buzacott Reserve.

Club surveys indicate that the collective membership of the Fremantle Christian Brothers College Amateur Football Club, Kardinya Junior Football Club and the Melville Districts Tee Ball Club totals 600 (477 Juniors and 123 Seniors) of which 90% are City of Melville residents.



\* Not to scale

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)**

Officers have some concerns regarding the application from the Fremantle Christian Brothers College Amateur Football Club which include:

- The level of support they may or may not receive from the CSRFF funding round.
- The Western Australian Football Commission's Football Facilities Strategic Plan regards flood lighting to game standards as an optional requirement for up to district club level.
- The potential reliance on Self Supporting Loans to fund any shortfalls should CSRFF funding not be given.

However, Officers believe support should be given to this project and the application forwarded to the Community Sport and Recreation Facilities Fund for consideration. However, because of the concerns above and until the funding amounts are known, the Fremantle Christian Brothers College Amateur Football Club should be advised that the maximum contribution from the City of Melville to this project will be \$30,223. The Club would be responsible for any budget shortfalls should they not receive a Community Sport and Recreation Facilities Fund grant.

**PUBLIC CONSULTATION / COMMUNICATION**

The applications from the Fremantle Christian Brothers College Amateur Football Club will be required to meet Planning and Building approvals.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

The Fremantle Christian Brothers College Amateur Football Club has discussed the project with other member clubs of the Kardinya Sporting Association and has gained support from them. The Fremantle Christian Brothers College Amateur Football Club has discussed the project with the City of Melville and the Department of Sport and Recreation and has received support letters from the Western Australian Amateur Football League and the Hon Christian Porter MLA State Member for Bateman.

**STATUTORY AND LEGAL IMPLICATIONS**

Not applicable.



**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)****FINANCIAL IMPLICATIONS**

Each October, the City of Melville considers Annual and Forward Planning Grants for projects over \$150,000 and up to \$4,000,000. Previous practice at the City of Melville has been to list the amount of \$50,000 in budget preparations. Dependant upon the outcome of the October round of meetings, budgets for the following financial year would be amended to accommodate the resolutions from the meeting.

In June 2009, the Department of Sport and Recreation advised that several changes have been made to the CSRFF program. At this time they introduced two additional funding rounds for small grants for projects costing between \$7,500 and \$150,000. These small grants may be considered by the City of Melville at its August and March meetings each year.

Therefore, two budget items exist for the funding of CSRFF:

- Annual and Forward Planning Grants: The annual budget for these grants is determined at the October round of meetings.
- Small Grants: These grants are considered annually at the August and March round of meetings. The annual budget for small grant is \$50,000.

The funding of \$30,223 is within the annual budget for Small Grants.

**The Fremantle Christian Brothers College Amateur Football Club**

The estimated total cost for the Fremantle Christian Brothers College Amateur Football Club floodlighting project is \$90,668 and includes an 8% contingency and a 6% City of Melville Project Management Fee.

The Manager Parks and Environment supports this application and, as this project will be managed by the community group, Parks Services will meet with the group prior to commencement of works and provide ongoing monitoring. The group will be required to provide a detailed project schedule prior to the works commencing.

The Western Australian Football Commission has also agreed to contribute \$10,000 to this project.

The Fremantle Christian Brothers College Amateur Football Club is also seeking support for a Self Supporting Loan (SSL) of approximately \$30,000 meaning the funding for the project is as follows:

|  |                  |
|--|------------------|
| Club funds (Possible SSL)              | \$ 20,223        |
| Western Australian Football Commission | \$ 10,000        |
| CSRFF                                  | \$ 30,222        |
| COM                                    | <u>\$ 30,223</u> |
| Total                                  | <u>\$ 90,668</u> |

As CSRFF funding is not guaranteed, Officers will work with the Fremantle Christian Brothers College Amateur Football Club to finalise the actual details based on the amount of support they may be given from CSRFF. Should the Fremantle Christian Brothers College Amateur Football Club receive no support from CSRFF it is highly likely that the club will approach the City to increase the level of self supporting loan to cover the shortfall.

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)**

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

| Risk Statement   | Level of Risk   | Risk Mitigation Strategy   |
|--|---|--|
| <p>The current aging infrastructure is delivering below training/play standard quality of lighting creating a number of safety issues.</p> <p>A shortfall of funding if grant application is unsuccessful resulting in an inability of the Club to raise sufficient funds. This may require the Club to seek a self supporting loan and a resulting increase in the level of loan default risk for the City of Melville.</p> | <p>Moderate consequences which are likely, resulting in a <b>Low</b> level of risk.</p> | <p>There is an opportunity to replace aged floodlighting brackets and globes to provide for current day floodlighting standards.</p> <p>Upgrading the floodlights will provide safer training/play conditions and lead to an increase in the number of participants on reserve at the Morris Buzacott Reserve. Additionally It will allow for the wear and tear of the reserve to be more evenly spread.</p> <p>The approval of a Self Supporting Loan will be subject to a future agenda item once the final costings are known and will include an assessment on the Club's capacity to pay.</p> |
| <p>Whilst there is little or no impact to the environment from the proposed floodlighting project there may be some limited aesthetic impacts.</p>   | <p>Moderate consequences which are likely, resulting in a <b>Low</b> level of risk.</p> | <p>Ensure that Australian Standards are incorporated into the lighting design and encourage the use of energy efficient lighting systems.</p>  |
| <p>Risk of local residents being impacted by lighting to a higher lighting level.</p>  | <p>Minor consequences which are unlikely resulting in low risk.</p>                     | <p>Use of recognised lighting professional to ensure that Australian Standards are incorporated into the lighting design.</p>  |

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)****POLICY IMPLICATIONS**

Policy 25-PL-004 Support for Sport Clubs states that *“The City of Melville encourages joint use of sporting facilities and will therefore give preference to those sporting clubs who form multi-sport Sports Associations for the joint management of facilities”*.

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”*.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not Applicable.

**CONCLUSION**

The lighting project provides an opportunity to upgrade aged floodlighting globes and to provide for current day floodlighting standards. Additionally this will assist to spread the wear and tear on the Morris Buzacott Reserve. Morris Buzacott Reserve is also considered a potential location for match play evening games.

The Fremantle Christian Brothers College Amateur Football Club is a proactive club that have been implementing a number of initiatives to assist the City of Melville in the maintenance of the Reserve.

The cost of maintenance and globe replacement for game standards lights is likely to be higher than what the City normally provides and these additional costs would be passed on to the Fremantle Christian Brothers College Amateur Football Club.

The Western Australian Football Club is supportive of this project and has agreed to contribute \$10,000 towards the project cost.

**D11/8036 - COMMUNITY SPORT AND RECREATION FACILITIES FUNDING (SMALL GRANTS ROUND) (AMREC)****OFFICER RECOMMENDATION & COUNCIL RESOLUTION (8036)****ABSOLUTE MAJORITY**

At 6.50pm Cr Robartson moved, seconded Cr Reidy -

**That the Council;**

1. By absolute majority decision provide the Fremantle Christian Brothers College Amateur Football Club a one third contribution up to \$30,223 from the City of Melville towards the upgrade of the flood lights at Morris Buzacott Reserve subject to;
  - a. the Fremantle Christian Brothers College Amateur Football Club agreeing to pay any additional cost of replacing the globes over and above the standard provision by the City.
  - b. the Fremantle Christian Brothers College Amateur Football Club attaining the remaining funds required to complete the project.
  - c. appropriate planning approvals.
2. For the purpose of the Community Sport and Recreation Facility Fund grant, the Fremantle Christian Brothers College Amateur Football Club application be provided the following ranking and priority be given to the project:
  - a. Project Ranking 1
  - b. Project Priority A

At 6.50pm the Mayor submitted the motion which was declared

**CARRIED BY ABSOLUTE MAJORITY (10/0)**

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**

Ward : All  
 Category : Operational  
 Subject Index : Financial Statements and Investments  
 Customer Index : Not Applicable  
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.  
 Previous Items : C10/6028 - Budget Review Ordinary Meeting of Council held on 20 April 2010  
 Works Programme : Not Applicable  
 Funding : Not Applicable  
 Responsible Officer : Debbie Whyte  
 Senior Management Accountant

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**

**KEY ISSUES / SUMMARY**

- This report presents a Budget Review for the period 1 July 2010 to 31 January 2011
- A review was undertaken in order to comply with the Financial Management Regulations and to address a number of both positive and negative variances that has arisen over the course of the 2010/2011 Financial Year.
- The report recommends that the 2010/2011 Budget be adjusted accordingly.

**BACKGROUND**

The City of Melville reviews its budget position on an ongoing basis, with a budget variations listing and a budget variance report forming part of the monthly financial statements submitted to Council. The Financial Management Regulations (33A) specify that Local Governments must undertake a formal budget review between 1 January and 31 March and submit the findings to the Department of Local Government. The City of Melville has undertaken this formal budget review at the conclusion of January 2011.

**DETAIL**

The Budget Review was undertaken with full participation of the Management Team and Budget Responsible Officers. The projected financial position for the City of Melville is a positive variance of \$1,430,813. This is the net result of both positive and negative variances, across operating and capital budgets.

The following table details this result, positive variances are shown as follows (\$xxx):

| <b>Operating</b>                                  |                      |
|---|----------------------|
| Management Services                               | (\$40,000)           |
| Corporate Services                                | (\$747,987)          |
| Community Development                             | \$19,055             |
| Technical Services                                | (\$89,269)           |
| Urban Planning                                    | \$7,250              |
| <b>NET OPERATING VARIANCE (POSITIVE)/NEGATIVE</b> | <b>(\$850,951)</b>   |
| <b>Capital</b>                                    |                      |
| Community Development                             | \$11,520             |
| Technical Services                                | (\$591,382)          |
| <b>NET CAPITAL VARIANCE (POSITIVE)/NEGATIVE</b>   | <b>(\$579,862)</b>   |
| <b>NET VARIANCE (POSITIVE)/NEGATIVE</b>           | <b>(\$1,430,813)</b> |

Key findings are shown below and further details of the amendments are shown in attachment: [6040 Mid Year Budget Review Summary Amendments](#)

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)****Key findings in Operating Budget:****Management Services – (\$40,000) Net Positive Variance:-****Organisational Development – (\$40,000) Net Positive Variance:-**

- Employee Costs. (\$50,000) positive variance due to salaries expenditure savings realised as a result of the Risk Management Coordinator's position remaining vacant for an extended period due to the inability to attract suitable candidates for the salary being offered.
- Materials & Contracts. \$10,000 negative variance due to additional funds that are required to cover the costs of additional printing & artwork requirements for which sufficient funds were not provided in the original budget.

**Corporate Services – (\$747,986) Net Positive Variance:-****Director Corporate Services - \$51,494 Negative Variance:-**

- Insurance. \$51,494 negative variance due to higher than anticipated insurance premiums in some policy categories, in particular motor vehicle & plant and public liability.

**Property & Corporate Support - \$35,520 Negative Variance:-**

- Fees & Charges. \$25,520 negative variance due to Council building at 170 Stock Rd, Attadale not attracting any tenants for the whole of the financial year resulting in reduced lease income of \$13,520 and to reduced turnover at the Blue Water Grill Restaurant, located at Canning House in the Heathcote precinct resulting in a negative variance of \$12,000. Note the lease payment is calculated partly on base rent and partly on turnover.

**Customer Services - (\$16,000) Positive Variance:-**

- Materials & Contracts. (\$16,000) positive variance due to not requiring funds in the current year but deferring the expenditure to the next financial year. The Materials & Contracts budget line item was present to fund the cost of re-accreditation to the International Customer Services Standard by the Customer Services Institute of Australia, which had been estimated to cost \$16,000. It has been decided not to seek re-accreditation in 2010/2011 however this will need to be undertaken in 2011/2012 instead. We will also need to undertake a customer services benchmarking exercise in 2011/2012. Therefore at least \$32,000 will be required in the 2011/2012 budget to enable both the benchmarking and re-accreditation exercises to be undertaken.

**Information Technology (\$100,000) Net Positive Variance:-**

- Other Revenue. (\$35,000) positive variance due to sharing staff with City of Perth and recouping their labour costs.
- Employee Costs. (\$77,500) positive variance due to staff vacancies within IT.
- Materials & Contracts. \$12,500 negative variance due to use of contractors increasing as a result of staff vacancies.

