



— *City of* —
Melville

**MINUTES
OF THE
ORDINARY MEETING OF THE COUNCIL
HELD ON
TUESDAY 19 FEBRUARY 2008**

DISCLAIMER:

The City of Melville disclaims any liability for any loss arising from any person or body relying on any statement, discussion, recommendation or decision made during this meeting.

Where an application for an approval, a licence, or the like is considered or determined during this meeting, the City of Melville warns that neither the applicant nor any other person or body should rely upon that discussion or determination until written notice of either an approval and the conditions which relate to it or the refusal of the application has been issued by the City.

DISTRIBUTED: 22 FEBRUARY 2008

CONTENTS PAGE

AGENDA ITEMS	PAGE/S
REPORTS OF THE ACTING CHIEF EXECUTIVE OFFICER	
P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP ON LOT 305 (369 – 375) CANNING HIGHWAY PALMYRA	1
T08/2001 - DRAFT STRATEGIC DIRECTION FOR ECOLOGICAL SUSTAINABILITY	8
C08/5000 - COMMON SEAL REGISTER	12
C08/5001 - ACTING CHIEF EXECUTIVE OFFICER	16
C08/6000 - DECEMBER 2007 - INVESTMENT STATEMENTS	19
C08/6001 - DECEMBER 2007 - SCHEDULE OF ACCOUNTS	23
C08/6002 - DECEMBER 2007 - FINANCIAL STATEMENTS	26
C08/6000 - JANUARY 2008 - INVESTMENT STATEMENTS	31
C08/6001 - JANUARY 2008 - SCHEDULE OF ACCOUNTS	35
C08/6002 - JANUARY 2008 - FINANCIAL STATEMENTS	38
C08/6010 - APPOINTMENT OF INVESTMENT ADVISERS	43



— City of —
Melville

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MINUTES OF THE ORDINARY MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBERS, MELVILLE CIVIC CENTRE, 10 ALMONDBURY ROAD, BOORAGOON, COMMENCING AT 6.35PM ON TUESDAY 19 FEBRUARY 2008

1. PRESENT

His Worship the Mayor, Russell Aubrey

COUNCILLORS

Cr H R Everett (Deputy Mayor)
Cr DJ Macphail, Cr A Ceniviva
Cr C Robartson, Cr R Subramaniam
Cr P M Phelan, Cr C M Halton
Cr M J Barton, Cr G Wieland
Cr L M Reynolds; Cr J R Bennett

WARD

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

2. IN ATTENDANCE

Mr M Tieleman
Mr J Cameron

Mr C McClure

Ms A Banks-McAllister

Mr B Taylor

Mr D Vinicombe

Ms B Mitchell

POSITION TITLE

Acting Chief Executive Officer
A/Director Technical & Development
Services
Director Strategic Urban Planning
Services
Director Strategic Community
Development
Representing A/Director Customer &
Corporate Support
A/Manager Planning & Development
Services
Minute Secretary

At the commencement of the Meeting there were 10 people in the Public Gallery and 1 member of the Press in the Press Gallery.

3. APOLOGIES AND APPROVED LEAVE OF ABSENCE

Cr N Pazolli (Apology)

Applecross/Mount Pleasant

4. PUBLIC QUESTION TIME

There were no questions from the public, however Dr Cecil Walkley of Bicton had completed a Question Time form to thank Council and spoke to the meeting. Dr Walkley advised that he had been requested to personally convey to the Council, the appreciation of the Royal Australian Army Nurses Corps Association for the Council's organisation of a Commemorative Ceremony at very short notice, on Thursday 14 February to commemorate the 1942 massacre at Banka Island (now part of Indonesia). The Association wished particular appreciation to be conveyed to the Deputy Mayor.

5. AWARDS AND PRESENTATIONS

His Worship the Mayor, Russell Aubrey, acknowledged the outstanding contributions and personal achievements of residents of Melville who were recognised through the Australia Day Awards for 2008. The following awards were presented:

Group of the Year and Active Citizenship Award:

Willagee Alive – Accepted by Patricia Colyer and Margaret Knight.

Citizen of the Year Commendation:

Presented to Graham Wilkinson.

Presented to Alexander Greeno.

Community Group of the Year Commendation

Kardinya Bowling Club – Accepted by Cr J R Bennett on behalf of Kardinya Bowling Club.

The Mayor congratulated Cr D J Macphail on his recent election as Chairperson of the WALGA South Metropolitan Zone.

6. CONFIRMATION OF MINUTES

6.1 NOTES OF AGENDA FORUM – 5 FEBRUARY 2008

[Notes_AF_050208.pdf](#)

At 6.44pm Cr H R Everett moved, seconded Cr R Subramaniam -

THAT THE NOTES OF THE AGENDA FORUM HELD ON TUESDAY 5 FEBRUARY 2008 BE RECEIVED.

At 6.44pm the Mayor submitted the motion, which was declared

CARRIED WITHOUT DISSENT (12/0)

6. CONFIRMATION OF MINUTES (Cont'd)

6.2 ORDINARY MEETING OF THE COUNCIL - 18 DECEMBER 2007

[Min_OMC_181207.pdf](#)

At 6.44pm Cr J R Bennett moved, seconded Cr M J Barton-

THAT THE MINUTES OF THE ORDINARY MEETING OF COUNCIL HELD ON TUESDAY 18 DECEMBER 2007 BE CONFIRMED AS A TRUE AND ACCURATE RECORD.

At 6.44pm the Mayor submitted the motion, which was declared

CARRIED WITHOUT DISSENT (12/0)

DISCLOSURE OF FINANCIAL INTERESTS LOCAL GOVERNMENT ACT 1995

Members' interests in matters to be discussed at meetings to be disclosed

S.5.65 (1) A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by the member must disclose the nature of the interest -

- (a) in a written notice given to the Chief Executive Officer before the meeting; or
- (b) at the meeting immediately before the matter is discussed.

Penalty: \$10,000 or imprisonment for 2 years.

Meeting to be informed of disclosures

S.5.66 If a member has disclosed an interest in a written notice given to the Chief Executive Officer before a meeting then before the meeting -

- (a) the Chief Executive Officer is to cause the notice to be given to the person who is to preside at the meeting; and
- (b) the person who is to preside at the meeting is to bring the notice to the attention of the persons who attend the meeting.

Disclosing members not to participate in meetings

S.5.67 A member who makes a disclosure under Section 5.65 must not -

- (a) preside at the part of the meeting relating to the matter; or
- (b) participate in, or be present during, any discussion or decision making procedure relating to the matter,

unless, and to the extent that, the disclosing member is allowed to do so under Section 5.68 or 5.69.

Penalty: \$10,000 or imprisonment for 2 years.

Please refer to your Handbook for definitions of interests and other detail.

7. DISCLOSURES OF INTEREST

- C08/5000 Cr R Subramaniam

8. APPLICATIONS FOR NEW LEAVE OF ABSENCE

Cr P M Phelan
Cr L M Reynolds

At 6.45pm Cr J R Bennett moved, seconded Cr D J Macphail –

THAT LEAVE OF ABSENCE BE APPROVED.

At 6.45pm the Mayor submitted the motion, which was declared **CARRIED (12/0)**

9. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil.

10. PETITIONS

Nil.

11. REPORTS OF THE ACTING CHIEF EXECUTIVE OFFICER

EN BLOC ITEMS

At 6.48pm Cr D J Macphail moved, seconded Cr J R Bennett -

THAT THE RECOMMENDATIONS FOR ITEMS P08/3029, C08/6000, C08/6001, (DECEMBER) & ITEMS C08/6000, C08/6001, (JANUARY) BE CARRIED EN BLOC.

