



**MINUTES**

**OF THE**

**ORDINARY MEETING OF COUNCIL**

**HELD ON**

**17 JULY 2012**

**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, 17 JULY 2012.**

**1. OFFICIAL OPENING**

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

**Affirmation of Civic Duty and Responsibility**

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

**2. PRESENT**

His Worship the Mayor, Russell Aubrey

**COUNCILLORS**

Deputy Mayor Cr C Robartson  
Cr N Pazolli,  
Cr A Nicholson, Cr D Macphail  
Cr S Taylor-Rees, Cr J Barton  
Cr R Hill,  
Cr M Reynolds

**WARD**

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

**3. IN ATTENDANCE**

Dr S Silcox	Chief Executive Officer
Mr J Christie	A/Director Corporate Services
Mr B Dawkins	A/Director Community Development
Mr S Cope	Director Urban Planning
Ms C Young	A/Director Technical Services
Mr L Hitchcock	Executive Manager Legal Services
Mr J Clark	A/Manager Information, Technology & Support
Mr N Fimmano	A/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**

Nil.

**4.2 APPROVED LEAVE OF ABSENCE**

Cr R Willis	Bull Creek/Leeming Ward
Cr P Reidy	Applecross – Mount Pleasant Ward
Cr N Foxton	University Ward
Cr B Kinnell	Palmyra – Melville – Willagee 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****6.1 Mr R Petterson, Leeming**

At the Ordinary Meeting of Council held on 19 June 2012, Mr R Petterson submitted 18 questions relating to the South Metropolitan Regional Council (SMRC). At that meeting the questions were taken on notice. A response in writing was provided to Mr Petterson from Mr John Christie, Director Technical Services and the details contained in that response are recorded below:

Question 1

*Other than contributions from Member Councils, how does the SMRC intend to repay for the WATC loan?*

Response

This question does not relate to the City of Melville and should be directed to the Southern Metropolitan Regional Council (SMRC).

Question 2

*If the City of Melville Withdrew from the SMRC and repaid it share of the WATC loan immediately, how much money would the City of Melville save on interest instead of waiting until 2023?*

Response

As the City of Melville would need to borrow money in order to repay its share of the Western Australian Treasury Corporation (WATC) SMRC loan there would be no savings on interest, as the interest the City might save on the SMRC loan would be incurred on the new City of Melville loan. If the interest rates had reduced the WATC would be likely to charge an early repayment amount to reflect the loss to them of the opportunity to earn interest on the SMRC loan.

Question 3

*In the agenda item Review of Waste Disposal Options it states the only currently available alternative to processing the City's Recycling is at recycling plants operated by the commercial sector at a significantly higher cost per tonne than will be charged by the SMRC at their soon to be completed Recycling plant located at the RRRC. Is the City of Melville aware that the current contract with Cleanaway is \$90 per tonne because it was a short term contract after the North Coogee plant burnt down.*

*Is the City of Melville aware that a long term contract with Cleanaway would be around \$25 per tonne which is cheaper than the propose SMRC gate fee of \$45 per tonne.*

Response

The City of Melville is aware that the current contract with Cleanaway is a short term contract and that Cleanaway has structured its pricing accordingly.

The City is not in a position to enter into a long term contract for disposal of recyclables as it is obligated to process it's recyclables at the Regional Resource Recovery Centre once the Materials Recovery Facility is operational.

**6. QUESTION TIME (Continued)**6.1 *Mr R Petterson, Leeming (Continued)*

There is a limited number of recycling facilities in Western Australia that have the required capacity to process the tonnages of recycling material produced by the City's residents. The City of Melville therefore considers it beneficial to have access to the SMRC's facility which has been designed to cope with the tonnages produced by the participants and have additional spare capacity that will be available for sale to other entities until such time as it is required by the participants. The SMRC's facility also incorporates up-to-date recycling technology which will help ensure that the % of recyclables recovered for resale will be maximised. The SMRC's facility located at Canning Vale is also close by thus minimising unproductive travel time which reduces the overall cost of the collection and disposal process to residents.

Question 4

*Objectives 5 of the Establishment Agreement states the service is to be provided at a "reasonable cost". Does the City of Melville believe paying an extra \$3 million dollars a year is a reasonable cost? If so why?*

Response

The City believes that the additional cost associated with treating Municipal Solid Waste in an environmentally sustainable manner is reasonable and supports the State Government's Waste Strategy to reduce waste to landfill.