**Financial Services - (\$719,500) Net Positive Variance:-**

- Investment Earnings. (\$1,419,500) greater than budget due to higher interest rates however, \$700,000 is attributable to Reserve Funds and will be apportioned to the various reserves at the end of the financial year.



**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)****Community Development - \$19,055 Net Negative Variance:-****Director Community Development – (\$8,000) Positive Variance**

- Materials & Contracts. (\$8,000) positive variance due to expenditure savings which has been earmarked to support the request for a new budget line item to fund a profile study of the Melville Discovery Centre shown in Community Services - Materials & Contracts below.

**Recreation Services – \$108,748 Net Negative Variance:-**

- Fees & Charges: A number of issues have resulted in a forecasted \$173,000 (3.5%) negative variance in Recreation Services income due to -
  1. lower than expected enrolments in Gymbakids and Personal Training,
  2. an account coding error was identified whereby income was being incorrectly credited to memberships and
  3. a forecast reduction in fees & charges due to the upcoming partial shut down of the Melville Aquatic Fitness Centre from March/April for major upgrade works.
- Utilities: Additional electricity charges amounting to \$75,000 (3 months) relating to 2009/2010 were not invoiced until the current year. This has been largely offset by a positive variance of (\$51,000) for gas, due to the successful negotiation of supply tariffs with Alinta Gas.

**Health Services - \$15,000 Net Negative Variance:-**

- Fees & Charges \$20,000 negative variance is due to the reduction in the number of Meals on Wheels being delivered that has been experienced over the course of the financial year.
- Materials & Contracts (\$5,000) positive variance due to a reduction in purchases of food items required to prepare meals.

**Neighbourhood Development - (\$107,848) Net Positive Variance:-**

- Employee Costs (\$73,344) positive variance due to staff vacancies.
- Materials & Contracts (\$32,354) positive variance due to a reduced expenditure on professional consultancies and contractors.

**Community Services - \$17,311 Net Negative Variance:-**

- Employee Costs (\$4,926) positive variances partially offsets the increase in the budget required for the line item Materials & Contracts of \$22,237 that arises as a result of including a request for a new budget line to provide funds for a profile study of the Melville Discovery Centre (MDC) in line with recommendations arising from the Future Plan for Libraries, Museums and Local History Services. Initial market testing indicated further funds were required. The results of this study will be used to develop a detailed business case for future opportunities for the MDC for the 2012/2013 budget.

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)****Neighbourhood Amenity – (\$6,156) Positive Variance:-**

- Fees & Charges. \$25,000 negative variance due to a reduction in parking fees income in the Canning Bridge precinct. This appears to be a result of Monadelphous, a major employer in the precinct, moving out of their premises in Sleat Rd. This resulted in a reduction in the use of on street parking as well as the 30 bay car park at Moreau Mews, which was previously fully utilised to accommodating 3-4 vehicles a day.
- Materials & Contracts. (\$32,756) positive variance includes an expenditure savings of (\$7,000) that has been made in the Crime Prevention Project, (\$11,520) of funds that were in the Safer City and Crime Prevention account operating expenditure account that should have been reflected in the Closed Circuit Television (CCTV) capital expenditure project at Heathcote, expenditure savings of (\$14,237) with respect to the Leeming DOC Vegetation Removal, which is recommended to be transferred to help fund the new budget line for the Melville Discovery Centre Profile Study shown in Community Services above.

**Technical Services – (\$89,269) Net Positive Variance****Operations Management – \$3,750 Net Negative Variance:-**

- Employee Costs \$13,750 negative variance due to an additional superannuation payment being made in the current financial year to correct a previous underpayment error.
- Materials & Contracts (\$10,000) positive variance due to expenditure savings in the Operations Centre operational account. The spend on maintenance contractors has been lower than anticipated.

**Waste Services – (\$0) Neutral Variance:-**

- There are both positive and negative variances within the Waste accounts but due to the waste levy and Reserve funds, the net positive variance (\$140,824) has been quarantined within Waste.
- Fees & Charges \$159,404 negative variance due to the part removal of the income budget for the City of Fremantle contract (\$249,404) as it was not renewed during the year. There has been a corresponding reduction in the expenditure budget. A positive variance exists within the Commercial Collection account due to higher than anticipated cliental numbers.
- Employee Costs (\$34,036) positive variance due mainly to expenditure savings as a result of the City of Fremantle contract not being renewed.
- Materials & Contracts (\$34,391) positive variance a result of lower than anticipated material costs associated with both domestic and commercial collections.
- Internal Allocations (\$231,801) positive variance due mainly to reduced fleet charges and on costs as a result of the City of Fremantle contract not being renewed.

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)****Works Services – (\$39,474) Positive Variance:-**

- Employee Costs (\$64,843) positive variance a result of staffing levels and staff allocation in the road crew. There are a number of vacancies, resulting in the work being performed by a contractor.
- Materials & Contracts \$5,369 negative variance is the combination of expenditure savings in litter collection of \$70,000 due to majority of site rubbish having been disposed of at site and not returned to the yard, along with a change of provider who was able to offer a reduced rate for the disposal of material and additional spend in contractors as a result of staff vacancies.
- Other Expenditure \$20,000 negative variance the result of an error in the original budget concerning expenditure crossover contributions.

**Engineering Design – (\$20,000) Positive Variance:-**

- Materials & Contracts (\$20,000) positive variance due to expenditure savings in the consulting and postage accounts for the Attadale South Underground Power project.

**Parks and Environment – (\$1,070) Positive Variance:-**

- Employee Costs \$159,214 negative variance. After a review of the maintenance program within Streetscapes, maintenance crew hours needed to be shifted around between cost centres to reflect the actual hours required as a result of the new maintenance schedule. Therefore surplus hours identified in Accessways Maintenance, after the review had a surplus of (\$85,148), and South Street/Karel Ave a surplus of (\$112,000). These hours (expressed in dollars) have been reallocated to fund a shortfall identified in Traffic/Verge Treatments (Zones 1 to 4). There is a negative variance of \$73,960 in the salary costings for the Environmental team, a coding error occurred when preparing the adopted budget.
- Materials & Contracts (\$186,095) positive variance.
  - Expenditure savings of (\$60,000) within Reserves West has been identified from materials budgeted for in Kadidjiny Park. In the original project schedule, it was estimated that the Playscape works could be completed by May 2011. Since the contractor needed to maintain the Playscape for 13 weeks after practical completion Parks planned for Playscape maintenance from 1 July 2011 onwards. In actuality the Playscape works took longer than expected and practical completion was delayed. Even though this delay did not affect the final project completion deadline it meant that Practical Completion for the Playscape was not granted until 12/8/2010, after which time the contractor was responsible for 13 weeks maintenance. This meant that Parks did not begin maintenance of the Playscape until 12/11/2010, therefore five months of the original maintenance budget for the Playscape was not required.
  - Expenditure savings have been identified within the Major Renovation account (major renovations include components such as coring, scarifying, vertimowing, fertilising, re-turfing, etc., and are used to rebuild turf that has been damaged through overuse or natural aging and/or growth habits). This saving was due to the introduction of compost trials and unseasonably hot weather resulting in a saving of (\$45,000).

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**

- Expenditure savings of (\$43,000) were identified within the Refuse Collection/Litter budget. The original budget was estimated as a result of the uncertainty around the newly introduced State landfill levy and after advice that disposal costs for waste could reach a high of \$250/ton. The fact that we have improved our rubbish/green waste separation processes in combination with the fact that the current rate has remained at \$110/ton we have now forecast expenditure saving.
- Expenditure savings of (\$17,500) have been identified as a result of the new irrigation system reducing the need for turf renovation at Pt Walter Golf course.
- Utilities (\$23,200) positive variance due to electricity costs at Pt Walter being budgeted for in 2010/11 based on the costs incurred in the previous year. The forecast for expenditure this year at the mid year review indicate that actual costs are unlikely to be as high this year. Therefore an expenditure saving of (\$23,500) in electricity costs has been forecast.
- Other Expenditure \$19,000 negative variance due to additional funds being required for the purchase of minor capital equipment (small hand tools).
- Internal Allocations \$30,011 negative variance due to a reallocation of oncosts across the various jobs.

**Facilities and Asset Management – (\$32,476) Positive Variance:-**

- Materials & Contracts (\$32,476) positive variance due to various accounts within Civic Facilities. There are expenditure savings (\$13,680) within the Citizenship Ceremonies catering account due to less candidates than anticipated. The Council Functions & Reception account is also showing expenditure savings (\$18,796) as a result of less guests than forecast during the budget preparation.
- A number of positive and negative variances have also been identified within the facilities maintenance budget. Positive variances include: Civic Square Library (\$10,000) – general maintenance, Heathcote (\$10,000) – maintenance costs met by lessee and Operations Centre (\$30,000) – lower than anticipated cleaning costs. Negative variances include: Civic Centre (\$30,000) – additional building and air-conditioning costs and Melville Aquatic & Fitness Centre (\$30,000) – increased building maintenance. Overall, the positive variances have funded the negative variances.

**Urban Planning - \$7,250 Net Negative Variance**

**Planning & Building Services \$7,250 Negative Variance:-**

- Fees & Charges \$7,250 negative variance due to reductions experienced in Home Occupation licence fees and Rezoning Applications fees.

**Key findings in Capital Budget:**

**Community Development - \$11,520 Net Negative Variance**

**Neighbourhood Amenity - \$11,520 Negative Variance:-**

- CCTV funding of \$11,520, was identified as being provided for in an operating account (as detailed above) and is recommended for transfer to the correct capital account allocation.

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)****Technical Services – (\$591,382) Net Positive Variance****Fleet Services – (\$0) Neutral Variance:-**

- A front Lift Truck (Asset 39204) is not being replaced (\$200,000). There will be a corresponding reduction in funds being transferred from the Plant Replacement Reserve.

**Waste Services – (\$0) Neutral Variance:-**

- Additional funding of \$80,000 for the 360 litre bin trial required within Waste, as agreed by EMT. To be funded from a transfer from the Refuse Bin Reserve;
- It is probable that monies identified to upgrade the steel bulk bins will not be required (\$45,000). There will be a corresponding reduction in funds coming from Refuse Bin Reserve;

**Works, Engineering Design and Parks – (\$591,382) Positive Variance:-**

- Storm water drainage project on Norma Road, will require installation of new underground storage under road pavement of Norma Rd north of Leach Hwy due to failure of existing system. The expanded scope requires additional funds for construction, temporary works and traffic management and will be undertaken by a contractor. Design is currently being sourced externally, currently estimated at requiring an additional \$200,000;
- Surplus funds within Melville Beach Road of (\$47,000) deferral of isolated drainage pit, installation and need to be re-assessed in conjunction with comprehensive road and drainage network improvements that are to be undertaken in this area in the next few years;
- Surplus funds on Footpaths DAIP Implication (Disability Access Inclusion Plan), this work will be done as part of Footpath Maintenance Works (\$50,000);
- Surplus funds identified on the Local Road Project - Benningfield Road (\$323,281) which had a reduced scope due to a component of the originally scoped works being completed as part of the FY09/10 Road Resurfacing program post the development of the budget;
- Surplus (savings) funds also for Riseley Street (\$129,000) as additional profiling was used to reduce the amount of kerb and footpath works being required, along with savings made in Traffic Management as the works were programmed to be undertaken concurrently with other works on Riseley Street saving monies in Traffic Management, mobilisation and contractor rates. Drainage components of the works were also completed by COM staff, providing further savings over Contractors rates;
- Further surplus (savings) funds on Local Road Project – Gilbertson Road of (\$71,545) as the project funds were carried over, with a component of the works commenced and invoiced in the FY09/10. Additional savings were made due to a significant management commitment allowing us to coordinate both the profiling and drainage works of the contract and then using an alternate member of our asphalt panel to complete the asphalt works only, realising a significant saving in comparison to contracting out the full scope of the works;
- Additional funds required for Applecross Primary School Parking improvements in accordance with Council Policy to subsidise 50% of agreed safety works around schools of \$80,000. The Department of Education will be funding \$40,000 (50%);
- Additional funds required for State Black Spots as follows: Archibald Street \$135,000, due to the extent and costs of additional road widening associated with the design of pedestrian and the street lighting upgrades linked with the grant, Bull Creek Roundabout \$99,601 and Preston Point \$43,501, all additional works;