At 6.48pm the Mayor submitted the motion, which was declared **CARRIED (12/0)**

**P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305
(369-375) CANNING HIGHWAY, PALMYRA (REC) ATTACHMENT)**

Ward	:	Palmyra/Melville/Willagee
Category	:	Operational
Application Number	:	DA-2007-1636
Property	:	Lot 305 (369-375) Canning Highway, Palmyra
Proposal	:	Change of use from showroom to shop (Pharmacy)
Applicant	:	Greg Rowe and Associates
Owner	:	Kingwealth Pty Ltd and Cocercan Pty Ltd
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Responsible Officer	:	Mr David Vinicombe Acting Manager Planning and Development Services
Previous Items	:	P02/3026 & P07/3028

AUTHORITY / DISCRETION

	<u>Definition</u>
<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 & policies</i>
<input type="checkbox"/> Review	<i>when Council reviews decisions made by Officers.</i>
<input checked="" 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>

P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305 (369-375) CANNING HIGHWAY, PALMYRA (REC) ATTACHMENT)**KEY ISSUES / SUMMARY**

- The application is for planning approval for a change of use from showroom to shop (Pharmacy) on Lot 305 (369-375) Canning Highway, Palmyra.
- Applying Council Policy to the assessment of the impact of car parking, it is expected that the proposed use will generate car parking to create a shortfall of 12 car bays on the site.
- The applicant has requested Council to assess the impact of the proposed use on car parking using a practical approach and the applicant has provided a parking utilisation study in support of this approach.
- The application was considered by the Council at its Ordinary Meeting in December 2007 and at that time the parking study did not show beyond reasonable doubt that the proposed use would not generate more car parking than is available on the site. This was due to the limited data provided by the applicant to support the case.
- Council resolved to allow for an approval to be granted by the Governance Committee, pending further parking survey results which indicated that the proposal will not result in excess parking demands on site, to the satisfaction of the Manager Design Services. In addition, the proposal required support from the WA Planning Commission (no objection was received to the proposal on regional transport grounds).
- The additional parking information to the satisfaction of the Manager Design Services, indicates that on average and at peak times, no parking shortfall should result from the application.
- Referral to the Governance Committee was initially appropriate to expedite an approval in consideration of the Christmas holiday period when the Council did not meet. Given that further parking information was submitted by the applicant on 30 January 2008, it is now appropriate for the Council to determine the application.
- It is recommended that Council's Policy on Car Parking Non-residential (Policy 06-pl-024) be varied in this instance and the application be conditionally approved.

BACKGROUND

The City of Melville has issued a Planning Approval (DA-2002-305) dated 19 September 2002 for a Restaurant, Take Away Drive Through Fast Food Premise, Shops and a Showroom on the site.

The development assessment report states that the application proposed to provide 87 on site car parking bays and Council Policy required that 92 on site bays be provided. An approval was issued based on the operating times of the restaurant and take away premises being different to that of the showroom and shops; bicycle parking was provided in front of the restaurant and it was expected that the fitout of each building by the tenants would reduce the net lettable area.

**P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305
(369-375) CANNING HIGHWAY, PALMYRA (REC) ATTACHMENT)**

Scheme Provisions

MRS Zoning : Urban
 CPS 5 Zoning : District Centre 3 – Melville Centre, Commercial
 Centre Frame – Melville Frame
 R-Code : R60
 Use Type : Shop
 Use Class : P

Site Details

Lot Area : 5266sqm
 Retention of Existing Vegetation : Yes
 Street Tree(s) : Yes x 1, to be retained
 Street Furniture (drainage pits etc) : Yes, no conflict
 Site Details : [3029A February 2008.pdf](#)
[3029B February 2008.pdf](#)

DETAIL

Development Requirements

Development Requirement	Required/ Allowed	Proposed	Comments	Delegation to approve variation	Plan Notation
Carparking (Shop)	7 bays for every 100sqm NLA (19 bays)	7 bays	Does Not Comply	MPDS	

NB: Variation to standard notated in bold style text.

This variation has an estimated value of approximately \$360,000

Setbacks

Not applicable.

PUBLIC CONSULTATION/COMMUNICATION

Advertising Required: No

**P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305
(369-375) CANNING HIGHWAY, PALMYRA (REC) (ATTACHMENT)**

REFERRALS TO GOVERNMENT AGENCIES

Required: Yes
Reason: Development abuts a Regional Road controlled by WA Planning Commission
Support/Object: No objection

Agency	Summary of Submission	Support/ <i>Objection</i>	Officer's Comment	Action (Condition/ Uphold/ Not Uphold)
WA Planning Commission	No objection on regional transport grounds.	No objection	No comment	Uphold

STATUTORY AND LEGAL IMPLICATIONS

The applicant may have the right to have the decision of the Council reviewed in accordance with Part 14 of the Planning and Development Act 2005.

FINANCIAL IMPLICATIONS

There are no anticipated financial implications.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

There are no anticipated strategic and risk management implications.

POLICY IMPLICATIONS

Policy 06-PL-024 Car Parking Non-residential provides parking requirements relative to specified uses. Consideration may be given to relaxation of the parking requirements by taking into account partial and total reciprocal parking overlap. Where partial overlap occurs, a 35% reduction in the parking requirement may be applied. The reduction increases to 100% in instances where no overlap occurs.

ALTERNATE OPTIONS & THEIR IMPLICATIONS

The Council may refuse the application on the basis that the proposal does not satisfy the primary parking requirements under Council Policy for the site, without consideration of a parking demand analysis. In this case the applicant/s may exercise their right to challenge

**P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305
(369-375) CANNING HIGHWAY, PALMYRA (REC) (ATTACHMENT)**

the decision of the Council in accordance with Part 14 of the Planning and Development Act 2005.

In accordance with the last resolution of Council on this matter, the proposal may be referred to the Governance Committee for determination, however this is not considered appropriate at this stage.

COMMENT

Use

The portion of the site upon which the building the subject of this application exists is zoned District Centre 3 – Melville Centre under the Community Planning Scheme No. 5.

Part 7 of the CPS 5 prescribes that the use class of “shop” is a permitted use in that zoning.

Local Commercial Strategy

Part 4 of the Community Planning Scheme No. 5 limits the retail floor space in the District Centre 3 – Melville Centre to 12,000 square metres net leasable area.

The Draft Local Commercial Strategy, currently awaiting WA Planning Commission endorsement, indicates that at the last land use survey in the precinct there was 9,205 square metres of retail floor space. The survey was carried out in 2002.

Recent approvals for the extension of the Melville Plaza Shopping centre on the other side of Canning Highway reduced the floorspace of that centre by 939 square metres. Accordingly, the proposal will not impact on the maximum permitted retail floor space.

Car Parking - Policy Approach

There are 76 car bays on the site and 12 car bays of stacking in the drive-thru for the Hungry Jacks fast food outlet.

The existing showroom use (“Blockbuster” video store) is allocated 7 car bays on the site.

The applicant has indicated that the “Blockbuster” video store has use of 13 bays on the site because during the assessment of the application for the building, car parking was allocated at 1 bay for every 20 square metres of floor area. This is incorrect – showroom parking requirements of 1 bay per 40 square metres (7 bays) was applied.

P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305 (369-375) CANNING HIGHWAY, PALMYRA (REC) (ATTACHMENT)

Council Policy relating to Car Parking prescribes that the use of “shop” shall provide 7 bays for every 100 square metres of net leasable area. In accordance with the Policy, the proposed use is expected to require 19 car bays on the site. Therefore should the proposed use operate on the site, then it is anticipated that it will create a shortfall of 12 car bays on the site. Given that a majority of the other uses on site have varied peak operating times, consideration may be given under Council Policy to partially reducing the parking requirement for the Pharmacy by 35%, in consideration of reciprocal parking opportunities. This would reduce the parking required from 19 bays to 12.35 (13) bays. The reduction of 6 bays would still result in a parking shortfall of 6 bays on site.

Car Parking - Practical Approach

The applicant has submitted a parking utilisation study in support of the application. The study forms an attachment to this report. [3029C February 2008.pdf](#) The applicant requests that Council take a practical approach to the assessment of the impact of car parking on the site, by considering peak parking demands on the site, as opposed to the application of a generic formula for the number of bays technically required by the proposed use under Council Policy.

Previous Resolution of Council

At the Ordinary Meeting of the Council on 18 December 2007 the following was resolved:

- 1 *That pending the*
 - (a) *receipt of a non objection and*
 - (b) *positive recommendation for the application from the WA Planning Commission, and*
 - (c) *positive recommendation by the Manager Design Services that the carparking generated by the proposed use can be accommodated on the site,*

The matter be referred to the Governance Committee for determination of the application for a change of use from Showroom to Shop on Lot 305, (365 – 375) Canning Highway, Palmyra.