Question 5

*Is the City of Melville aware that the carbon tax is \$23 per tonne of carbon produced and given the alleged carbon saved by the SMRC WCF each year (70,000 tonnes) the City is paying around \$146 per tonne of carbon? How does the City of Melville consider this a sensible economic decision?*

Response

The question does not make it clear how the \$146 per tonne of carbon is calculated, therefore we are not in a position to provide an answer.

Question 6

*In the agenda item Review of Waste Disposal Options page 66, it states: "Any decision to withdraw from the SMRC could have significant financial implications for the City of Melville and the other RRRC Project Participants." Yet on page 73 the report states the City of Melville could save between \$2.9 and \$3.2 million a year if the Council withdrew from the SMRC what are the significant financial implications the author of this agenda item referring too?*

**6. QUESTION TIME (Continued)**6.1 *Mr R Petterson, Leeming (Continued)*Response

The financial implications contained within the report are comprehensive and clearly outline the liabilities for each Member should the Council resolve to withdraw from the SMRC.

Question 7

*The driver for the current review was a motion presented to council by Cr Subramaniam, In page 67 of the Agenda, Cr Subramaniam describes why he is requesting the report and raises the following information. "The proposed ( SMRC) member gate fee for 2011/2012 for the, yet to be reconstructed, Materials Recovery Facility (MRF) is \$82.00 per tonne ex GST." What has changed to allow the SMRC to charge \$45 per tonne instead of the proposed \$82 in their previous budget?*

Response

This question should be directed to the SMRC who are responsible for determining Gate Fees.

Question 8

*In the agenda item Review of Waste Disposal Options page 73, Should Council resolve to withdraw from the Project Participants' Agreement for the RRRC Project in accordance with Clauses 8.10 and 8.11 of the Establishment Agreement, then the City would be responsible for funding an amended business plan. The costs associated with the commissioning of a consultant to prepare an amended business plan are approximately \$300,000.*

No questions asked, therefore no response required.

Question 9

*The report also mention there is a strong likelihood should Melville withdrew this would trigger a "winding up of the project" should this occur would the City of Melville still be required to expend \$300,000 on a new business plan?*

Response

The City would be responsible for the preparation of an Amended Business Plan in accordance with Section 2.8 of the Participants Agreement if Council resolved to withdraw from the SMRC. Any decision by the remaining Members to "wind up" the project would be based on the findings of the amended business plan.

**6. QUESTION TIME (Continued)**6.1 *Mr R Petterson, Leeming (Continued)*Question 10

*In the agenda item Review of Waste Disposal Options Page 76, it states The SMRC is a Statutory Local Government Authority established for developing environmentally sustainable waste management solutions and climate change abatement measures for its members and their communities. Where specifically is it mentioned that the SMRC was established to develop climate change abatement measures?*

Response

Climate change abatement strategies are part of waste management and these are contained within the SMRC's Strategic Plan.

Question 11

*In the agenda item Review of Waste Disposal Options Page 76, "There could be serious reputational risk associated with a decision to withdraw, especially when one considers the financial implications contained within this report."  
The report on Review of Waste Disposal Options only raises the issue of saving \$2.9- \$3.2 million dollars, what financial implication does the author refer too?*

Response

As stated previously in my response to question 6 the financial implications in the report are comprehensive and clearly outline the liabilities for each Member.

Question 12

*Currently the City of Melville rates notice shows two charges "General Improved Rates" and "Household Waste Collection" have these two categories always been displayed on the rates notice if not what year did it change and why?*

Response

The City is unaware if the waste charge was ever combined with general rates. The 30 June 1980 Annual Accounts show that revenue was obtained from a separate refuse charge 32 years ago. Given that Waste (or Sanitation charges as they were formerly known) were levied under the Health Act 1901, it is reasonable to assume that since the date the City started raising a Sanitation Charge, it has always been a separate charge on the Rates Notice.

**6. QUESTION TIME (Continued)**6.1 *Mr R Petterson, Leeming (Continued)*Question 13

*Will any member of the community benefit if the two areas were categories under General Improved rates? If so who and why?*

Response

Those ratepayers occupying properties with less than the average property value would benefit if Waste charges were collected through General Rates. In addition those Pensioners receiving the State Government funded Pensioner Rebates would receive a Pensioner Rebate.