**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**

- Additional funding for new path works of \$50,000 and \$50,000 for capital works salaries which were omitted at the main budget last year;
- Surplus funds within Road Resurfacing Programme of (\$117,100) identified savings at completion from current program, primarily coming from savings made in the completion of the 09/10 Carry Forwards amount (\$600,000 carry forward, works completed for \$490,000). To be transferred to the Road and Drainage Asset Management Reserve;
- Surplus funds on sump maintenance (\$80,000) due to reduced capacity to identify, manage and undertake a comprehensive fence upgrade program this financial year due to the recent resignation of key staff. To be transferred to the Road and Drainage Asset Management Reserve;
- Additional funds required for Local Road Project (Ewing Ave), due to changes to profiling and traffic management \$145,013;
- Funds that were allocated for Kadidjiny Park have been added to funds carried forward over three financial years. This resulted in more than the required \$4.1 million dollar budget being allocated to the development over this period. Therefore with the completion of the project there is no requirement for this additional \$300,000 resulting in a surplus.
- Engineering Design: Income budgets which were not previously budgeted for in the current budget, these are all local road grant project incomes (\$419,444), the expenditure related to these occurred in the previous year;
- Surplus funds of (\$47,000) from PAW St Lighting Upgrade in Engineering Design, with works completed by Facilities & Assets within their lighting upgrade budget;
- Surplus fund of (\$25,000) Melville Bike Plan, due to grant funds not received, the project will not be proceeding;
- Surplus funds within Entry Statements, due to concepts currently being developed, and yet to be endorsed by Council, no construction planned 10/11 (\$18,800);
- Surplus funds within Wireless Hill 2012 (\$18,800) due to planning works now being carried out in house;
- Request for additional funds within Principle Parks Co-ordinator responsibility. This includes;
  - Additional funds required for upgrading at Centennial Park associated with community functions ( \$24,334)

**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)**

- Request for a water truck as an addition to the fleet. Currently our street tree watering program is undertaken in combination with a share arrangement with the Works in-house water truck and a watering contractor. Works has recently replaced their old truck with a new purpose built vehicle and gave indicated that the availability of this truck for Parks use in the next year will be much reduced from the 50/50 share arrangement currently available. The old truck has not yet been sold and currently presents as an opportunity for Parks. With the increase in the street tree planting program in 2011/12 and the increased reliance on watering of these trees it is proposed to use the superseded Works watering truck on a full time basis in-house over the next 18 months. This will allow Parks to assess the viability of undertaking a large portion of the watering in-house compared with contracted services and allow a business case to be developed in the future. The budgeted income for the sale of the old water truck is \$25,000 (though it is only realistically expected to sell in the vicinity of \$8-10,000) which in the event of it being allocated to Parks, will not be realised, plus it will require a \$10,000 refurbishment for some modifications. There will also be a \$10,000 operating cost for the remainder of the year.
- \$100,000 required to undertake emergency works at Heathcote for retaining works along the top of the western side.

**PUBLIC CONSULTATION/COMMUNICATION**

Not Applicable

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Not Applicable

**STATUTORY AND LEGAL IMPLICATIONS**

The Financial Management Regulations (33A) specify that Local Governments must undertake a formal budget review between 1 January and 31 March and submit the findings to the Department of Local Government.

**FINANCIAL IMPLICATIONS**

After taking into account the various positive and negative variances, the Budget Review has identified a positive budget variance of \$1,430,813.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

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



**C11/6040 – MID YEAR BUDGET REVIEW (AMREC) (ATTACHMENT)  
POLICY IMPLICATIONS**

Not Applicable

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not Applicable

**CONCLUSION**

The Budget Review has identified a number of projects requiring budget amendments. The net result of these amendments will be redirected to a closing balance account. These funds will then be used as an opening balance in the development of the 2011/2012 Annual Budget.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6040)****ABSOLUTE MAJORITY**

At 6.50pm Cr Robartson moved, seconded Cr Barton -

**That by absolute majority decision of Council the interim budget review amendments listed in attachment [6040 Mid Year Budget Review Summary Amendments](#) be adopted.**

At 6.53pm the Mayor submitted the motion which was declared

**CARRIED BY ABSOLUTE MAJORITY (10/0)**

**C11/5000 – COMMON SEAL REGISTER (REC)**

|                            |   |   |
|----------------------------|---|---|
| Ward                       | : | All   |
| Category                   | : | Operational   |
| Subject Index              | : | Common Seal Register  |
| 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**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**KEY ISSUES / SUMMARY**

This report details the documents to which the City of Melville Common Seal has been applied and recommends that the information be noted.

## **C11/5000 – 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**

| <b>Register Reference</b> | <b>Party</b>   | <b>Description</b>  | <b>File Reference</b> |
|---------------------------|--|---|-----------------------|
| 495                       | City of Melville                                       | Local Government Property<br>Local Law 2010 – Adopt and<br>Seal Local Law           | 2392262               |
| 501                       | City of Melville & L<br>McGoldrick & K P<br>McGoldrick | Withdrawal of Caveat - renewal<br>of Caveat on 17 (a & b) Thurloe<br>Street, Bicton | 2405402               |

### **PUBLIC CONSULTATION/COMMUNICATION**

Not applicable.

### **CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Not applicable.

### **STATUTORY AND LEGAL IMPLICATIONS**

Section 2.5(2) of the Local Government Act 1995.

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

Section 9.49. Documents, how authenticated.

*A document, is, unless this Act requires otherwise, sufficiently authenticated by a local government without its common seal if signed by the CEO or an employee of the local government who purports to be authorised by the CEO to so sign.*

### **FINANCIAL IMPLICATIONS**

Not applicable.

### **STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

Not applicable.

**C11/5000 – COMMON SEAL REGISTER (REC)****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, be noted.**

At 6.54pm the Mayor submitted the motion which was declared **CARRIED EN BLOC (10/0)**

**C11/6000 - INVESTMENT STATEMENTS (REC)**

Ward : All  
 Category : Operational  
 Subject Index : Financial Investments and 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**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**KEY ISSUES / SUMMARY**

- This report presents the investment statements for the month of January 2011 and recommends that the information detailed in the attachments be noted.
- No new credit events were recorded in relation to Council's Collateralised Debt Obligation (CDO) investments in January 2011.
- Council received official notification on the full default of the Starts Cayman Blue Gum CDO.
- When compared to the valuations used as at 30 June 2010, valuations obtained from Denison Financial Advisory as at 31 January 2011 show that:
  - Authorised Deposit-taking Institutions (ADIs) have increased in value by \$91K.
  - CDOs have increased in value by \$2.99m.

## C11/6000 - 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 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 at 31 January 2011 are shown in the table below.

**CITY OF MELVILLE  
STATEMENT OF INVESTMENTS  
FOR THE PERIOD ENDING 31 JANUARY 2011**

| SUMMARY BY FUND | PURCHASE PRICE<br>\$ | ESTIMATED BOOK VALUE<br>30/06/2010<br>\$ | ESTIMATED CURRENT MARKET VALUE<br>\$ | BOOK PROFIT/(LOSS)<br>\$ | BOOK PROFIT/(LOSS)<br>% |
|-----------------|----------------------|--|--------------------------------------|--------------------------|-------------------------|
| MUNICIPAL       | \$ 50,669,732        | \$ 50,669,732                            | \$ 50,669,732                        | \$ -                     | 0.00%                   |
| RESERVE         | \$ 44,297,583        | \$ 24,623,826                            | \$ 27,700,714                        | \$ 3,076,888             | 6.95%                   |
| TRUST           | \$ 507,764           | \$ 507,764                               | \$ 507,764                           | \$ -                     | 0.00%                   |
| CRF             | \$ 173,026           | \$ 173,026                               | \$ 173,026                           | \$ -                     | 0.00%                   |
|                 | <b>\$ 95,648,104</b> | <b>\$ 75,974,347</b>                     | <b>\$ 79,051,235</b>                 | <b>\$ 3,076,888</b>      | <b>3.22%</b>            |

| SUMMARY BY FUND        | PURCHASE PRICE<br>\$ | ESTIMATED BOOK VALUE<br>30/06/2010<br>\$ | ESTIMATED CURRENT MARKET VALUE<br>\$ | BOOK PROFIT/(LOSS)<br>\$ | BOOK PROFIT/(LOSS)<br>% |
|------------------------|----------------------|--|--------------------------------------|--------------------------|-------------------------|
| ADI                    | \$ 5,000,000         | \$ 4,830,905                             | \$ 4,921,600                         | \$ 90,695                | 1.81%                   |
| CDO                    | \$ 21,220,000        | \$ 1,715,338                             | \$ 4,701,531                         | \$ 2,986,193             | 14.07%                  |
| BOND                   | \$ 2,000,000         | \$ 2,000,000                             | \$ 2,000,000                         | \$ -                     | 0.00%                   |
| TERM DEPOSIT           | \$ 63,859,527        | \$ 63,859,527                            | \$ 63,859,527                        | \$ -                     | 0.00%                   |
| 11AM                   | \$ 3,337,932         | \$ 3,337,932                             | \$ 3,337,932                         | \$ -                     | 0.00%                   |
| UNITS (Local Govt Hse) | \$ 230,645           | \$ 230,645                               | \$ 230,645                           | \$ -                     | 0.00%                   |
|                        | <b>\$ 95,648,104</b> | <b>\$ 75,974,347</b>                     | <b>\$ 79,051,235</b>                 | <b>\$ 3,076,888</b>      | <b>3.22%</b>            |

| SUMMARY BY FUND        | PURCHASE PRICE<br>\$ | ESTIMATED BOOK VALUE<br>30/06/2010<br>\$ | ESTIMATED CURRENT MARKET VALUE<br>\$ | BOOK PROFIT/(LOSS)<br>\$ | BOOK PROFIT/(LOSS)<br>% |
|------------------------|----------------------|--|--------------------------------------|--------------------------|-------------------------|
| AA                     | \$ 25,196,177        | \$ 25,196,177                            | \$ 25,196,177                        | \$ -                     | 0.00%                   |
| AA-                    | \$ 36,701,282        | \$ 36,683,552                            | \$ 36,691,142                        | \$ 7,590                 | 0.02%                   |
| A+                     | \$ 5,300,000         | \$ 5,300,000                             | \$ 5,300,000                         | \$ -                     | 0.00%                   |
| A                      | \$ 3,000,000         | \$ 3,000,000                             | \$ 3,000,000                         | \$ -                     | 0.00%                   |
| A-                     | \$ 2,500,000         | \$ 2,379,555                             | \$ 2,445,550                         | \$ 65,995                | 2.64%                   |
| BBB+                   | \$ 1,000,000         | \$ 983,880                               | \$ 991,940                           | \$ 8,060                 | 0.81%                   |
| CCC                    | \$ 1,500,000         | \$ 76,950                                | \$ 600,750                           | \$ 523,800               | 34.92%                  |
| CCC-                   | \$ 3,600,000         | \$ 376,140                               | \$ 980,100                           | \$ 603,960               | 16.78%                  |
| NR                     | \$ 16,620,000        | \$ 1,747,448                             | \$ 3,614,931                         | \$ 1,867,483             | 11.24%                  |
| UNITS (Local Govt Hse) | \$ 230,645           | \$ 230,645                               | \$ 230,645                           | \$ -                     | 0.00%                   |
|                        | <b>\$ 95,648,104</b> | <b>\$ 75,974,347</b>                     | <b>\$ 79,051,235</b>                 | <b>\$ 3,076,888</b>      | <b>3.22%</b>            |

**C11/6000 - INVESTMENT STATEMENTS (REC)**

The following statements detail the investments held by the City. Marketable investments are shown at their estimated market value (Estimated Market Value).