- 2 *The applicant be advised that further information required to support the application is to include:*
 - (a) *empirical evidence in the form of a further week's survey data for the site at the time specified in the existing surveys.*
 - (b) *actual parking generated by the existing video store.*
 - (c) *actual parking generated by a similar sized and operated takeaway food outlet.*
 - (d) *actual parking generated for similar sized pharmacy along a major road of similar standard to Canning Highway.*
 - (e) *reworking of survey data to include i-iv above.*

**P08/3029 - CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305
(369-375) CANNING HIGHWAY, PALMYRA (REC) (ATTACHMENT)**

In accordance with the above, a revised parking study has been submitted which provides the requested empirical data for the site, operation of the existing video store, and operation of a similar takeaway food outlet and pharmacies. The study concludes that on average, 32 bays of the 76 actual parking bays (not including queuing bays for the fast food outlet) would be utilised which would leave 44 bays vacant. In peak periods, the evidence indicates that a maximum of 63 bays would be occupied and 13 bays would be vacant.

The further information provided in the study has been supported by the Manager Design Services (Engineering).

In relation to the pre-requisite above of "no objection", the application was not advertised in accordance with the Scheme and was not required to be advertised. The WA Planning Commission has provided comment to the City of Melville, which indicates no objection to the proposal on regional transport grounds.

It is noted that the previous recommendation to refer the matter to the Governance Committee was applied to expedite a determination of the application whilst Council was in recess over the Christmas holiday period. The further information required for the parking assessment was received on 30 January, 2008. It is noted that procedures to convene a meeting of the Governance Committee would have required a seven day notice period, and in the circumstances that Council is now meeting under its regular monthly time table, it is appropriate that the matter be determined by Council.

CONCLUSION

Assessment of the parking information indicates that approval of the proposal would not be prejudicial to the objectives of Council Policy relating to Car Parking. The parking study shows that car parking generated by the proposed use can be adequately accommodated on the site. Accordingly it is recommended that the Council Policy on Car Parking Non-residential (Policy 06-PL-024) be varied in this instance and that the application be conditionally approved.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION**APPROVAL**

THAT COUNCIL RESOLVE TO VARY POLICY 06-PL-024 CAR PARKING NON-RESIDENTIAL IN THIS INSTANCE TO ALLOW CONSIDERATION OF PEAK PARKING DEMANDS ON THE SITE AND APPROVE THE APPLICATION FOR PLANNING APPROVAL FOR A CHANGE OF USE FROM SHOWROOM TO SHOP (PHARMACY) ON LOT 305 (369-375) CANNING HIGHWAY, PALMYRA SUBJECT TO THE FOLLOWING CONDITION:

THE SHOP USE BEING LIMITED TO A PHARMACY AS PROPOSED IN THE APPLICATION FOR PLANNING APPROVAL DATED 7 NOVEMBER 2007.

COUNCIL NOTE THAT THE PARKING VARIATION HAS AN ESTIMATED VALUE OF APPROXIMATELY \$360,000.

**CARRIED EN BLOC
WITHOUT DISSENT (12/0)**

T08/2001 - DRAFT STRATEGIC DIRECTION FOR ECOLOGICAL SUSTAINABILITY
(REC) (ATTACHMENT)

Ward	:	All
Category	:	Strategic
Subject Index	:	Ecological- Sustainability
Customer Index	:	Ordinary Meeting of Council
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	T07/2001 – Draft Ecological Sustainability Plan, 20 November 2007
Works Programme	:	Not Applicable
Funding	:	Not Applicable
Responsible Officer	:	Ian Davis Acting Manager Infrastructure Services

AUTHORITY / DISCRETION

	<u>Definition</u>
<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"/> Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets</i>
<input type="checkbox"/> Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/> Review	<i>when Council reviews 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

- Seeking Council adoption of the Strategic Direction for Ecological Sustainability and the accompanying Ecological Sustainability policy.

T08/2001 - DRAFT STRATEGIC DIRECTION FOR ECOLOGICAL SUSTAINABILITY
(REC) (ATTACHMENT)**BACKGROUND**

The first draft of the *Ecological Sustainability Plan* (ESP) was presented to Elected Members at the Elected Members Workshop of 11 September 2007. Councillors were then invited to make comments on the draft plan.

Approval was then requested at the Agenda Forum of 20 November 2007 to release the ESP for public comment. A public comment period was granted from 23 November 2007 to 31 January 2008.

No public submissions were received and the current draft, entitled *Strategic Direction for Ecological Sustainability* [2001A February 2008.pdf](#) is the result of feedback received from Elected Members and environmental professionals.

DETAIL

It was suggested that the title “Ecological Sustainability Plan” did not accurately represent the nature of the document. A ‘plan’ generally intimates actions, timelines, resources etc. This document consists of overarching statements and approaches and would therefore be more suitably referred to as a ‘policy document’ or ‘strategic direction’. This then underpins the action plans.

The *Strategic Direction for Ecological Sustainability* is based on the *Western Australian State Sustainability Strategy (2003)*. Section A of the document outlines the goal, purpose, framework, principles and strategic directions specific to the City of Melville. Section B provides the ecological, historical and political background and context of the Strategic Direction for Ecological Sustainability.

The intention of the Strategic Direction for Ecological Sustainability is to provide a framework of issues and approaches. Specific action plans are therefore not included. These will be documented online as they will be progressively developed and regularly updated.

The Strategic Direction for Ecological Sustainability, as a policy document, is well-positioned to support an Ecological Sustainability Policy. [2001Bb February 2008.pdf](#) In the absence of a policy relating to sustainability, a new policy was developed to provide a clear direction for decision-making processes and to show a serious commitment by Council to improve the sustainability of the municipality.

PUBLIC CONSULTATION / COMMUNICATION

A media release was published highlighting the availability of the plan and the extent of the feedback period. The Strategic Direction for Ecological Sustainability was made available to the public by means of hard copies in all City of Melville Libraries and the Civic Centre and on the website. No feedback was received from the community. This is not surprising considering it is a high level strategic document.

**T08/2001 - DRAFT STRATEGIC DIRECTION FOR ECOLOGICAL SUSTAINABILITY
(REC) (ATTACHMENT)**

Implementation plans of the future are more likely to stimulate community interest where the practical implications are more apparent.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Complimentary copies of the Strategic Direction for Ecological Sustainability were distributed to specific agencies and key environmental and sustainability professionals.

STATUTORY AND LEGAL IMPLICATIONS

The WA Local Government Act (1995) S1.3 (3) states; 'In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity.'

FINANCIAL IMPLICATIONS

Financial implications will be considered on a case by case basis using triple bottom line principles (economic, social/cultural and environmental).

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Failing to make a serious commitment to ecological sustainability poses the risk of negative public perception, economic risk associated with inefficient use of resources and rising cost of utilities, risk of failing to comply with new and emerging regulations and risk from the largely unknown impacts of ecological disruption.

No extreme or high risks are identified with regards to adopting the Ecological Sustainability policy or the *Strategic Direction for Ecological Sustainability*.

POLICY IMPLICATIONS

There is currently no Council Policy that relates to sustainability.

**T08/2001 - DRAFT STRATEGIC DIRECTION FOR ECOLOGICAL SUSTAINABILITY
(REC) (ATTACHMENT)****ALTERNATE OPTIONS & THEIR IMPLICATIONS**

To have an ad-hoc approach possibly resulting in less than optimal solutions and inconsistent results.

CONCLUSION

The *Strategic Direction for Ecological Sustainability* identifies how the City of Melville can improve the sustainability of the municipality in alignment with the state and the nation. The Strategic Direction for Ecological Sustainability supports the application of the Ecological Sustainability policy. Together these documents provide a clear direction for the City to progress along a more sustainable trajectory by giving equal consideration to environmental, social and economic responsibility.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (2001)**APPROVAL**

At 6.50pm Cr D J Macphail moved, seconded Cr C W Robartson -

1. **THAT THE STRATEGIC DIRECTION FOR ECOLOGICAL SUSTAINABILITY BE ADOPTED.**
[2001A February 2008.pdf](#)
2. **THAT THE ECOLOGICAL SUSTAINABILITY POLICY BE ADOPTED.**
[2001Bb February 2008.pdf](#)

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

CARRIED (12/0)

C08/5000 – COMMON SEAL REGISTER (REC)

Declaration of Interest

Item No:	C08/5000- Common Seal Register
Member:	Cr R Subramaniam
Type of Interest:	Interest under Code of Conduct
Nature of Interest:	Member of the Board of Challenger TAFE
Extent of Interest:	Interest under Code of Conduct
Request:	Stay and Discuss
Decision of Council:	Stay and Discuss

As this item was for Noting only, there was no requirement for Cr R Subramaniam to leave the meeting.