Question 14

*In the agenda item Review of Waste Disposal Options Page 78 states "Should Council resolve to withdraw from the Project Participants' Agreement for the RRRC Project, then this would be inconsistent with the following Council Policies: 3316\_CP\_030\_Environmental\_Policy and 3316\_CP\_036\_Waste\_Minimisation\_Policy that form part of the Attachments to this Item."*

*As the purpose of the Agenda relates to a review of waste disposal options does the City of Melville have any policy's on its economic management of ratepayers money? If so what are they?*

Response

Council Policy CP-008 Financial Sustainability, Forward Financial Planning and Funding Allocation is the policy that is relevant to the financial management of the City's financial resources.

Question 15

*In the agenda item Review of Waste Disposal Options Page 74 " At this point it is not possible to determine if the Western Australian Treasury Corporation would allow the current payment method to continue until 2023 if the Project was wound up. The Western Australian Treasury Corporation may insist that the borrowings be paid in full if the remaining Project Participants decided to wind up the Project."*

*In the past 12 months it has taken to prepare this report, has the Western Australian Treasury Corporation been approached to seek their opinion on this issue? If not why not? Is there a benefit to the City of Melville paying out the loan immediately? If so how?*

Response

The City has not approached the Western Australian Treasury Corporation to seek their opinion as the outstanding loan liability is payable to the SMRC.

**6. QUESTION TIME (Continued)**6.1 *Mr R Petterson, Leeming (Continued)*Question 16

*Does the City of Melville know that the Mindarie Regional Council member councils are paying \$135 per tonne to use its Alternative Waste Treatment plant yet the SMRC are charging \$194 per tonne?*

Response

As the Mindarie Regional Council gate fee is confidential we are not in a position to confirm the accuracy of the \$135 per tonne contained within the question.

Question 17

*Is the City of Melville aware the City of Cockburn has recently spent \$7 million dollars to build a 'new cell' at its landfill, the City of Rockingham landfill has 20 years to operate and a new landfill operated by a commercial operator is about to open to the east of Perth that has 15 years life expectancy?*

Response

Yes the City of Melville is aware.

Question 18

*What penalty does the City of Melville incur if it does not meet the State Governments strategic intention of keep waste out of landfill? Is this penalty higher than the \$3.2 million dollars the City of Melville could save its ratepayers each year if it withdrew from the SMRC?*

Response

There is no penalty imposed by the State Government.

## 6. QUESTION TIME (Continued)

### 6.2 Mr G Ryan, Bicton

#### Question 1

*Why was the Melville Water Polo Club granted the rights to use the Bicton Baths from October to April knowing that public access will be severely curtailed?*

#### Response

The Acting Director Technical Services responded by saying that this particular approval was provided by the Swan River Trust and the City was asked to make comment.

The A/Director Technical Services advised that a full response would be provided in writing to Mr Ryan and the information contained in that response is provided below -

In addition to the answers provided to you on the evening, I would also like to confirm that approval for the use of Bicton Bath is given by the Swan River Trust. The Swan River Trust has asked the City of Melville to provide comments regarding the application from the Melville Water Polo Club for use of the area. The City of Melville has provided the following comments regarding the Club's application:

- The City does **not** agree to a five year permit and would prefer an annual application for the use of the Bicton Baths for the purpose of training.
- The Club only use the South West Corner leaving the remaining area available for public use.
- Signage should also state that public can use the areas not occupied by the Melville Water Polo Club.
- The times for use of the Bicton Baths are strictly adhered to being Tuesday to Friday 17:00 - 19:00 and Saturday 10:00 - 12:00noon.
- The Swan River Trust reserves the right to close the area as it see's fit and that,
- As much advanced notice as possible will be given if the area is to be closed.

## 7. AWARDS AND PRESENTATIONS

Nil.

**8. CONFIRMATION OF MINUTES****8.1 ORDINARY MEETING OF COUNCIL – 19 JUNE 2012**  
[Min 19 June 2012](#)**COUNCIL RESOLUTION**

At 6.41pm Cr Robartson moved, seconded Cr Hill -

**That the Minutes of the Ordinary Meeting of Council held on Tuesday, 19 June 2012, be confirmed as a true and accurate record.**

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

**CARRIED (9/0)**

**8.2 SPECIAL MEETING OF COUNCIL – 26 JUNE 2012**  
[Min 26 June 2012](#)**COUNCIL RESOLUTION**

At 6.41pm Cr Hill moved, seconded Cr Macphail -

**That the Minutes of the Special Meeting of Council held on Tuesday, 26 June 2012 be confirmed as a true and accurate record.**

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

**CARRIED (9/0)**

**8.3 NOTES OF AGENDA BRIEFING FORUM – 3 JULY 2012**  
[Notes 3 July 2012](#)**COUNCIL RESOLUTION**

At 6.41pm Cr Robartson moved, seconded Cr Reynolds -

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

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

**CARRIED (9/0)**

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

Nil.