| CITY OF MELVILLE<br>STATEMENT OF INVESTMENTS<br>FOR THE PERIOD ENDING 31 JANUARY 2011 |                       |                    |                               |              |            |   |                     |                                  |                                      |  |
|---|-----------------------|--------------------|-------------------------------|--------------|------------|---|---------------------|----------------------------------|--------------------------------------|--|
| INSTITUTION / INVESTMENT  | RISK of<br>IMPAIRMENT | INVESTMENT<br>TYPE | Current Interest<br>Rate<br>% | S & P RATING | PROPORTION | MAX. PER<br>INSTITUTION<br>POLICY<br>CP-009 | FACE<br>VALUE<br>\$ | BOOK VALUE<br>AT 30/6/2010<br>\$ | CURRENT EST<br>MARKET<br>VALUE<br>\$ | INVESTMENT<br>GAIN / (LOSS)<br>SINCE 30/6/10<br>\$ |
| BANKWEST (11AM)   |                       | 11AM               | 4.70%                         | AA           | 1%         | 20%   | \$1,336,650         | \$1,336,650                      | \$1,336,650                          | \$0  |
| WESTPAC (MAXI BONUS 1)  |                       | 11AM               | 5.20%                         | AA-          | 1%         | 20%   | \$501,282           | \$501,282                        | \$501,282                            | \$0  |
| WESTPAC (MAXI BONUS 2)  |                       | 11AM               | 5.20%                         | AA-          | 0%         | 20%   | \$0                 | \$0                              | \$0                                  | \$0  |
|   |                       |                    |                               |              |            |   | \$3,337,932         | \$3,337,932                      | \$3,337,932                          | \$0  |
| BANKWEST (TERM)   |                       | TERM               | 5.85%                         | AA           | 11%        | 20%   | \$10,859,527        | \$10,859,527                     | \$10,859,527                         | \$0  |
| COMMONWEALTH BANK (TERM)  |                       | TERM               | 5.69%                         | AA           | 12%        | 20%   | \$11,000,000        | \$11,000,000                     | \$11,000,000                         | \$0  |
| SUNCORP METWAY LTD (TERM)   |                       | TERM               | 5.84%                         | A+           | 6%         | 20%   | \$5,300,000         | \$5,300,000                      | \$5,300,000                          | \$0  |
| ING BANK  |                       | TERM               | 6.32%                         | A            | 3%         | 20%   | \$3,000,000         | \$3,000,000                      | \$3,000,000                          | \$0  |
| NAB   |                       | TERM               | 5.81%                         | AA           | 15%        | 20%   | \$14,000,000        | \$14,000,000                     | \$14,000,000                         | \$0  |
| ST GEORGE BANK (TERM)   |                       | TERM               | 5.79%                         | AA-          | 8%         | 20%   | \$7,900,000         | \$7,900,000                      | \$7,900,000                          | \$0  |
| WESTPAC (TERM)  |                       | TERM               | 6.26%                         | AA-          | 12%        | 20%   | \$11,800,000        | \$11,800,000                     | \$11,800,000                         | \$0  |
|   |                       |                    |                               |              |            |   | \$63,859,527        | \$63,859,527                     | \$63,859,527                         | \$0  |
| COMMONWEALTH BANK (BOND)  |                       | BOND               | 6.00%                         | AA           | 2%         | 20%   | \$2,000,000         | \$2,000,000                      | \$2,000,000                          | \$0  |
|   |                       |                    |                               |              |            |   | \$2,000,000         | \$2,000,000                      | \$2,000,000                          | \$0  |
| ADELAIDE BANK   | Very Low              | ADI                | 5.37%                         | BBB+         | 1%         | 10%   | \$1,000,000         | \$983,880                        | \$991,940                            | \$8,060  |
| ELDERS RURAL BANK   | Very Low              | ADI                | 5.67%                         | BBB          | 1%         | 0%  | \$500,000           | \$485,200                        | \$494,250                            | \$9,050  |
| MACQUARIE BANK  | Very Low              | ADI                | 5.39%                         | A-           | 2%         | 15%   | \$1,500,000         | \$1,410,105                      | \$1,456,410                          | \$46,305   |
| SUNCORP METWAY LTD  | Very Low              | ADI                | 5.33%                         | A-           | 1%         | 15%   | \$1,000,000         | \$969,450                        | \$989,140                            | \$19,690   |
| WESTPAC BANK  | Very Low              | ADI                | 5.19%                         | AA-          | 1%         | 20%   | \$1,000,000         | \$982,270                        | \$989,860                            | \$7,590  |
| APHEX (GLENELG)   | High                  | CDO                | 6.70%                         | NR           | 2%         | 0%  | \$2,000,000         | \$125,600                        | \$540,000                            | \$414,400  |
| BERYL FINANCE GLOBAL BANK NOTE  | Early Term.           | CDO                | 0.00%                         | NR           | 2%         | 0%  | \$2,000,000         | \$1                              | \$0                                  | -\$1   |
| BERYL FINANCE GLOBAL BANK NOTE 2  | Early Term.           | CDO                | 0.00%                         | NR           | 0%         | 0%  | \$450,000           | \$1                              | \$0                                  | -\$1   |
| CORSAIR (CAYMAN) KAKADU   | High                  | CDO                | 6.35%                         | CCC          | 2%         | 0%  | \$1,500,000         | \$76,950                         | \$600,750                            | \$523,800  |
| CORSAIR (CAYMAN) TORQUAY  | Very High             | CDO                | 6.55%                         | NR           | 2%         | 0%  | \$1,885,500         | \$23,000                         | \$214,136                            | \$191,136  |
| ETHICAL LIMITED GREEN   | High                  | CDO                | 5.95%                         | NR           | 1%         | 0%  | \$1,000,000         | \$11,000                         | \$286,900                            | \$275,900  |
| HELIUM CAPITAL (ESPERANCE)  | High                  | CDO                | 6.65%                         | CCC-         | 2%         | 0%  | \$1,800,000         | \$355,140                        | \$980,100                            | \$624,960  |
| HELIUM CAPITAL (SCARBOROUGH)  | High                  | CDO                | 6.83%                         | CCC-         | 2%         | 0%  | \$1,800,000         | \$21,000                         | \$0                                  | -\$21,000  |
| MAGNOLIA FLINDERS   | Moderate              | CDO                | 6.45%                         | NR           | 2%         | 20%   | \$2,000,000         | \$988,139                        | \$1,750,000                          | \$761,861  |
| MANAGED ACES CLASS 11A PARKES   | Very High             | CDO                | 8.25%                         | NR           | 1%         | 0%  | \$1,000,000         | \$3,000                          | \$2,500                              | -\$500   |
| MANAGED ACES CLASS 1A PARKES  | High                  | CDO                | 6.58%                         | NR           | 1%         | 0%  | \$1,050,000         | \$10,500                         | \$12,600                             | \$2,100  |
| OMEGA CAPITAL CLASS A HENLEY  | Moderate              | CDO                | 5.80%                         | NR           | 0%         | 0%  | \$385,000           | \$82,506                         | \$314,545                            | \$232,039  |
| START'S (CAYMAN) BLUE GUM   | Defaulted             | CDO                | 6.40%                         | NR           | 2%         | 0%  | \$1,500,000         | \$7,500                          | \$0                                  | -\$7,500   |
| ZIRCON FINANCE COOLANGATTA  | Early Term.           | CDO                | 0.00%                         | NR           | 2%         | 0%  | \$1,500,000         | \$9,300                          | \$0                                  | -\$9,300   |
| ZIRCON FINANCE MERIMBULA  | Early Term.           | CDO                | 0.00%                         | NR           | 1%         | 0%  | \$500,000           | \$1,700                          | \$0                                  | -\$1,700   |
| ZIRCON FINANCE MIAMI  | Early Term.           | CDO                | 0.00%                         | NR           | 1%         | 0%  | \$850,000           | \$1                              | \$0                                  | -\$1   |
|   |                       |                    |                               |              |            |   | \$26,220,000        | \$6,546,243                      | \$9,623,131                          | \$3,076,888  |
| UNITS IN LOCAL GOVT HOUSE   |                       | UNITS              | 0.00%                         |              |            |   | \$230,645           | \$230,645                        | \$230,645                            | \$0  |
| TOTAL FUNDS INVESTED  |                       |                    |                               |              | 100%       |   | \$95,648,104        | \$75,974,347                     | \$79,051,235                         | \$3,076,888  |

**DIVERSIFICATION / CREDIT RISK COMPARISON**

| CREDIT RISK                | PURCHASE PRICE \$ | CURRENT ESTIMATED MARKET VALUE | ACTUAL PROPORTION | MAX. % AMOUNT IN TOTAL PORTFOLIO POLICY CP-009 | Comments                         |
|----------------------------|-------------------|--------------------------------|-------------------|--|----------------------------------|
| AA                         | \$39,196,177      | \$39,196,177                   | 50%               | 80%  |                                  |
| AA-                        | \$22,701,282      | \$22,691,142                   | 29%               | 80%  |                                  |
| A+                         | \$5,300,000       | \$5,300,000                    | 7%                | 50%  |                                  |
| A                          | \$3,000,000       | \$3,000,000                    | 4%                | 50%  |                                  |
| A-                         | \$2,500,000       | \$2,445,550                    | 3%                | 50%  |                                  |
| BBB+                       | \$1,000,000       | \$991,940                      | 1%                | 20%  |                                  |
| BBB                        | \$500,000         | \$494,250                      | 1%                | 0%   | Purchased Prior To Policy Change |
| CCC                        | \$1,500,000       | \$600,750                      | 1%                | 0%   |                                  |
| CCC-                       | \$3,600,000       | \$980,100                      | 1%                | 0%   |                                  |
| NR                         | \$16,120,000      | \$3,120,681                    | 4%                |  |                                  |
| UNITS IN LOCAL GOVT: HOUSE | \$230,645         | \$230,645                      | 0%                | 0.1%   | Council Decision                 |
| <b>TOTAL</b>               | <b>95,648,104</b> | <b>79,051,235</b>              | <b>100%</b>       |  |                                  |



**C11/6000 - INVESTMENT STATEMENTS (REC)**

**DIVERSIFICATION RISK**

| INSTITUTION               | INVESTMENT TYPE | S & P RATING | CURRENT ESTIMATED MARKET VALUE | ACTUAL PROPORTION | INSTITUTION PROPORTION | MAX. % WITH ANY ONE INSTITUTION | Comments                         |
|---------------------------|-----------------|--------------|--------------------------------|-------------------|------------------------|---------------------------------|----------------------------------|
| BANKWEST (11AM)           | 11AM            | AA           | 1,336,650                      | 1.69%             |                        | 20%                             |                                  |
| BANKWEST (TERM)           | TERM            | AA           | 10,859,527                     | 13.74%            | 15.43%                 | 20%                             |                                  |
| COMMONWEALTH BANK (TERM)  | TERM            | AA           | 11,000,000                     | 13.92%            |                        | 20%                             |                                  |
| COMMONWEALTH BANK (BOND)  | BOND            | AA           | 2,000,000                      | 2.53%             | 16.45%                 | 20%                             |                                  |
| MACQUARIE BANK            | ADI             | A-           | 1,456,410                      | 1.84%             |                        | 15%                             |                                  |
| MACQUARIE BANK (TERM)     | TERM            | AAA          | -                              | 0.00%             | 1.84%                  | 20%                             |                                  |
| NAB                       | TERM            | AA           | 14,000,000                     | 17.71%            | 17.71%                 | 20%                             |                                  |
| ING BANK                  | TERM            | A            | 3,000,000                      | 3.80%             | 3.80%                  | 20%                             |                                  |
| ST GEORGE BANK (TERM)     | TERM            | AA-          | 7,900,000                      | 9.99%             | 9.99%                  | 20%                             |                                  |
| WESTPAC (MAXI BONUS 1)    | 11AM            | AA-          | 501,282                        | 0.63%             |                        | 20%                             |                                  |
| WESTPAC (MAXI BONUS 2)    | 11AM            | AA-          | -                              | 0.00%             |                        | 20%                             |                                  |
| WESTPAC (MAXI DIRECT)     | 11AM            | AA-          | 1,500,000                      | 1.90%             |                        | 20%                             |                                  |
| WESTPAC (TERM)            | TERM            | AA-          | 11,800,000                     | 14.93%            |                        | 20%                             |                                  |
| WESTPAC BANK              | ADI             | AA-          | 989,860                        | 1.25%             | 18.71%                 | 20%                             |                                  |
| ADELAIDE BANK             | ADI             | BBB+         | 991,940                        | 1.25%             | 1.25%                  | 10%                             |                                  |
| ELDER'S RURAL BANK        | ADI             | BBB          | 494,250                        | 0.63%             | 0.63%                  | 10%                             |                                  |
| SUNCORP METWAY LTD (TERM) | TERM            | A+           | 5,300,000                      | 6.70%             |                        | 15%                             |                                  |
| SUNCORP METWAY LTD        | ADI             | A-           | 989,140                        | 1.25%             | 7.96%                  | 15%                             |                                  |
| CDO - Various             | CDO             |              | 4,701,531                      | 5.95%             | 5.95%                  |                                 | Purchased Prior To Policy Change |
| UNITS IN LOCAL GOVT HOUSE | UNITS           |              | 230,645                        | 0.29%             | 0.29%                  |                                 |                                  |
|                           |                 |              | <b>\$79,051,235</b>            | <b>100%</b>       | <b>100%</b>            |                                 |                                  |