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 & Corporate Support

AUTHORITY / DISCRETION

	<u>Definition</u>
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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.

C08/5000 – 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

Document Type	Party	Description	File Reference
Deed of Lease	Stockland Shopping Centre Bullcreek & Bullcreek Community Centre	Lease of Storeroom	1454494
Amendment Application	City of Melville, Operational	Parking Facilities Amendment 2007	1793753
Deed of Licence	Brentwood Karoonda Sporting Association	Karoonda Park Clubrooms	1695014
Deed of Variation	Melville Willagee Playgroup	Variation to Funding	1819416
Deed of Lease	Challenger Tafe	Murray House 58 Duncraig Road Applecross	1822202
Deed of Agreement	Lot 149 (17) Clive Street Bicton	Agreement for subdivisions on Lot 149 (17) Clive Street Bicton	1020328
Deed of Lease	Fleet Australia	Fleet Australia Master Lease Agreement	1827683
Deed of Lease	Toyota Master Fleet	Toyota Master Fleet Agreement Details	1827684
Deed of Agreement	Melville Volunteer Resource Centre	Service Provider Application	1618437
Deed of Agreement	Melville Volunteer Resource Centre	Officers for Seniors Interests and Volunteering	1702176
Deed of Clearance	Jennifer Anne Cadd & Brian Cadd, 18D Ullapool Road, Mt Pleasant	18D Ullapool Road, Mt Pleasant	1810035
Licence Amendment Application	Lot 301 Duncraig Road Applecross	Scheme Amendment No.54	1810981
Licence Amendment Application	485 Marmion Street Myaree	Scheme Amendment No. 53	1781298

C08/5000 – COMMON SEAL REGISTER (REC)

Document Type	Party	Description	File Reference
Grant Agreement	Department of Health	HACC 2008 Grant Agreement	1623236
Service Agreement	Department of Health	HACC Service Agreement 2006 - 2010	1623236
Deed of Licence	Melville City Soccer Club	Licence	1683423
Deed of Agreement	Robyn Francis Ross, 1 The Esplanade, Mt Pleasant	1 The Esplanade, Mt Pleasant	1834795
Deed of Assignment	McLeods, Walters River Cafe	Assignment of Lease	1834718
Transfer of Land	Melville Primary School	Transfer of Land	1836485
Deed of Agreement	Lot 617 (7) McKimmie Road Palmyra	Deed of Agreement	1836892
Licence Amendment Application	Leeming Recreation Centre Vacation Care	Application to Modify	1524365
Withdrawal of Caveat	Lot 111 (11) Majestic Close Applecross	Withdrawal of Caveat at Lot 111 (11) Majestic Close Applecross	1833673
Notification Under Section 70A	84 Burke Drive Attadale	Planning Approval	1841561

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

Section 2.5 of the Local Government Act 1995.

FINANCIAL IMPLICATIONS

Nil.

C08/5000 – COMMON SEAL REGISTER (REC)

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Not applicable.

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

This is a standard report for Elected Members information.

At 6.49pm Cr J R Bennett moved, seconded Cr M J Barton

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (5000)

NOTED

THAT THE ACTION OF HIS WORSHIP THE MAYOR AND THE ACTING CHIEF EXECUTIVE OFFICER IN EXECUTING THE DOCUMENTS LISTED UNDER THE COMMON SEAL OF THE CITY OF MELVILLE, BE NOTED.

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

CARRIED (12/0)

C08/5001 - ACTING CHIEF EXECUTIVE OFFICER (AMREC)

Ward	:	All
Category	:	Operational
Subject Index	:	Personnel File
Customer Index	:	Staff Matter
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	Nil
Works Programme	:	Not Applicable
Funding	:	Not Applicable
Responsible Officer	:	Linda Footman Acting Manager Organisational Development

AUTHORITY / DISCRETION

	<u>Definition</u>
<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"/> Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets</i>
<input type="checkbox"/> Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/> Review	<i>when Council reviews 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>

C08/5001 - ACTING CHIEF EXECUTIVE OFFICER (AMREC)

KEY ISSUES / SUMMARY

- Council to appoint a relief for the Acting Chief Executive Officer, Marten Tieleman from 1 March to 19 March 2008 (inclusive).

BACKGROUND

Marten Tieleman has been acting Chief Executive Officer since 5 November 2007. He has applied and obtained approval for annual leave from 1 March to 25 March 2008 (inclusive). However, as the newly appointed Chief Executive Officer commences his employment at the City effective 20 March 2008, a relief for the acting Chief Executive Officer is required from 1 March to 19 March 2008.

DETAIL

As indicated in background above, a relief for the Acting Chief Executive Officer is required from the date the current Acting Chief Executive Officer, Marten Tieleman is on annual leave from 1 March to the date the newly appointed Chief Executive Officer, Dr Shayne Silcox, takes up his position on 20 March 2008.

It is recommended that the Director of Strategic Community Development, Anne Banks-McAllister, be appointed to undertake the relief role and be paid the appropriate higher duties allowance applicable to this role.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES/CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

Local Government Act 1995 Section 5.36 outlines requirement for Council to appoint the CEO.

FINANCIAL IMPLICATIONS

There is sufficient funding the in 2007/08 budget to allow the increase to be absorbed.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Nil

C08/5001 - ACTING CHIEF EXECUTIVE OFFICER (AMREC)

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

That Council approve the officer's recommendation that the Director of Strategic Community Development, Anne Banks-McAllister, be appointed to the role of Acting Chief Executive Officer from 1 March to 19 March 2008 (inclusive), with the appropriate higher duties allowance as applicable being paid during the specified time.

**OFFICER RECOMMENDATION & COUNCIL RESOLUTION (5001) ABSOLUTE
MAJORITY DECISION**

At 6.52pm Cr H R Everett moved, seconded Cr D J Macphail -

1. **THAT BY ABSOLUTE MAJORITY DECISION OF THE COUNCIL: THE DIRECTOR OF STRATEGIC COMMUNITY DEVELOPMENT, ANNE BANKS-MCALLISTER, BE APPOINTED AS THE ACTING CHIEF EXECUTIVE OFFICER FROM 1 MARCH TO 19 MARCH 2008 (INCLUSIVE).**
2. **THAT THE APPROPRIATE HIGHER DUTIES ALLOWANCE APPLICABLE TO THIS ROLE BE MADE TO ANNE BANKS-MCALLISTER DURING THE PERIOD OF ACTING CHIEF EXECUTIVE OFFICER.**

At 6.52pm the Mayor submitted the motion, which was declared **CARRIED (12/0)**

C08/6000 – DECEMBER 2007 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)

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	:	Bob Searle Manager Financial Services

AUTHORITY / DISCRETION

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KEY ISSUES / SUMMARY

- This report presents the investment statements for the month of December 2007 and recommends that the information detailed in the attachments be noted.

BACKGROUND

The investment of surplus cash holdings is undertaken in accordance with Council's investment policy, with the objective of maximising returns whilst maintaining low levels of credit risk exposure.

C08/6000 – DECEMBER 2007 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)**DETAIL**

[6000A February 2008.pdf](#) and [6000B February 2008.pdf](#) the Investment Statements for the month of December 2007, form part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 1 February 2008.

The Investment of Surplus Funds is undertaken in accordance with the Finance Investment Policy document for the City of Melville. [6000D February 2008.pdf](#) A graph showing the total levels of funds invested forms part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 1 February 2008.

A report prepared by Lehman Bros (formerly Grange Securities) has again been included for members' information. [6000C February 2008.pdf](#) The reports form part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 1 February 2008.