**9.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT**

Nil.

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

Nil.

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

- P12/3320 Confidential Item – Reconsideration of Three Storey with Undercroft Mixed-Use Development at Lot 278 (164) Riseley Street, Booragoon

The above matter is confidential in accordance with Section 5.23 (2) (d) of the Local Government Act 1995 as the matter is currently before the State Administrative Tribunal and is of a confidential nature.

At 6.42pm Cr Robartson moved, seconded Cr Taylor-Rees -

**That the report, P12/3320 – Confidential Item - Reconsideration of Three-Storey with undercroft Mixed-Use Development at Lot 278 (164) Riseley Street, Booragoon, be referred to a Special Meeting of the Council to be held on 24 July 2012.**

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

**CARRIED (9/0)**

**12. PETITIONS****12.1 Petition –To repair and make safe the Deepwater Point Jetty**

A petition signed by 343 residents and 44 non residents was received by the City of Melville on Monday 9 July 2012. The petition reads as follows –

*“We, the undersigned, all being Electors of the City of Melville, do humbly pray that the City of Melville move urgently to repair and make safe the Deepwater Point Jetty.*

- 1 The Jetty has been a much used and enjoyed amenity for the people for the people of the City of Melville and visitors over many years. The Jetty is used for fishing swimming and other recreation purposes.*
- 2 It is a focal point of the facilities in the Deepwater Point Reserve; the barbecues, park, café and picnic area are popular with families all year round. But the Jetty has been allowed to fall into disrepair into such an extent that it has been closed to public use because of the safety risk. Removal of the Jetty would open up the river and invite ski boats closer in to the family friendly beach.*
- 3 The City of Melville has set aside \$100,000 in the current year for repairs to the jetty. We ask that this money and whatever additional funds are required to be found and used immediately to restore the Jetty for public safe use.”*

**12. PETITIONS (Continued)**

12.1 Petition –To repair and make safe the Deepwater Point Jetty (Continued)

**COUNCIL RESOLUTION**

At 6.43pm Cr Reynolds moved, seconded Cr Pazolli -

- 1. That the petition bearing 387 signatures be acknowledged in writing to the lead petitioner and considered by the Council in conjunction with Item T12/3319 – Deepwater Point Jetty Replacement, on this Agenda.**
- 2. That the lead petitioner be advised in writing of the resolution of the Council on the related report.**

At 6.43pm the Mayor submitted the motion, which was declared

**CARRIED (9/0)**

**At 6.44pm His Worship the Mayor requested that Item 16.2 - Motion Without Notice – Proposed Notice of Rescission Motion Relating to Item T12/3318 – Grant Funding – Friends of Wireless Hill be brought forward for discussion.**

**16.2 Motion Without Notice – Proposed Notice of Rescission Motion Relating to Item T12/3318 – Grant Funding – Friends of Wireless Hill**

A Notice of Rescission Motion containing 1/3 of the number of offices of members of the Council, in accordance with Regulation 10 of the Local Government (Administration) Regulations 1996, was received from His Worship the Mayor. The Members who signed the notice were: His Worship the Mayor, Cr M Reynolds, Cr N Foxtan, Cr R Hill, Cr C Robartson and Cr D Macphail.