**MATURITY COMPARISON**

| TERM to MATURITY        | CURRENT ESTIMATED MARKET VALUE | ACTUAL PROPORTION | MAX. % IN ANY ONE YEAR | Comments                         |
|-------------------------|--------------------------------|-------------------|------------------------|----------------------------------|
| MUNICIPAL & TRUST FUNDS |                                |                   |                        |                                  |
| < 1 year                | 48,946,851                     | 96%               | 100%                   |                                  |
| < 2 years               | -                              | 0%                | 10%                    |                                  |
| < 3 years               | -                              | 0%                | 10%                    |                                  |
| < 4 years               | -                              | 0%                | 0%                     |                                  |
| < 5 years               | 2,000,000                      | 4%                | 0%                     | CBA Retail Bond                  |
| > 5 years               | -                              | 0%                | 0%                     |                                  |
|                         | <b>50,946,851</b>              | <b>100%</b>       |                        |                                  |
| RESERVE FUNDS           |                                |                   |                        |                                  |
| < 1 year                | 18,077,583                     | 65%               | 100%                   |                                  |
| < 2 years               | 3,056,485                      | 11%               | 80%                    |                                  |
| < 3 years               | 1,194,236                      | 4%                | 80%                    |                                  |
| < 4 years               | 1,427,650                      | 5%                | 40%                    |                                  |
| < 5 years               | 15,100                         | 0%                | 40%                    |                                  |
| > 5 years               | 3,929,660                      | 14%               | 20%                    | Purchased Prior To Policy Change |
|                         | <b>27,700,714</b>              | <b>100%</b>       |                        |                                  |

**C11/6000 - INVESTMENT STATEMENTS (REC)**

The values ascribed to Authorised Deposit Taking Institutions (ADIs) by the independent financial advisers are based on current market evidence. Positive improvements in the market since 30 June 2010 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. The City expects that further ADIs will be repurchased by the issuing banks as they reach their call dates over the next 24 months. Since 30 June 2009 \$12,500,000 worth of ADIs have been repurchased by the issuing banks. These had been written down in previous financial years, to a book value of \$12,288,900. A book profit of \$211,100 has therefore been realised.

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. Council received official notification on the full default of the Starts Cayman Blue Gum CDO with a face value of \$1.5m. Council will also no longer receive coupon payments from this CDO as a result. This \$1.5m loss will be applied against the Risk Management Reserve which was created to fund losses arising from investment activities.

Monthly valuations shown for 31 January 2011 were provided by Council's independent financial adviser Denison Financial Advisory. This supports the current positive improvements in the market, evident by the increase in valuations of Council ADIs and CDOs investments. When compared to the valuations used as at 30 June 2010, valuations obtained from Denison as at 31 January 2011 show that:

- ADIs have increased in value by \$90,695.
- CDOs have increased in value by \$2.99 million.

All other non Lehman Brothers arranged CDOs continue to pay coupon payments (albeit some at reduced levels due to the erosion of credit support and therefore underlying capital) and this is expected to continue. Based on 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.

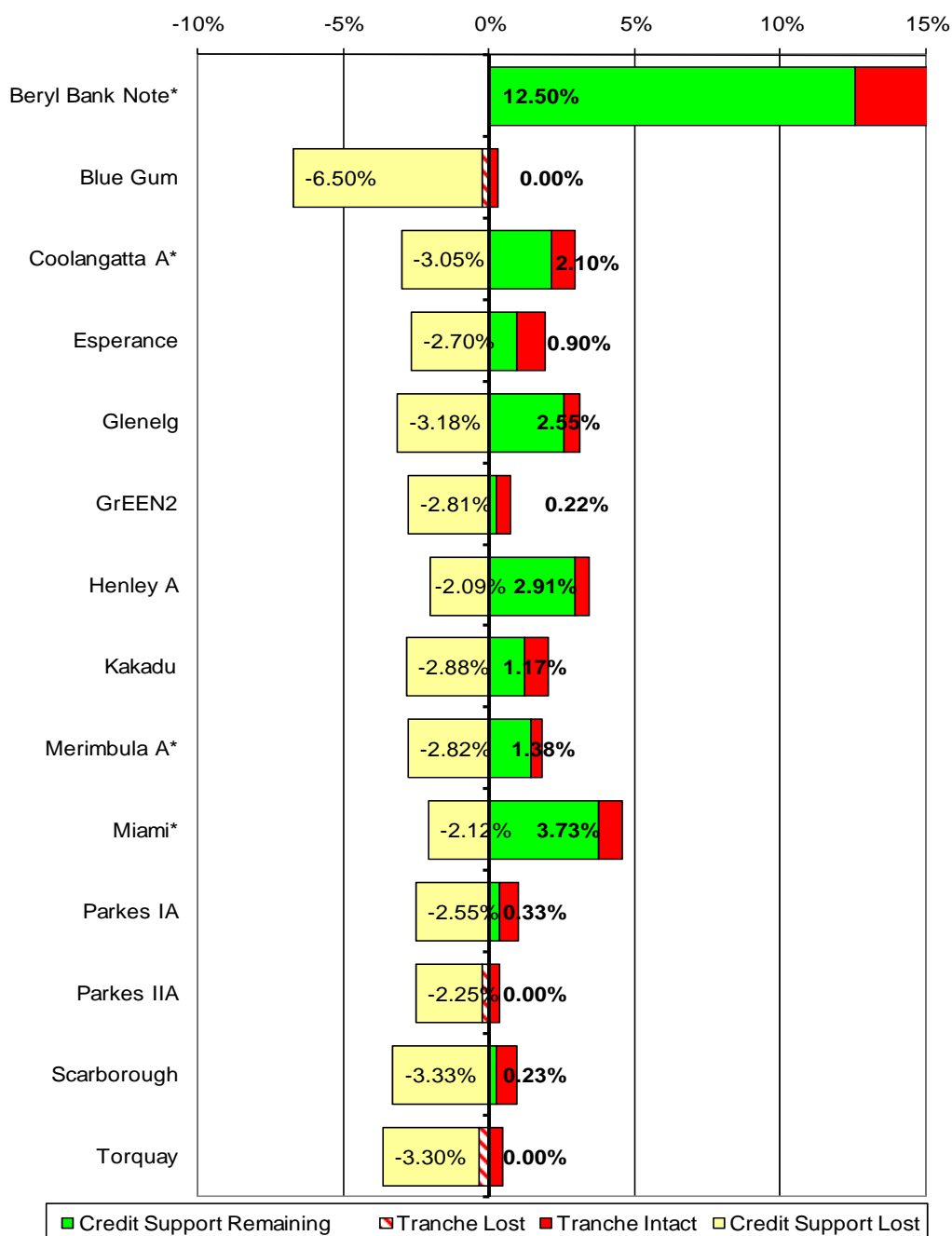
It should be noted that the CDOs are structured in such a manner so as to provide for a level of defaults of a number of the entities referenced by the CDOs before there is loss of value at maturity of the CDOs themselves. In light of the extreme downturn experienced in many world economies the risk of defaults of corporations referenced by CDOs owned by the City, has increased significantly.

Credit support lost and remaining for Council CDOs are summarised below from Denison as at 30 September 2010. As shown, three CDOs have exhausted their credit support and are in partial default. Four others (marked with an asterisk) have defaulted due to the bankruptcy of Lehman Bros, and their subsequent failure to meet obligations as counterparty. They are shown on the basis of the Lehman Bros position that the termination notices were invalid – if reinstated under a new counterparty, the credit support would be as shown.

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

**C11/6000 - INVESTMENT STATEMENTS (REC)**

**CDO Credit Support**



**Explanation of terms within the graph:**

- Credit Support Remaining - Amount of structural support in the CDO not already eroded by credit events or defaults.
- Tranche Lost - Amount of investor's principal (as a % of tranche) lost through credit events eroding subordination and reducing investor's CDO principal investment.
- Tranche Intact - Balance of investor's CDO exposure still intact (i.e. Defaults that have not yet reduced investor's CDO principal investment).
- Credit Support Lost - Amount of CDO subordination or protection eroded via credit events occurring in the CDO portfolio.

**C11/6000 - INVESTMENT STATEMENTS (REC)****Credit Ratings and Credit Events**

There were no credit events in January that affected Council's CDO investments.

Twenty credit events impacting Council's CDO investments have now been recorded. The Companies involved are 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 \$3.486m to date, as detailed below:

- The total loss (\$1.5m) of the Starts Cayman Blue Gum CDO with a face value of \$1.5m.
- The partial loss (\$0.924m) of the Corsair Cayman Torquay CDO with a face value of \$1.885m.
- The partial loss (\$0.592m) of the Helium Capital Scarborough CDO with a face value of \$1.8m.
- The partial loss (\$0.47m) of the Managed Aces Class Parkes IIA CDO with a face value of \$1.0m.

A portion (approximately \$1.5m as at 30 June 2010) of the Risk Management Reserve was created to fund losses arising from Council's investment activities. Where losses exceed the available funds, these will be prorated and deducted across Council's other Reserve Funds excluding the Leave Entitlement and the remainder of the Risk Management Reserve. These Reserve funds are restricted to the payment of employee entitlements and contingent Workers Compensation Insurance Claims.

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

**C11/6000 - INVESTMENT STATEMENTS (REC)**

| CDO<br>Arranger<br>Face Value  | No. of Credit Events  | Remaining<br>Credit<br>Support<br>before <b>FIRST</b><br>Loss of<br>Principal | Remaining<br>Credit<br>Support<br>before<br><b>TOTAL</b> Loss<br>of Principal | Comments  |
|--|---|---|---|---|
| <b>Aphex Glenelg</b><br>Arranger:<br>Nomura<br>International<br><b>\$2.0m</b>                        | <b>6 credit events:</b><br>Takefuji, AIFUL,<br>Tribune, Thomson,<br>Lehman's,<br>Landsbanki & CIT<br>Group.   | 3   | 3.8   |   |
| <b>Beryl Finance<br/>Global Bank<br/>Note</b><br>Arranger:<br>Lehman Brothers<br><b>\$2.45m</b>      | <b>Nil credit events:</b>   | 1   | N/A   | Being<br>terminated<br>due to trustee<br>taking control<br>of underlying<br>security.                           |
| <b>Corsair Cayman<br/>Kakadu</b><br>Arranger: J.P.<br>Morgan Australia<br><b>\$1.5m</b>              | <b>9 credit events:</b><br>AMBAC Assurance,<br>AIFUL, XL Capital<br>Assurance, Freddie<br>Mac, Fannie Mae,<br>Lehman's, WaMu,<br>Kaupthing & CIT<br>Group.      | 3   | 5   |   |
| <b>Corsair Cayman<br/>Torquay</b><br>Arranger: J.P.<br>Morgan Australia<br><b>\$1.885m</b>           | <b>8.5 credit events:</b><br>AMBAC Assurance,<br>AIFUL, XL Capital<br>Assurance, Idearc,<br>Freddie Mac,<br>Lehman, WaMu,<br>Glitnir, Kaupthing &<br>CIT Group. | 0<br>(-0.39)  | 1   | Partial loss<br>( <b>49%</b> ) of<br>principal has<br>occurred.<br>Very high<br>likelihood of<br>total default. |
| <b>Ethical Limited<br/>Green</b><br>Arranger: J.P.<br>Morgan Australia<br><b>\$1.0m</b>              | <b>7.5 credit events:</b><br>AMBAC Assurance,<br>AIFUL, XL Capital<br>Assurance, Idearc,<br>Lehman's, WaMu,<br>Glitnir, Kaupthing &<br>CIT Group.               | 0.6   | 1.9   | High likelihood<br>of total<br>default.   |
| <b>Helium Capital<br/>Esperance</b><br>Arranger: Merrill<br>Lynch<br>International<br><b>\$1.80m</b> | <b>2.5 credit events:</b><br>Idearc, Tribune,<br>Thomson, Lehman's<br>& CIT Group.  | 1.5   | 3.2   |   |