Elected Members are aware of the recent volatility in world financial markets and the impact on investments. This volatility created a situation whereby it has been extremely difficult to arrive at a true meaningful valuation for the Collateralised Debt Obligation (CDO) element of the investment portfolio. The estimate based on the valuations provided is that had all investments been disposed of at the end of December, a loss of 9.82% would have been realised. The market valuation of the CDO element of the investment portfolio at the end of December represented 75.4% of its cost figure, with individual valuations ranging between 58.1% and 90%. It is emphasised that the investment products in question continue to retain their high credit ratings and that there is reason to believe that they will continue to pay their full interest yield and to pay full value on maturity. To date there have been no defaults by any of the Corporate entities referenced within the CDO's.

Statements 6000A, 6000B and the graph 6000D show the value of the investments based on cost, which is consistent with long standing practice. The report from Grange Securities is based on their calculation of market value as at the end of December. That report shows a performance when compared to their benchmark, being the UBS Warburg 90 day bank bill Index + 0.35%, of -0.30% below the benchmark in the month of December and a negative return of 2.37% compared to the benchmark for the portfolio since inception in December 2003. As the credit markets regain stability the performance of the portfolio should continue to improve.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

C08/6000 – DECEMBER 2007 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Price Waterhouse Coopers (PWC) was engaged to provide advice with regard 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. It is also understood that the Department of Local Government and Regional Development is preparing Investment Policy Guidelines.

A report currently with Council to engage Grove Research & Advisory as the City's investment adviser will review the current investment portfolio and provide strategies to minimise any unnecessary exposure.

When these are received, the existing policy will be reviewed and any necessary amendments will be made.

STATUTORY AND LEGAL IMPLICATIONS

Local Government (Financial Management) Regulations 1996 Regulation 19 – Management of Investments.

Trustee Act 1962 (Part 3)

FINANCIAL IMPLICATIONS

As at the end of December 2007, total interest excluding Reserve Fund interest earned was \$1,311,117, against a year to date budget of \$1,487,790. This represents a \$176,673 negative variance. The full year budget is \$2,555,887. The shortfall arises due to the following reasons:-

1. The investment revenue budgets being set at levels exceeding preceding years;
2. Cash received in the 2007/2008 financial year investments being invested in Term Deposits which yield lower returns than the Authorised Deposit Taking Institution (ADI's) sub-ordinated debt and Collateralised Debt Obligations (CDO's) Council previously invested in;
3. A significant reduction in Trust Fund interest earnings due to the above, as well as funds being reclassified as Municipal Funds thereby reducing the amount of invested Trust Funds and accordingly investment revenue. A \$150,000 adjustment will be made in the upcoming budget review.

Reserve Fund interest earned was \$834,546 against a budget of \$604,200. The full year budget is \$1,175,245. This result is due to Reserve Fund balances being higher than anticipated and the strong income returns being received from Council's ADI and CDO investments which due to their longer terms to maturity are primarily held within the Reserve Fund.

In accordance with Council's recently adopted revised Investment Policy, any surplus investment returns derived as a result of investing in ADI's & CDO's when compared to Bank Bills or Term Deposits will be credited to an investment volatility reserve.

C08/6000 – DECEMBER 2007 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)

Apart from the book value of investments moving according to the very significant market volatility that has been experienced since July 2007, which has impacted negatively on the market price and saleability of our ADI and CDO investments, there are no financial implications in relation to the cash position of Council.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Whilst there has been increased market volatility risk associated with Council's investment portfolio, the credit risk of the portfolio remains low and therefore the risk of losing capital or interest earnings is also low. Council's investment policy was constructed to minimise credit risk through investing in highly rated securities and diversification.

POLICY IMPLICATIONS

Corporate Policy 13-PL-003 – Investment of Surplus Funds.

As resolved at the December full meeting of Council, the policy has been amended to incorporate 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.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

Interest rates hardened again in the period. The rates for ninety day bank bills rose by 0.0344% to 7.2811%. The performance of the City of Melville portfolio previously managed by Lehman Bros. (formerly Grange Securities) was below the agreed benchmark of the UBS Bank Bill Index plus 0.35% by 0.30% annualised in the month and shows a shortfall to the benchmark of 12.78% over the last twelve months.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6000)

NOTING

THAT THE INVESTMENT STATEMENTS FOR THE MONTH OF DECEMBER 2007, AS DETAILED IN THE FOLLOWING ATTACHMENTS BE NOTED:

[6000A February 2008.pdf](#)

[6000B February 2008.pdf](#)

[6000C February 2008.pdf](#)

[6000D February 2008.pdf](#)

**CARRIED EN BLOC
WITHOUT DISSENT (12/0)**

C08/6001 – DECEMBER 2007 - 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	:	2007/2008 Budget
Responsible Officer	:	Bob Searle Manager Financial Services

AUTHORITY / DISCRETION

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C08/6001 – DECEMBER 2007 - SCHEDULE OF ACCOUNTS (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- This report presents details of the payments made to suppliers for the provision of goods and services for the month of December 2007 and recommends that the Schedule of Accounts be noted.

BACKGROUND

Delegated Authority CE23 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 Customer and Corporate Services. In accordance with Regulation thirteen (13), two (2) and three (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 the Council. The list is to show each payment, payee name, amount and date of payment and sufficient information to identify the transaction.

DETAIL

The Schedules of Accounts for the period ending 31 December 2007 [6001 February 2008.pdf](#) including Payment Registers numbers 35 and 36 were distributed to the Members of Council on Friday, 1 February 2008.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

C08/6001 – DECEMBER 2007 - SCHEDULE OF ACCOUNTS (REC) (ATTACHMENT)

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 2007/2008 Budget.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Not applicable.

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 DECEMBER 2007, AS APPROVED BY THE A/DIRECTOR CUSTOMER AND CORPORATE SERVICES IN ACCORDANCE WITH DELEGATED AUTHORITY CE23, AND DETAILED IN ATTACHMENT [6001 February 2008.pdf](#) BE NOTED.

**CARRIED EN BLOC
WITHOUT DISSENT (12/0)**

C08/6002 – DECEMBER 2007 - FINANCIAL STATEMENTS (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	:	Standard Item
Works Programme	:	Not applicable
Funding	:	Not applicable
Responsible Officer	:	Bob Searle Manager Financial Services

AUTHORITY / DISCRETION

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KEY ISSUES / SUMMARY

- This report presents the financial statements to the end of December 2007 and recommends that they be noted by Council.

C08/6002 – DECEMBER 2007 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

BACKGROUND

The Financial Statements for the end of the month of December 2007 have been prepared and tabled in accordance with Regulation thirty-four (34) of the Local Government (Financial Management) Regulations 1996 as amended in March 2005, which 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 the council-
 - (i) at the next ordinary meeting of the 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 the council after that meeting; and
 - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with AAS 5, to be used in statements of financial activity for reporting material variances.

C08/6002 – DECEMBER 2007 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

DETAIL

The attached reports have been prepared in compliance with the requirements of the legislation. Budget Responsible Officers have been requested to review their operational and capital figures during the month of December and notify the finance team of any issues identified, including phasing. These will then be addressed during the half yearly budget review.

Investments have been valued at the cost of acquisition for the purpose of these monthly reports.

The following attachments form part of the Attachments to the Agenda, which was distributed to the Members of the Council on Friday, 1 February 2008.

DESCRIPTION	LINK
Statement of Financial Activity – December 2007	6002A February 2008.pdf
Operating Statements by Program for the period ended 31 December 2007	6002B February 2008.pdf
Representation of Working Capital as at December 2007	6002E February 2008.pdf
Reconciliation of Net Working Capital as at 31 December 2007	6002F February 2008.pdf
Notes on Operating Statements for December 2007 reporting on variances of 10% or greater	6002H February 2008.pdf
Details of Budget Amendments requested during the month of December 2007	6002J February 2008.pdf
Summary of Rates debtors as at 31 December 2007	6002L February 2008.pdf
Graph showing Rates collections as at 31 December 2007	6002M February 2008.pdf
Summary of general Debtors aged 90 days old or greater as at 31 December 2007	6002N February 2008.pdf

C08/6002 – DECEMBER 2007 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

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

Local Government (Financial Regulations) 1996 Part 4 – Financial Reports

FINANCIAL IMPLICATIONS

Amendments to the 2007/2008 Budget have been included in the budget amendment reports.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Not applicable.