**C11/6000 - INVESTMENT STATEMENTS (REC)**

| CDO<br>Arranger<br>Face Value  | No. of Credit Events   | Remaining<br>Credit<br>Support<br>before <b>FIRST</b><br>Loss of<br>Principal | Remaining<br>Credit<br>Support<br>before<br><b>TOTAL</b> Loss<br>of Principal | Comments  |
|--|--|---|---|---|
| <b>Helium Capital<br/>Scarborough</b><br>Arranger: Merrill<br>Lynch<br><b>\$1.8m</b>         | <b>7.0 credit events:</b><br>AMBAC Financial,<br>AIFUL, Idearc,<br>Freddie Mac, Fannie<br>Mae, Tribune,<br>Lehman's, Kaupthing<br>& Landsbanki.                          | -0.5  | 1   | Partial loss<br>( <b>32.9%</b> ) of<br>principal has<br>occurred.<br>Very High<br>likelihood of<br>total default. |
| <b>Magnolia<br/>Flinders</b><br>Arranger: Credit<br>Suisse First<br>Boston<br><b>\$2.0m</b>  | <b>Nil CDO defaults:</b>   | N/A   | N/A   | A "CDO-<br>squared" of<br>four individual<br>standard<br>CDOs.  |
| <b>Managed Aces<br/>Class Parkes<br/>1A</b> Arranger:<br>Morgan Stanley<br><b>\$1.05m</b>    | <b>8.0 credit events:</b><br>AMBAC Assurance,<br>AIFUL, XL Capital<br>Assurance, Freddie<br>Mac, Fannie Mae,<br>Lehman's, WaMu &<br>CIT Group.                           | 1   | 3   | High likelihood<br>of total<br>default.   |
| <b>Managed Aces<br/>Class Parkes<br/>11A</b><br>Arranger:<br>Morgan Stanley<br><b>\$1.0m</b> | <b>9.0 credit events:</b><br>AMBAC Assurance,<br>AIFUL, FGIC, XL<br>Capital Assurance,<br>Freddie Mac, Fannie<br>Mae, Lehman's,<br>WaMu & CIT Group.                     | 0<br>(-0.5)   | 1   | Partial loss<br>( <b>47%</b> ) of<br>principal has<br>occurred.<br>Very high<br>likelihood of<br>total default.   |
| <b>Omega Capital<br/>Class A Henley</b><br>Arranger: BNP<br>Paribas<br><b>\$0.385m</b>       | <b>6.0 credit events:</b><br>AMBAC Assurance,<br>Freddie Mac, Fannie<br>Mae, Thomson,<br>Lehman's & CIT<br>Group.  | 5   | 5.9   |   |
| <b>Starts Cayman<br/>Blue Gum</b><br>Arranger: HSBC<br>Bank USA<br><b>\$1.50m</b>            | <b>10.0 credit events:</b><br>AMBAC Financial,<br>Bank TuranAlem,<br>Freddie Mac, Fannie<br>Mae, Lehman's,<br>WaMu, Glitnir,<br>Kaupthing,<br>Landsbanki & CIT<br>Group. | Defaulted   | Defaulted   | Total loss of<br>principal and<br>investment<br>CDO has<br>defaulted.   |

**C11/6000 - INVESTMENT STATEMENTS (REC)**

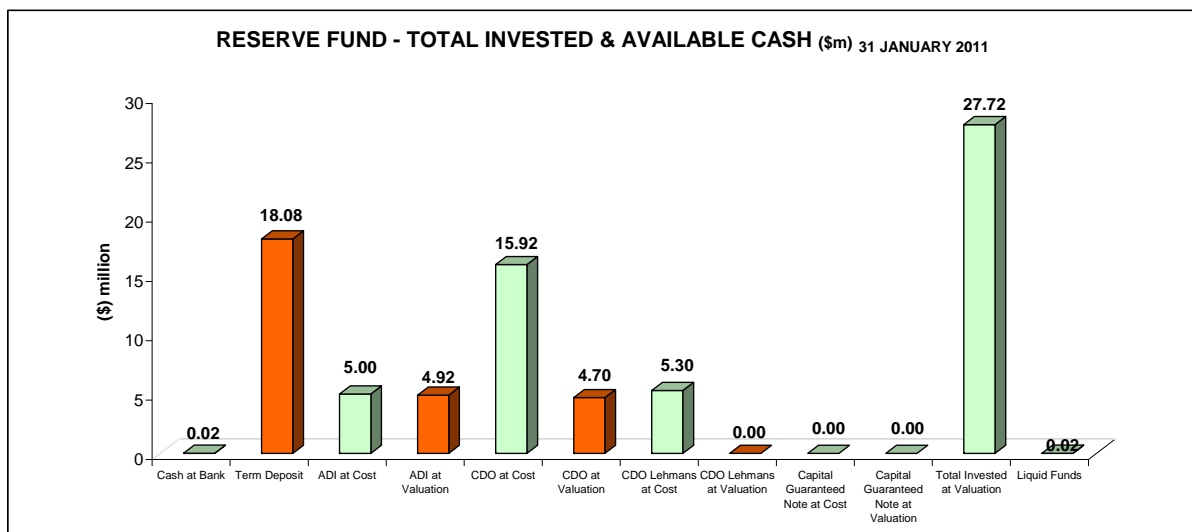
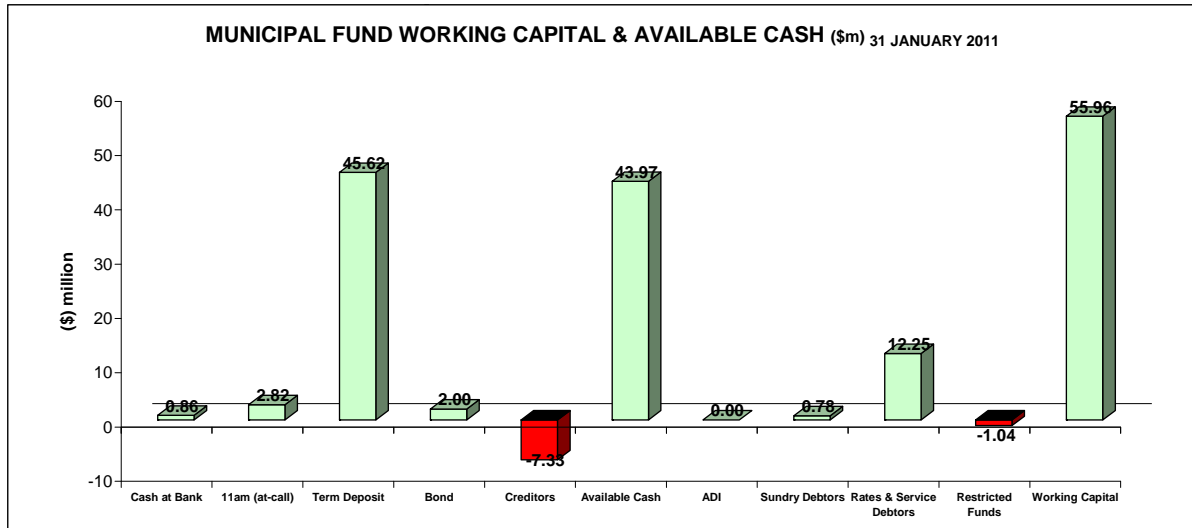
| CDO<br>Arranger<br>Face Value   | No. of Credit Events  | Remaining<br>Credit<br>Support<br>before <b>FIRST</b><br>Loss of<br>Principal | Remaining<br>Credit<br>Support<br>before<br><b>TOTAL</b> Loss<br>of Principal | Comments  |
|---|---|---|---|---|
| <b>Zircon Finance<br/>Coolangatta</b><br>Arranger:<br>Lehman Brothers<br><b>\$1.50m</b> | <b>8.0 credit events:</b><br>Ambac Assurance,<br>Aiful, FGIC, Freddie<br>Mac, Fannie Mae,<br>WaMu, Chemtura &<br>Cit Group. | 4.7   | 6.5   | Being<br>terminated<br>due to trustee<br>taking control<br>of underlying<br>security. |
| <b>Zircon Finance<br/>Merimbula A</b><br>Arranger:<br>Lehman Brothers<br><b>\$0.50m</b> | <b>8.0 credit events:</b><br>Ambac Assurance,<br>Aiful, FGIC, Freddie<br>Mac, Fannie Mae,<br>WaMu, Chemtura &<br>Cit Group. | 2.9   | 3.7   | Being<br>terminated<br>due to trustee<br>taking control<br>of underlying<br>security. |
| <b>Zircon Finance<br/>Miami</b><br>Arranger:<br>Lehman Brothers<br><b>\$0.85m</b>       | <b>7.0 credit events:</b><br>Ambac Assurance,<br>Aiful, Thomson,<br>Freddie Mac, Fannie<br>Mae, Abitibi & CIT<br>Group.     | 8.4   | 10.1  | Being<br>terminated<br>due to trustee<br>taking control<br>of underlying<br>security. |



**C11/6000 - INVESTMENT STATEMENTS (REC)**

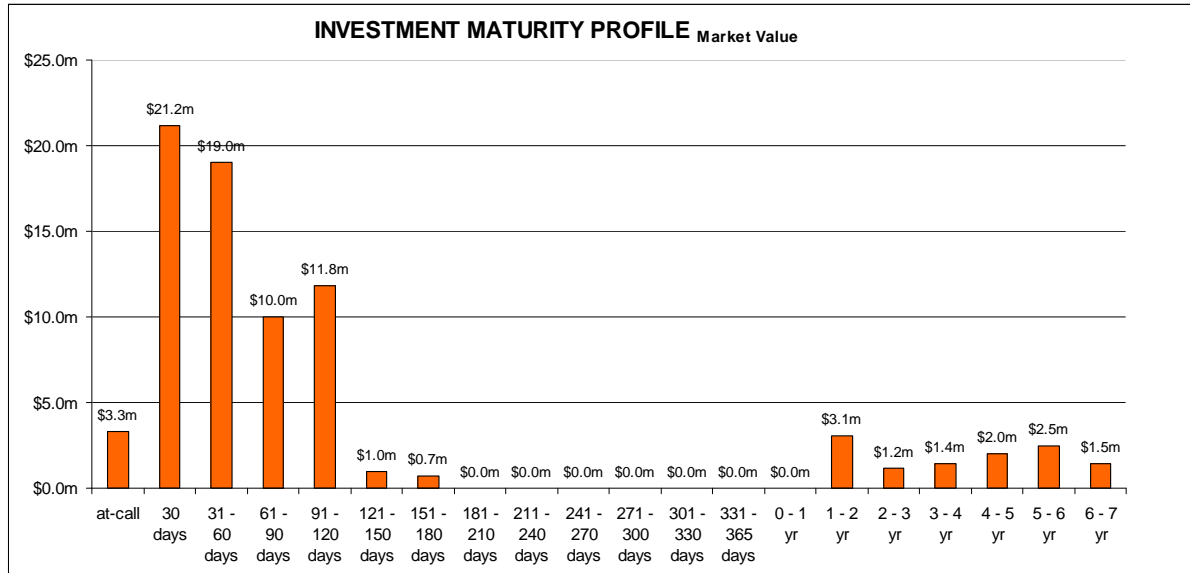
**Net Funds Held**

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 January 2011.



## **C11/6000 - INVESTMENT STATEMENTS (REC)**

The graph below summarise the maturity profile of Council's investments at market value as at 31 January 2011.



## **PUBLIC CONSULTATION/COMMUNICATION**

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

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

## **CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Denison Financial Advisory, the City's current investment Advisor, has reviewed the current investment portfolio and we will be working with them to review the City's investment strategy going forward.

CPG (formerly Grove) Research and Advisory, the City's former investment advisor also reviewed the current investment portfolio.

In 2007 Price Waterhouse Coopers (PWC) were engaged to provide advice in regards to the appropriateness of the City's investment strategy in light of the recent volatility in the credit markets. Following the receipt of their report and further clarification, a revised investment policy was adopted.

The Department of Local Government and Regional Development issued Investment Policy Guidelines during 2008, well after the global financial crisis, and Council's investment policy has been amended to give effect to the guidelines.

**C11/6000 - INVESTMENT STATEMENTS (REC)****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 Council gains access to the more valuable collateral representing Council's original investments which are held by Trustees for the Lehman Brothers arranged CDOs.

In conjunction with approximately 55 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. A hearing date has been set down for March 2011, one month in the future. 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.

**FINANCIAL IMPLICATIONS**

For the financial year ending 31 January 2011, interest earned on the Municipal and Trust Funds was \$1,656,536 against a budget of \$886,958. This represents a \$769,578 positive variance. Reserve Fund interest earned for the year ending 31 January 2011 was \$1,207,472 against a budget of \$466,667. This represents a positive variance of \$740,805.

Investment earnings received in respect to CDO investments since 1 July 2007 has been \$4.74m and \$2.76m in respect to ADIs.

In light of positive movements in interest rates, Council has revised its investment earnings upwards for the 2010/11 mid year budget review. The new investment earnings budget for Municipal and Trust funds are \$2.2m and Reserve Funds are \$1.5m.

In accordance with Council's revised Investment Policy any surplus investment returns derived, as a result of investing in ADIs & CDOs when compared to Bank Bills or Term Deposits, 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.

**C11/6000 - INVESTMENT STATEMENTS (REC)****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 Council'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.

No other identifiable strategic, risk and environmental management implications.

Due to the continuing credit market concerns, the risks associated with Council's investment portfolio also increased to levels which are of concern. Whilst Council 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 Council's investment policy.

Due however to the lack of an active market for CDOs, these investments must continue to be held.

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.

**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 December 2009 and is considered to represent a low risk approach to investing.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

**CONCLUSION**

Whilst the situation regarding the CDO investments remains tenuous with the loss of one and the partial default of three other Council's CDO investments, the full impact of the book value devaluation of these investments was accounted for in the previous financial years. Due to the return to more normal credit market conditions, no further material devaluations are expected over the course of the current and future financial years.

As a result of improved book value 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 years, the value of Council's Reserve funds have been restored to in excess of pre global financial crisis levels.

**C11/6000 - INVESTMENT STATEMENTS (REC)**

Council officers in conjunction with Denison's will continue to monitor and report on a monthly basis, the situation regarding CDO investments. Based on independent advice from Denison's, 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.

The City also expects that the remainder of the ADIs will be repurchased by the issuing banks as they reach their call dates over the next 24 months.

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

**That the Investment Report for the month of January 2011 be noted.**

At 6.54pm the Mayor submitted the motion which was declared **CARRIED EN BLOC (10/0)**

**C11/6001 – SCHEDULE OF ACCOUNTS (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 : 2010/2011 Budget  
 Responsible Officer : Khris Yeoh  
 Senior Financial Accountant

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**KEY ISSUES / SUMMARY**

This report presents details of the payments made to suppliers for the provision of goods and services for the month of January 2011 and recommends that the Schedule of Accounts be noted.

**C11/6001 – SCHEDULE OF ACCOUNTS (REC) (ATTACHMENT)**

**BACKGROUND**

Delegated Authority DA-035 has been granted to the Chief Executive Officer to make payments from the Municipal and Trust Funds. This authority has then been on-delegated to the Director Corporate Services. In accordance with Regulation 13.2 and 13.3 of the Local Government (Financial 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 period ending 31 January 2011, [6001 January 2011](#) including Payment Registers numbers Cheques **206 to 210** and Electronic Funds Transfers **185 - 187** were distributed to the Members of Council on 31st January 2011.

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

| <b>Supplier Name</b>                   | <b>Remittance Number</b>   | <b>Remittance Details</b>                              | <b>Amount</b> |
|--|----------------------------|--|---------------|
| City of Cockburn                       | E022842                    | Tip Fees for December 2010                             | \$111,866.69  |
| CPD Group                              | E022809                    | Various Maintenance Jobs                               | \$ 25,403.29  |
| Dickies Tree Service                   | E022665 & E022846          | Tree Lopping Services                                  | \$99,706.20   |
| Downer EDI Works Pty Ltd               | E022950 & E022777          | Road Resurfacing                                       | \$49,620.12   |
| Fire & Emergency Services Authority WA | E022782                    | ESL Remittance for December 2010                       | \$339,157.37  |
| Flexi Staff                            | E022689 & E022872          | Staff Hire   | \$98,879.48   |
| Metro Concrete                         | E022830                    | Supply & Installation of Crossovers                    | \$26,021.75   |
| Mountway Melville Hyundai              | Chq 041849                 | Hyundai Imax Van                                       | \$38,578.71   |
| Mowfix Mower & Chainsaw Centre         | E022794 & E022966          | Various Garden & Engine Parts                          | \$27,404.00   |
| Northlake Electrical Pty Ltd           | E022775 & E022949          | Electrical Maintenance                                 | \$66,446.50   |
| Rhysco Electrical Services             | E022831, E022773 & E022948 | Electrical Maintenance                                 | \$30,654.67   |
| Robinson Buildtech                     | E022859 & E022673          | Various Building Maintenance Jobs                      | \$86,499.56   |
| Southern Metropolitan Regional Council | E022750 & E022925          | MSW Gate Fees & Greenwaste Gate Fees for December 2010 | \$582,039.38  |
| Synergy                                | Chq's 042033 & 041850      | Electricity Supply                                     | \$112,572.20  |
| Tree Amigos Tree Surgeons              | 041917                     | Tree Pruning   | \$65,759.32   |



**C11/6001 – SCHEDULE OF ACCOUNTS (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 2010/2011 Budget.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

No other identifiable strategic, risk and environmental management implications.

**POLICY IMPLICATIONS**

Management Procedure 1.8 - Certification of Accounts.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

**CONCLUSION**

This is a regular monthly report for Elected Members information.

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

**That the Schedule of Accounts for the period ended 31 January 2011 as approved by the Director Corporate Services in accordance with delegated authority DA-035, and detailed in attachment 6001 January 2011 be noted.**

At 6.54pm the Mayor submitted the motion which was declared **CARRIED EN BLOC (10/0)**

**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)**

Ward : All  
 Category : Operational  
 Subject Index : Financial Statements and Investments  
 Customer Index : Not applicable  
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.  
 Previous Items : Standard Item  
 Works Programme : Not applicable  
 Funding : Not applicable  
 Responsible Officer : Khris Yeoh - Senior Financial Accountant

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**KEY ISSUES / SUMMARY**

- This report presents the financial statements for the period ending January 2011 and recommends that they be noted by Council.
- No debts were written off by Council staff under delegated authority for the month of January 2011.

**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)**

**BACKGROUND**

The Financial Statements for the periods ending January 2011 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 the end of January 2011, a net operating positive variance of \$6.12m was recorded. A net positive variance of \$2.45m was recorded against capital. A mid year budget review has taken place and will be presented to Council in a separate report, which will identify what are considered to be material permanent variances to income and expenditure.

**Variances**

An analysis of the significant variances is included below.

|                             | January Actual<br>\$ | YTD Budget<br>\$ | YTD Actual<br>\$ | Current Commitments<br>\$ | Variance % | Variance \$ | Annual Budget<br>\$ | Annual Revised Budget<br>\$ |
|-----------------------------|----------------------|------------------|------------------|---------------------------|------------|-------------|---------------------|-----------------------------|
| <b>Revenues</b>             |                      |                  |                  |                           |            |             |                     |                             |
| Governance                  | 114,839              | 845,950          | 921,710          | (510)                     | 9%         | 75,250      | 1,380,850           | 1,422,137                   |
| General Purpose Funding     | 438,086              | 3,117,207        | 4,748,069        | -                         | 52%        | 1,630,861   | 5,479,500           | 5,479,500                   |
| Community Amenities         | 82,210               | 14,571,933       | 14,775,791       | -                         | 1%         | 203,858     | 14,910,850          | 14,910,850                  |
| Recreation and Culture      | 713,115              | 5,250,399        | 4,649,735        | (1,793)                   | -11%       | (602,457)   | 8,184,936           | 8,252,436                   |
| Transport                   | 241,687              | 3,197,217        | 4,167,128        | -                         | 30%        | 969,912     | 5,578,277           | 5,721,277                   |
| Other Property and Services | 92,623               | 734,952          | 475,278          | -                         | -35%       | (259,674)   | 483,487             | 483,487                     |
|                             | 1,756,486            | 30,903,316       | 32,967,887       | (2,303)                   | 7%         | 2,062,269   | 39,722,733          | 39,993,156                  |
| <b>Expenses</b>             |                      |                  |                  |                           |            |             |                     |                             |
| Governance                  | (228,870)            | (9,946,086)      | (8,385,532)      | (423,066)                 | -16%       | 1,137,488   | (15,011,328)        | (15,108,243)                |
| General Purpose Funding     | (28,763)             | (4,895,333)      | (2,304,352)      | (1,668,946)               | -53%       | 922,036     | (5,025,000)         | (5,025,000)                 |
| Law, Order, Public Safety   | (265,313)            | (2,077,221)      | (1,852,594)      | (24,948)                  | -11%       | 199,678     | (3,497,119)         | (3,543,097)                 |
| Health                      | (55,276)             | (583,299)        | (477,566)        | (24,354)                  | -18%       | 81,379      | (912,131)           | (965,721)                   |
| Education & Welfare         | (375,279)            | (3,407,484)      | (2,921,018)      | (125,941)                 | -14%       | 360,526     | (5,854,237)         | (5,854,237)                 |
| Community Amenities         | (1,144,694)          | (10,630,766)     | (8,903,388)      | (674,229)                 | -16%       | 1,053,149   | (17,809,560)        | (17,876,560)                |
| Recreation and Culture      | (1,670,528)          | (14,364,215)     | (13,024,467)     | (749,330)                 | -9%        | 590,419     | (24,325,221)        | (24,543,143)                |
| Transport                   | (218,731)            | (5,656,411)      | (4,361,797)      | (412,010)                 | -23%       | 882,603     | (9,478,996)         | (9,498,996)                 |
| Other Property and Services | (301,071)            | (2,171,526)      | (2,187,933)      | (98,382)                  | 1%         | (114,788)   | (3,024,740)         | (3,024,740)                 |
|                             | (4,265,635)          | (53,872,617)     | (44,528,472)     | (4,236,167)               | -17%       | 5,107,977   | (85,123,815)        | (85,625,220)                |

**Revenue**

\$51.44m in Rates have been raised to 31 January 2011. This is compared with a year to date budget of \$51.28m, resulting in a positive variance of \$0.16m.

- Governance: 9% positive variance, due to higher insurance recoups and incorrect phasing for the Emergency Services Levy fee income
- General Purpose Funding: 52% positive variance, due to increases in investment earnings and rates instalment interest.
- Community Amenities: 1% positive variance, due to increases in building licence fees.
- Recreation & Culture: 11% negative variance, due to incorrectly phased grant funding for the Melville Aquatic Fitness Centre redevelopment.
- Transport: 30% positive variance, due mainly to increases in grant funding from various road projects.
- Other Property & Services: 35% negative variance, due to incorrect phasing in Fleet.

**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)****Expenditure**

- Governance: 16% positive variance, due to incorrectly phased recoveries.
- General Purpose Funding: 53% positive variance, due to incorrectly phased expenditure for the Attadale South Underground Power project.
- Law, Order, Public Safety: 11% positive variance, due mainly to lower employee costs and various other projects.
- Health: 18% positive variance, due mainly to lower costs in the Inspections and Binge Drinking Awareness projects.
- Education & Welfare: 14% positive variance, due mainly to lower employee costs in Community Development projects.
- Community Amenities: 16% positive variance, due to lower costs in Waste services and various Strategic Urban Planning projects.
- Recreation & Culture: 9% positive variance, due to lower costs in Point Walter Golf and Reserve, Melville Recreation Centre Master Plan and Vandalism & Graffiti project.
- Transport: 23% positive variance, due to lower costs in Street Tree Pruning, Footpath Maintenance, Road Maintenance and various other projects.
- Other Property & Services: 1% negative variance, due to lower recovery on fleet charges.

**Budget Amendments –**

There were no Budget Amendments during the month of January 2011 as a result of the mid year budget review.

**Rates Collections and Debtors**

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

Rates, Refuse & FESA revenues remain unchanged and payments totalling \$4.6 million were received over the course of the month. The third rate instalment notices were due on the 10 January 2011. Rate collection progress for January was 1% below target however is on par with 2009/2010 collection levels.