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

The attached reports reflect the financial situation of the City of Melville as at 31 December 2007.

C08/6002 – DECEMBER 2007 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

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

At 6.53pm Cr C W Robartson moved seconded Cr M J Barton -

1. THAT THE STATEMENTS OF FINANCIAL ACTIVITY AND THE OPERATING STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2007 AS DETAILED IN THE FOLLOWING ATTACHMENTS BE ADOPTED:

DESCRIPTION	LINK
STATEMENT OF FINANCIAL ACTIVITY – DECEMBER 2007	6002A February 2008.pdf
OPERATING STATEMENTS BY PROGRAM FOR THE PERIOD ENDED 31 DECEMBER 2007	6002B February 2008.pdf
REPRESENTATION OF WORKING CAPITAL AS AT DECEMBER 2007	6002E February 2008.pdf
RECONCILIATION OF NET WORKING CAPITAL AS AT 31 DECEMBER 2007	6002F February 2008.pdf
NOTES ON OPERATING STATEMENTS FOR DECEMBER 2007 REPORTING ON VARIANCES OF 10% OR GREATER	6002H February 2008.pdf
SUMMARY OF RATES DEBTORS AS AT 31 DECEMBER 2007	6002L February 2008.pdf
GRAPH SHOWING RATES COLLECTIONS AS AT 31 DECEMBER 2007	6002M February 2008.pdf
SUMMARY OF GENERAL DEBTORS AGED 90 DAYS OLD OR GREATER AS AT 31 DECEMBER 2007	6002N February 2008.pdf

2. THAT BY ABSOLUTE MAJORITY DECISION, THE BUDGET AMENDMENTS, AS LISTED IN THE BUDGET AMENDMENT REPORTS FOR DECEMBER 2007, AS DETAILED IN ATTACHMENT [6002J February 2008.pdf](#) BE ADOPTED.

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

CARRIED BY ABSOLUTE MAJORITY (12/0)

C08/6000 – JANUARY 2008 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)

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	:	Bob Searle Manager Financial Services

AUTHORITY / DISCRETION

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KEY ISSUES / SUMMARY

- This report presents the investment statements for the month of January 2008 and recommends that the information detailed in the attachments be noted.

BACKGROUND

The investment of surplus cash holdings is undertaken in accordance with Council's investment policy, with the objective of maximising returns whilst maintaining low levels of credit risk exposure.

C08/6000 – JANUARY 2008 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)**DETAIL**

[6000Aa February 2008.pdf](#) and [6000Bb February 2008.pdf](#) the Investment Statements for the month of January 2008, form part of the Attachments to the Agenda, which will be distributed to the Members of the Council on Wednesday, 13 February 2008.

The Investment of Surplus Funds is undertaken in accordance with the Finance Investment Policy document for the City of Melville. [6000Dd February 2008.pdf](#) a graph showing the total levels of funds invested forms part of the Attachments to the Agenda, which will be distributed to the Members of the Council on Wednesday, 13 February 2008.

A report prepared by Lehman Bros (formerly Grange Securities) has again been included for members' information. [6000Cc February 2008.pdf](#) The reports form part of the Attachments to the Agenda, which will be distributed to the Members of the Council on Wednesday, 13 February 2008. With the cessation of the advisory relationship with Lehman Brothers it is anticipated that this will be last month that this report will be available.

Elected Members are aware of the continuing volatility in world financial markets and the negative impact on investments. This volatility has created a situation whereby it has been extremely difficult to arrive at a true meaningful valuation for the Collateralised Debt Obligation (CDO) element of the investment portfolio. The estimate based on the valuations provided is that had all investments been disposed of at the end of January, a loss of 13.72% would have been realised. The estimated market valuation of the CDO element of the investment portfolio at the end of January represented 65.13% of its cost figure, with individual valuations ranging between 45.7% and 88%. The investment products in question continue to retain their high published credit ratings and at this stage it is believed that they will continue to pay their full interest yield and their face value on maturity. To date whilst there have been credit rating downgrades for some of the individual corporate entities referenced by these CDO's, there has been no Corporate defaults. The valuations of the CDO's reflect the uncertainty of the financial outlook for a number of the Corporation's referenced in the CDO's

Statements 6000A, 6000B and the graph 6000D show the value of the investments based on cost, which is consistent with long standing practice. The report from Lehman Brothers is based on their calculation of market value as at the end of January. That report shows a performance when compared to their benchmark, being the UBS Warburg 90 day bank bill Index + 0.35%, of -4.49% below the benchmark in the month of January and a negative return of 3.47% compared to the benchmark for the portfolio since inception in December 2003. As the credit markets regain stability the performance of the portfolio should improve.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

C08/6000 – JANUARY 2008 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Price Waterhouse Coopers (PWC) was 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. It is also understood that the Department of Local Government and Regional Development is preparing Investment Policy Guidelines.

A report currently with Council to engage Grove as the City's investment adviser will review the current investment portfolio and provide strategies to minimise any unnecessary risks.

When these are received, the existing policy will be reviewed and any necessary amendments will be made.

STATUTORY AND LEGAL IMPLICATIONS

Local Government (Financial Management) Regulations 1996 Regulation 19 – Management of Investments.

Trustee Act 1962 (Part 3)

FINANCIAL IMPLICATIONS

As at the end of January 2008, total interest excluding Reserve Fund interest earned was \$1,557,256, against a year to date budget of \$1,712,790. This represents a \$155,534 negative variance. The full year budget is \$2,555,887. The shortfall arises due to the following reasons:-

- 1 The investment revenue budgets being set at levels exceeding preceding years;
- 2 Cash received in the 2007/2008 financial year investments being invested in Term Deposits which yield lower returns than the Authorised Deposit Taking Institution (ADI's) sub-ordinated debt and Collateralised Debt Obligations (CDO's) Council previously invested in;
- 3 A significant reduction in Trust Fund interest earnings due to the above as well as funds being reclassified as Municipal Funds thereby reducing the amount of invested Trust Funds and accordingly investment revenue. A \$150,000 adjustment will be made in the upcoming budget review.

Reserve Fund interest earned was \$974,497 against a budget of \$702,700. The full year budget is \$1,175,245. This result is due to Reserve Fund balances being higher than anticipated and the strong income returns being received from Council's ADI and CDO investments which due to their longer terms to maturity are primarily held within the Reserve Fund.

In accordance with Council's recently adopted revised Investment Policy any surplus investment returns derived as a result of investing in ADI's & CDO's when compared to Bank Bills or Term Deposits will be credited to an investment volatility reserve.

C08/6000 – JANUARY 2008 - INVESTMENT STATEMENTS (REC) (ATTACHMENT)

Apart from the book value of investments moving according to the very significant market volatility that has been experienced since July 2007, which has impacted negatively on the market price and saleability of our ADI and CDO investments there are no financial implications in relation to the cash position of Council.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Whilst there has been increased market volatility risk associated with Council's investment portfolio, the credit risk of the portfolio remains low and therefore the risk of losing capital or interest earnings is also low. Council's investment policy was constructed to minimise credit risk through investing in highly rated securities and diversification.

POLICY IMPLICATIONS

Corporate Policy 13-PL-003 – Investment of Surplus Funds.
As resolved at the January full meeting of Council, the policy has been amended to incorporate 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.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

Interest rates strengthened again in this period, with the rate for ninety day bank bills increasing by 0.2% to 7.38%

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6000)

NOTING

THAT THE INVESTMENT STATEMENTS FOR THE MONTH OF JANUARY 2008, AS DETAILED IN THE FOLLOWING ATTACHMENTS BE NOTED:

[6000Aa February 2008.pdf](#)

[6000Bb February 2008.pdf](#)

[6000Cc February 2008.pdf](#)

[6000Dd February 2008.pdf](#)

**CARRIED EN BLOC
WITHOUT DISSENT (12/0)**

C08/6001 – JANUARY 2008 - 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	:	2007/2008 Budget
Responsible Officer	:	Bob Searle Manager Financial Services

AUTHORITY / DISCRETION

	<u>Definition</u>
<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"/> Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets</i>
<input type="checkbox"/> Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/> Review	<i>when 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>

C08/6001 – JANUARY 2008 - SCHEDULE OF ACCOUNTS (REC) (ATTACHMENT)

KEY ISSUES / SUMMARY

- This report presents details of the payments made to suppliers for the provision of goods and services for the month of January 2008 and recommends that the Schedule of Accounts be noted.