The sundry debtors balance increased by \$527,000 over the course of the month represented largely by loan and quarterly lease fees billed for the month. The 90+ day's debtor balance increased \$113,000 which is represented almost entirely by delays in receiving monies owed by the Department of Education and Picton Bridge Pty Ltd.

**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)**

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

| <b>DESCRIPTION</b>  | <b>LINK</b>                        |
|---|------------------------------------|
| Statement of Financial Activity – January 2011  | <a href="#">6002A January 2011</a> |
| Operating Statements by Program – January 2011  | <a href="#">6002B January 2011</a> |
| Representation of Working Capital – January 2011                                      | <a href="#">6002E January 2011</a> |
| Reconciliation of Net Working Capital – January 2011                                  | <a href="#">6002F January 2011</a> |
| Notes on Operating Statements reporting on variances of 10% or greater – January 2011 | <a href="#">6002H January 2011</a> |
| Details of Budget Amendments requested – January 2011                                 | Not Applicable                     |
| Summary of Rates debtors – January 2011   | <a href="#">6002L January 2011</a> |
| Graph showing Rates collections – January 2011  | <a href="#">6002M January 2011</a> |
| Summary of general debtors aged 90 days old or greater – January 2011                 | <a href="#">6002N January 2011</a> |
| Detail of Debts Written Off for the Month – January 2011                              | Not Applicable                     |

**GRANTING OF CONCESSION OR WRITING OFF DEBTS OWED TO COUNCIL**

Delegation DA-032 empowers the Chief Executive Officer (CEO) to grant concessions and rates 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 Council.

No debts were written off for the month of January 2011.

**PUBLIC CONSULTATION/COMMUNICATION**

Not applicable.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Not applicable.

**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)****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.
- (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 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.

**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)**

- (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 Council at its meeting held on 22 June 2010, which also adopted the 2010/11 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**

A mid year budget review has taken place whereby Budget responsible officers were given the opportunity to review their operations and identify permanent positive or negative variances like savings or operational efficiencies and increases in income or increases in expenditures. This is included in a separate report to Council.

There were no amendments made to the 2010/2011 Budget in January as a result of the mid year budget review.

**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 Council and the reporting of significant variances is undertaken in accordance with Council's Accounting Policy CP-025.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.



**C11/6002 – FINANCIAL STATEMENTS FOR JANUARY 2011 (REC) (ATTACHMENT)**

**CONCLUSION**

The attached reports reflect a positive financial position of the City of Melville for January 2011.

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

**NOTING**

At 6.55pm Cr Halton moved, seconded Cr Ceniviva -

1. That the Statements of Financial Activity and the Operating Statements for the period ending January 2011 as detailed in the following attachments be noted:

| DESCRIPTION   | LINK                               |
|---|------------------------------------|
| Statement Of Financial Activity – January 2011  | <a href="#">6002A January 2011</a> |
| Operating Statements By Program – January 2011  | <a href="#">6002B January 2011</a> |
| Representation Of Working Capital – January 2011                                      | <a href="#">6002E January 2011</a> |
| Reconciliation Of Net Working Capital – January 2011                                  | <a href="#">6002F January 2011</a> |
| Notes On Operating Statements Reporting On Variances Of 10% Or Greater – January 2011 | <a href="#">6002H January 2011</a> |
| Summary Of Rates Debtors – January 2011   | <a href="#">6002L January 2011</a> |
| Graph Showing Rates Collections – January 2011  | <a href="#">6002M January 2011</a> |
| Summary Of General Debtors Aged 90 Days Old Or Greater – January 2011                 | <a href="#">6002N January 2011</a> |
| Detail of Debts Written Off – January 2011  | Not Applicable                     |

At 6.55pm the Mayor submitted the motion which was declared

**CARRIED (10/0)**

**LATE ITEM T11/3191 – VARIATION REQUEST TO THE REGIONAL RESOURCE RECOVERY CENTRE – PROJECT PARTICIPANTS AGREEMENT (REC) (ATTACHMENT)**

Disclosure of Interest

Item No : T11/3191  
Elected Member/Officer : John Christie, Director Technical Services  
Type of Interest : Interest under Code of Conduct 4.3  
Nature of Interest : Resides in the City of Cockburn  
Request : Not Applicable  
Decision of Council : Not Required

Ward : All  
Category : Strategic  
Subject Index : Waste Management  
Customer Index : Southern Metropolitan Regional Council - SMRC  
Disclosure of any Interest : Code of Conduct – Officer who prepared the report resides in the City of Cockburn.  
Previous Items : Nil  
Works Programme : Not Applicable  
Funding : Not Applicable  
Responsible Officer : John Christie  
Director Technical Services

**AUTHORITY / DISCRETION**

**DEFINITION**

|                                     |                  |   |
|-------------------------------------|------------------|---|
| <input type="checkbox"/>            | Advocacy         | <i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | <b>Executive</b> | <b><i>the substantial direction setting and oversight role of council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i></b>  |
| <input type="checkbox"/>            | Legislative      | <i>includes adopting local laws, town planning schemes &amp; policies.</i>  |
| <input type="checkbox"/>            | Review           | <i>when Council review decisions made by Officers.</i>  |
| <input type="checkbox"/>            | Quasi-Judicial   | <i>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.</i> |

**LATE ITEM T11/3191 – VARIATION REQUEST TO THE REGIONAL RESOURCE RECOVERY CENTRE – PROJECT PARTICIPANTS AGREEMENT (REC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

- The City of Cockburn has requested a variation to the Regional Resource Recovery Centre (RRRC) Projects Participants Agreement to trial a reduced number of green waste verge collections for a trial period of 12 months.
- The RRRC Project Participants Agreement states that “All Project Participants must give consent to change the RRRC Project Participants Agreement.”
- The City of Cockburn does not believe that the reduction in collections will affect the volumes of green waste delivered to the RRRC and is confident that the volumes will remain consistent over the 12 month trial period.
- The request by the City of Cockburn to vary their green waste verge collections will not affect the City of Melville operations.
- It is recommended that Council approve a variation to the RRRC Project Participants Agreement and allow the City of Cockburn to change their green waste verge collections for a trial period of 12 months.

**BACKGROUND**

The City of Melville along with the Cities of Fremantle, Cockburn and the Town of East Fremantle, are Project Participants in the Southern Metropolitan Regional Council's Regional Resource Recovery Centre.

The RRRC Project Participants Agreement details the terms of the project that all Project Participants must abide by.

The RRRC Project Participants Agreement states that all Project Participants must give consent to change the RRRC Project Participants Agreement.

Clause 5.2 (d) of the Deed of Variation of the RRRC Project Participants Agreement dated 2000 states project participants must:

*“collect Green Waste from the verge of all residential premises on at least 3 occasions each year”*

Furthermore clause 5.6 (a) requires project participants to:

*“deliver to the RRRC, all Green Waste collected by, for or on behalf of the Project Participant from residents in the district”*

**LATE ITEM T11/3191 – VARIATION REQUEST TO THE REGIONAL RESOURCE RECOVERY CENTRE – PROJECT PARTICIPANTS AGREEMENT (REC) (ATTACHMENT)****DETAIL**

The City of Cockburn has requested a variation to the RRRC Projects Participants Agreement to trial a reduced number of green waste verge collections for a trial period of 12 months.

The trial proposes to reduce the green waste verge collections from three per annum, to two per annum. This request is a result of community feedback from residents, a significant increase in Junk Waste of 32% and the need to balance their waste collection operations.

The City of Cockburn have identified a reduction of green waste over the past two years of six percent (6%) and considers it necessary to vary their collection services to accommodate this change. They do not believe that the reduction in collections will affect the volumes of green waste delivered to the RRRC and are confident that the volumes will remain consistent over the 12-month trial period.

The trial will allow an assessment to be made by both the City of Cockburn and the Southern Metropolitan Regional Council on the future of verge collections within the City of Cockburn and the Southern Metropolitan Region.

As the request from the City of Cockburn does not comply with the requirements of the RRRC Project Participants Agreement, the Southern Metropolitan Regional Council has requested that the City of Melville and all other remaining Project Participants agree to the variation.

**3191 Variation Request to the RRRC Project Participants Agreement**

As this request will not have an impact on the City of Melville's operations, it is recommended that Council approve the City of Cockburn request and allow them to modify their green waste verge collections to two collections for a 12-month period.

The City of Melville has previously considered undertaking a review of the verge collections to determine if the current three Green Waste and one Junk Waste collection meets the needs of its residents. The data gathered by the City of Cockburn and the Southern Metropolitan Regional Council during this trial period will be useful in determining the future options for verge collections within the City of Melville.

**PUBLIC CONSULTATION/COMMUNICATION**

There has been no public consultation with respect to this matter at the City of Melville, however the City of Cockburn have consulted their community and are seeking approval from the remaining Project Participants.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

There has been no consultation with other Agencies or Consultants with respect to this request from the City of Cockburn.

**LATE ITEM T11/3191 – VARIATION REQUEST TO THE REGIONAL RESOURCE  
RECOVERY CENTRE – PROJECT PARTICIPANTS AGREEMENT (REC)  
(ATTACHMENT)****STATUTORY AND LEGAL IMPLICATIONS**

There are no Statutory or Legal implications for the City associated with this report other than those identified in the RRRC Project Participants Agreement.

**FINANCIAL IMPLICATIONS**

Whilst it is understood that there should be no financial implications for the City associated with this report, the City and the Southern Metropolitan Regional Council will continue to monitor the green waste volumes from the City of Cockburn to ensure that the viability of the Green Waste Facility at the RRRC.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

There are no Strategic, Risk or Environmental implications for the City associated with this report.

**POLICY IMPLICATIONS**

There are no Policy implications associated with this report.

**ALTERNATE OPTIONS & THEIR IMPLICATIONS**

Council could resolve not to approve the variation request to the RRRC Project Participants Agreement, which would result in the City of Cockburn having to comply with the current requirements of the RRRC Projects Participants Agreement and continue with three Green Waste collections.

Discussions with the City of Cockburn have identified a reduction in green waste of six percent (6%) over the past two financial years and a thirty two percent (32%) increase in Junk Waste over the same period. This increase is having an impact on their operations and the City of Cockburn believe there is a greater need to balance the disposed tonnages in order to achieve efficiencies in their collection operations.

Should Council resolve to reject this variation request, then this will have an adverse effect on the waste operations of the City of Cockburn.

**LATE ITEM T11/3191 – VARIATION REQUEST TO THE REGIONAL RESOURCE RECOVERY CENTRE – PROJECT PARTICIPANTS AGREEMENT (REC) (ATTACHMENT)****CONCLUSION**

While it appears the variation request will not have a detrimental affect on the City of Melville operations, the increased Junk Waste volumes experienced by the City of Cockburn are having detrimental operational and financial impacts to their waste service provision.

Based on the information provided by the City of Cockburn and their need to provide an effective and efficient waste collection service to their residents, it is recommended that Council approve a variation to the RRRC Project Participants Agreement and allow the City of Cockburn to change their green waste verge collection for a trial period of 12 months.

The City will continue to monitor green waste volumes at the RRRC and will consider any impact on the operations of the Southern Metropolitan Regional Council during the trial period. Should the trial be successful, then the City of Cockburn would need to request a permanent change to the RRRC Project Participants Agreement at the end of the trial period, to which all Project Participants would need to agree.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3191)****APPROVAL**

At 6.55pm Cr Robartson moved, seconded Cr Ceniviva –

**That the Council:**

- 1. Approve a variation to the Regional Resource Recovery Centre - Project Participants Agreement to allow the City of Cockburn to change their Green Waste Collections to two collections per annum for a trial period of 12 months providing there are no adverse financial implications to the City of Melville**
- 2. Informs the Southern Metropolitan Regional Council in writing of point 1 above.**

At 7.11pm the Mayor submitted the motion which was declared

**CARRIED (10/0)**

**15. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN****16. EN BLOC ITEMS**

At 7.12pm Cr Reidy moved, seconded Foxton -

**That the recommendations for C11/5162, C11/5170, P11/3186, P11/3188, C11/5000, C11/6000 and C11/6001 be carried En Bloc.**

At 7.12pm the Mayor submitted the motion which was declared **CARRIED (10/0)**

**17. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL**

Nil.

**18. MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

Nil.

**19. CLOSURE**

There being no further business to discuss, His Worship the Mayor declared the meeting closed at 7.12pm.