BACKGROUND

Delegated Authority CE23 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 Customer and Corporate Services. In accordance with Regulation thirteen (13), two (2) and three (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 the Council. The list is to show each payment, payee name, amount and date of payment and sufficient information to identify the transaction.

DETAIL

The Schedules of Accounts for the period ending 31 January 2008 [6001a February 2008.pdf](#) including Payment Registers numbers 37 and 38 will be distributed to the Members of Council on Friday, 13 February 2008.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

C08/6001 – JANUARY 2008 - SCHEDULE OF ACCOUNTS (REC) (ATTACHMENT)

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 2007/2008 Budget.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Not applicable.

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 2008, AS APPROVED BY THE DIRECTOR CUSTOMER AND CORPORATE SERVICES IN ACCORDANCE WITH DELEGATED AUTHORITY CE23, AND DETAILED IN ATTACHMENT [6001a February 2008.pdf](#) BE NOTED.

**CARRIED EN BLOC
WITHOUT DISSENT (12/0)**

C08/6002 – JANUARY 2008 - FINANCIAL STATEMENTS (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	:	Standard Item
Works Programme	:	Not applicable
Funding	:	Not applicable
Responsible Officer	:	Bob Searle Manager Financial Services

AUTHORITY / DISCRETION

	<u>Definition</u>
<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"/> Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets</i>
<input type="checkbox"/> Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/> Review	<i>when 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 to the end of January 2008 and recommends that they be noted by Council.

C08/6002 – JANUARY 2008 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

BACKGROUND

The Financial Statements for the end of the month of January 2008 have been prepared and tabled in accordance with Regulation thirty-four (34) of the Local Government (Financial Management) Regulations 1996 as amended in March 2005, which 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 the council-
 - (i) at the next ordinary meeting of the 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 the council after that meeting; and
 - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with AAS 5, to be used in statements of financial activity for reporting material variances.

C08/6002 – JANUARY 2008 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

DETAIL

The attached reports have been prepared in compliance with the requirements of the legislation. Budget Responsible Officers have been requested to review their operational and capital figures during the month of January and notify the finance team of any issues identified, including phasing. These will then be addressed during the half yearly budget review.

Investments have been valued at the cost of acquisition for the purpose of these monthly reports.

The following attachments form part of the Attachments to the Agenda, which was distributed to the Members of the Council on Wednesday, 13 February 2008.

DESCRIPTION	LINK
Statement of Financial Activity – January 2008	6002Aa February 2008.pdf
Operating Statements by Program for the period ended 31 January 2008	6002Bb February 2008.pdf
Representation of Working Capital as at January 2008	6002Ee February 2008.pdf
Reconciliation of Net Working Capital as at 31 January 2008	6002Ff February 2008.pdf
Notes on Operating Statements for January 2008 reporting on variances of 10% or greater	6002Hh February 2008.pdf
Details of Budget Amendments requested during the month of January 2008	6002Jj-February 2008.pdf
Summary of Rates debtors as at 31 January 2008	6002Ll February 2008.pdf
Graph showing Rates collections as at 31 January 2008	6002Mm-February-2008.pdf
Summary of general Debtors aged 90 days old or greater as at 31 January 2008	6002Nn February 2008.pdf

C08/6002 – JANUARY 2008 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

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

Local Government (Financial Regulations) 1996 Part 4 – Financial Reports

FINANCIAL IMPLICATIONS

Amendments to the 2007/2008 Budget have been included in the budget amendment reports.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Not applicable.

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

The attached reports reflect the financial situation of the City of Melville as at 31 January 2008.

C08/6002 – JANUARY 2008 - FINANCIAL STATEMENTS (AMREC) (ATTACHMENT)

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6002)

ABSOLUTE MAJORITY APPROVAL

At 6.56pm Cr J Bennet moved seconded Cr M J Barton -

1. THAT THE STATEMENTS OF FINANCIAL ACTIVITY AND THE OPERATING STATEMENTS FOR THE PERIOD ENDING 31 JANUARY 2008 AS DETAILED IN THE FOLLOWING ATTACHMENTS BE ADOPTED:

DESCRIPTION	LINK
STATEMENT OF FINANCIAL ACTIVITY – JANUARY 2008	6002Aa February 2008.pdf
OPERATING STATEMENTS BY PROGRAM FOR THE PERIOD ENDED 31 JANUARY 2008	6002Bb February 2008.pdf
REPRESENTATION OF WORKING CAPITAL AS AT JANUARY 2008	6002Ee February 2008.pdf
RECONCILIATION OF NET WORKING CAPITAL AS AT 31 JANUARY 2008	6002Ff February 2008.pdf
NOTES ON OPERATING STATEMENTS FOR JANUARY 2008 REPORTING ON VARIANCES OF 10% OR GREATER	6002Hh February 2008.pdf
SUMMARY OF RATES DEBTORS AS AT 31 JANUARY 2008	6002LI February 2008.pdf
GRAPH SHOWING RATES COLLECTIONS AS AT 31 JANUARY 2008	6002Mm-February-2008.pdf
SUMMARY OF GENERAL DEBTORS AGED 90 DAYS OLD OR GREATER AS AT 31 JANUARY 2008	6002Nn February 2008.pdf

3. THAT BY ABSOLUTE MAJORITY DECISION, THE BUDGET AMENDMENTS, AS LISTED IN THE BUDGET AMENDMENT REPORTS FOR JANUARY 2008, AS DETAILED IN ATTACHMENT [6002Jj-February 2008.pdf](#) BE ADOPTED.

At 6.56pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (12/0)

C08/6010 – APPOINTMENT OF INVESTMENT ADVISERS (REC) (CONF ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	11.40: Investments - Financial Statements and Investments
Customer Index	:	Grove Financial Services Pty Limited
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	C07/6010 Ordinary Meeting of Council 20/11/2007
Works Programme	:	Not Applicable
Funding	:	270-26213-7080 – Budget Amendment Required
Responsible Officer	:	Marten Tieleman Acting Chief Executive Officer

AUTHORITY / DISCRETION

	<u>Definition</u>
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<input checked="" type="checkbox"/> Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets</i>
<input type="checkbox"/> Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/> Review	<i>when Council reviews 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>

C08/6010 – APPOINTMENT OF INVESTMENT ADVISERS (REC) (CONF ATTACHMENT)

KEY ISSUES / SUMMARY

- Report addresses the appointment of an investment adviser to replace Lehman Bros (formerly Grange Securities).

BACKGROUND

One of the recommendations arising out of previous report *C07/6010 – Review of Investment of Surplus Funds Policy* considered by Council at its Ordinary Meeting held on 20 November 2007 was as follows:

"That a further report be prepared regarding the engagement of additional funds managers or advisers for the City of Melville investments and portfolio".

DETAIL

The agreement for Lehman Bros (formerly Grange Securities) to provide investment advisory services to Council was terminated in December 2007.

Whilst Council officers are well qualified and experienced in respect to investing in “vanilla” type investments such term deposits and bank bills, they do not have the knowledge and in-depth research capabilities of a well qualified investment advisory firm to advise Council on more complex products such as the Collateralised Debt Obligations (CDO’s).

The Local Government Act 1995 provides Councils with the power to invest. They must, however, invest in accordance with the provisions of Part 3 of the Trustees Act 1962. The Trustees Act places significant obligations on Trustees and by virtue of the provisions of the Local Government Act, also Councils in respect to the investment of funds. These include the obligation to act as a “Prudent Person” and in order to discharge itself of that responsibility, the power to obtain independent advice.

The Price Waterhouse Coopers report obtained by Council in 2007 provided timely and useful guidance to the Council in respect to strengthening Council's investment portfolio and the appropriate response to take, in view of the financial market conditions at that time. PwC were unable however, to undertake in-depth research and provide advice on the credit worthiness of individual investments in Council's investment portfolio. Due to the need to quickly obtain some specific in-depth advice on the CDO's owned by Council, officers undertook research to locate an investment advisory firm who were sufficiently qualified to provide the required level of in-depth research and with the ability to provide truly independent advice. Grove Research and Advisory were recommended by several Councils both locally and in the Eastern States. In December 2007 Council officers met with representatives from Grove to assess their capability and subsequent to those discussions requested a proposal from them. A copy of their confidential proposal is included as a confidential attachment to this report.

C08/6010 – APPOINTMENT OF INVESTMENT ADVISERS (REC) (CONF ATTACHMENT)

Reference checks were conducted with three Councils who currently use the investment advisory services provided by Grove. All referees spoke very highly of their research capability and expressed satisfaction with the independence and quality of the investment advice they received from them. Whilst there are funds management firms other than Lehman Bros (Grange Securities) who are on the WALGA common use contract panel officers considered that it would not be appropriate to use their services for investment advisory purposes as the required degree of independence (perceived or otherwise) could not be met.

Due to the urgency of commencing a review of, and obtaining specific advice with regard to Council's investment portfolio, the Acting Chief Executive Officer has accepted Groves' proposal for a two year period subject to ratification by Council at its February meeting.

In accordance with the Grove proposal and City of Melville requirements, the following independent investment advisory services will be provided by Grove to the City of Melville:-

- comprehensive independent initial review of the City of Melville's existing investment portfolio;
- investment Policy review as required,
- investment Strategy construction,
- ongoing portfolio review,
- client relationship management,
- all research costs,
- access to Grove's online research library and
- portfolio reporting on assets held offline.

Should Council not support the appointment of Grove Research & Advisory they will be requested to complete the initial review of the City of Melville's existing investment portfolio that they have already commenced and a pro-rata payment for services will be made.

It should be noted that the Western Australian Local Government Super Plan (WALGSP) through its wholly owned subsidiary Western Financial recently purchased a 50% share of Grove Research and Advisory. The Directors of Western Financial include the former CEO of the City of Melville, Mr John McNally and a former Director of the City, Paul Owen. These individuals will not however be providing investment advice to Council and nor will any investments be made in WALGSP or Western Financial.

It should also be noted that Grove will rebate 100% of any commissions, distribution fees or any other payments received from issuers in relation to the City's investments.

C08/6010 – APPOINTMENT OF INVESTMENT ADVISERS (REC) (CONF ATTACHMENT)

PUBLIC CONSULTATION/COMMUNICATION

Public consultation is not considered necessary in regards to this operational matter.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

General consultation has taken place with the Department of Local Government & Regional Development and the WA Treasury Corporation. Whilst they highlight the need for independent advisers they are not in a position to make any recommendations in this regard.

STATUTORY AND LEGAL IMPLICATIONS

Section 6.14 of the *Local Government Act (1995)* titled *Power to Invest* provides

(1) Subject to the regulations, money held in the municipal fund or the trust fund of a local government that is not, for the time being, required by the local government for any other purpose may be invested in accordance with Part III of the Trustees Act 1962.

Part III of the *Trustees Act 1962* contains extensive provisions that relate to the investment of funds. Section 20 titled *Investment by Trustee, Matters to be Considered* provides:-

(1) Without limiting the matters that a trustee may take into account when exercising a power of investment, a trustee shall, so far as they are appropriate to the circumstances of the trust, have regard to —

- (a) the purposes of the trust and the needs and circumstances of the beneficiaries;*
- (b) the desirability of diversifying trust investments;*
- (c) the nature of and risk associated with existing trust investments and other trust property;*
- (d) the need to maintain the real value of the capital or income of the trust;*
- (e) the risk of capital or income loss or depreciation;*
- (f) the potential for capital appreciation;*
- (g) the likely income return and the timing of income return;*
- (h) the length of the term of the proposed investment;*
- (i) the probable duration of the trust;*
- (j) the liquidity and marketability of the proposed investment during, and on the determination of, the term of the proposed investment;*
- (k) the aggregate value of the trust estate;*
- (l) the effect of the proposed investment in relation to the tax liability of the trust;*
- (m) the likelihood of inflation affecting the value of the proposed investment or other trust property;*
- (n) the costs (including commissions, fees, charges and duties payable) of making the proposed investment; and*
- (o) the results of a review of existing trust investments. And further that:-*

C08/6010 – APPOINTMENT OF INVESTMENT ADVISERS (REC) (CONF ATTACHMENT)

(2) A trustee may —

- (a) obtain and consider independent and impartial advice reasonably required for the investment of trust funds or the management of the investment from a person whom the trustee reasonably believes to be competent to give the advice; and
- (b) pay out of trust funds the reasonable costs of obtaining the advice.

Whilst the more recent experience that Council has had as a result of the investment management and advice received from its previous “independent and impartial” investment advisers has produced a very unsatisfactory outcome for Council, officers consider that due to the complexity of investment decisions that need to be made truly independent and impartial advisers are required to enable Council to fulfil it’s obligations as a Trustee of public monies.

FINANCIAL IMPLICATIONS

A budget item of \$40,000 for cost of the investment advisory services will be made and recorded against line item 270-26213-7080 Manager Financial Services Rates & General Fund Expenses Investment Advisory Services.

Grove will rebate 100% of any commissions, distribution fees or any other payments received from issuers in relation to the City’s investments.

It should be noted that all investments are made in the name of the City of Melville not with Grove.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Risk Statement	Level of Risk*	Risk Mitigation Strategy
In the absence of expert & independent advice investments may be made that may subject to inappropriate levels of investment risk, including the possibility of a capital loss, a diminished rate of return, unacceptable levels of market price volatility or not be ethically appropriate resulting in a loss of reputation for the Council.	<p>High level of risk without appropriate independent investment advisors place.</p> <p>Level of Risk After Application of Risk Mgt Strategy -</p> <p>Medium level of risk with an appropriate investment policy and expert advisors in place & adhered to by the Council.</p>	Ensure expert and independent advisors are retained as well as having a well defined investment policy in place and followed by Council and its officers.

* As derived from using the Risk Assessment Matrix

C08/6010 – APPOINTMENT OF INVESTMENT ADVISERS (REC) (CONF ATTACHMENT)

POLICY IMPLICATIONS

13-PL-003 – Investment of Surplus Funds Policy provides detail on the guidelines that are to be applied by Council and its officers and advisers or funds managers when placing or redeeming investments.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Council could choose not to appoint Grove, in which case Council officers would need to conduct further research on what other firms could provide the research and independent advisory services required. Discussions with other Councils who have undertaken Expressions of Interest for investment advisory services indicates that there is a limited range of firms who provide such services at reasonable cost to Councils and who can provide the required level of independence from specific investment products.

CONCLUSION

The range of firms with the research capability as well as the required level of independence from specific products is limited.

Council officers have conducted market research to locate an appropriate firm of advisers and the firm Grove Research & Advisory appeared to meet the criteria, in particular their ability to research and provide independent advice on the particular investments Council currently owns.

The proposal submitted by Grove Research & Advisory was comprehensive and the costs reasonable. It is therefore recommended that Grove Research & Advisory be appointed for a 2 year period.

OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6010)

APPROVAL

At 6.59pm Cr P M Phelan moved, seconded Cr R Subramaniam -

THAT THE ACTION TAKEN BY THE ACTING CHIEF EXECUTIVE OFFICER IN APPOINTING GROVE RESEARCH & ADVISORY TO PROVIDE INVESTMENT ADVISORY SERVICES TO THE CITY FOR A PERIOD OF 2 YEARS COMMENCING 22 JANUARY 2008 AT A COST OF \$40,000 PER ANNUM BE ENDORSED.

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

CARRIED (12/0)

12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

13. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL

14. CLOSURE

Prior to the conclusion of the meeting, the Mayor advised that it was the last time that the Acting Chief Executive Officer, Mr Marten Tieleman, would attend the meeting in that role. He thanked Mr Tieleman for his efforts and hard work over the past few months.

There being no further business, the Mayor declared the Meeting closed at 7.00pm.