**COUNCIL RESOLUTION****ABSOLUTE MAJORITY APPROVAL**

At 6.44pm Cr Reynolds moved, seconded Cr Robartson -

**That His Worship the Mayor be permitted to present to the Council a Motion Without Notice relating to T12/3318 – Grant Funding – Friends of Wireless Hill**

At 6.45pm the Mayor submitted the motion which was declared

**CARRIED BY ABSOLUTE MAJORITY (9/0)**

**16.2 Motion Without Notice – Proposed Notice of Rescission Motion Relating to Item T12/3318 – Grant Funding – Friends of Wireless Hill (Continued)**

At 6.48pm Cr Reynolds moved, seconded Cr Macphail -

**That the Council revoke the decision made at the Ordinary Meeting of the Council on 15 May 2012 as detailed below:**

**“That the Council:**

- 1. Acknowledging the community’s concern of the use of chemicals, and the excellent dedicated work of the Friends of Wireless Hill over many years, resolve that \$14,000 be allocated to the Friends of Wireless Hill out of the City’s 2012/13 budget for the sole purpose of hand weeding in areas in agreement with the Friends of Wireless Hill.”**

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

**CARRIED BY ABSOLUTE MAJORITY (7/2)**

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

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)**

Ward : All  
 Category : Strategic  
 Subject Index : Friends of Wireless Hill  
 Customer Index : N/A  
 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 : \$14,000 to be provided in addition to existing Environmental Services operating and capital budgets  
 Responsible Officer : Ben Kelly  
 Environmental Coordinator

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

- This report details results of the investigation as to whether the hand weeding project and associated funding of \$14,000 could be managed by the South East Regional Centre for Urban Landcare (SERCUL) on behalf of the Friends of Wireless Hill (FoWH).
- The allocation of this level of funding for a specified purpose is unprecedented in the management of and support of local environmental volunteer groups, such as 'Friends' groups.
- The allocation of this funding would be in breach of Council Policy CP-023 Procurement of Goods and Services and an abrogation of the City's duty with regards to the maintenance of Public Open Space.
- It is recommended not to allocate the \$14,000 of funding in the manner previously resolved by Council and that the Friends of Wireless Hill be encouraged to apply for grant funding through the City's Community Partnership Fund.

**BACKGROUND**

A Notice of Motion was presented at the Ordinary Meeting of Council on 15 May 2012, and a substantive motion was subsequently passed, namely:

*"That the Council:*

- 1. Acknowledging the community's concern of the use of chemicals, and the excellent dedicated work of the Friends of Wireless Hill over many years, resolve that \$14,000 be allocated to the Friends of Wireless Hill out of the City's 2012/13 budget for the sole purpose of hand weeding in areas in agreement with the Friends of Wireless Hill.*
- 2. The City investigate if the project could be managed by the South East Regional Centre for Urban Landcare (SERCUL) on behalf of the Friends of Wireless Hill."*

In regards to the second item of the motion, an investigation has been conducted as to whether the project could be managed by SERCUL on behalf of FoWH and this report presents the findings of that investigation and recommended actions.

**DETAIL**Weed control in Wireless Hill

The debate regarding preferred weed control methodologies in Wireless Hill Reserve has been ongoing between the FoWH and the City for many years. FoWH essentially do not support the use of chemical weed control in native bushland.

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)**

The City over a number of years has invited renowned experts to comment on the processes implemented by the City in the management of its Bushland areas and it has been identified that the current practice, which includes chemical weed control, is a standard practice and acknowledged as an integral part of effective bushland maintenance. Recent discussions with Kings Park identified that chemical weed control forms part of their maintenance activities. Currently the City applies this methodology to all bushland reserves within the City.

During the development of the 2008 Wireless Hill Management Plan, an area within the reserve was agreed upon as a 'no spray' area and set aside for the FoWH to manage and conduct weed control using their preferred methods. Since that time, the FoWH have conducted annual hand removal of weeds, namely veldt grass and other less invasive species from this area. An excerpt from the 2008 Wireless Hill Management Plan showing this agreed 'no spray' area is attached. [3318 Agreed Hand Weeding Area Wireless Hill](#)

Until now, the City has not provided direct financial support for the FoWH for hand weeding projects; however the City has supported the FoWH in allocating this specific area for hand weeding.

The City is funding a targeted survey program and report (via a contracted environmental consultant) on the orchid population found within the reserve. This project was instigated as a result of concerns raised by the FoWH that chemical weed control was impacting on orchid species. This report is yet to be finalised however initial indications of the results would indicate orchid populations are not significantly impacted upon by the use of chemicals to control weed infestations.

The City is currently implementing a trial to determine the effectiveness of both hand weeding and chemical weed control. The trial and subsequent report will assist in determining the relative effectiveness of both hand weeding and chemical weed control methodologies and will be a critical step in determining future maintenance activities within Wireless Hill. The trial is expected to be concluded in September 2012 and therefore any decision to increase hand weeding within Wireless Hill should possibly be postponed until the results of the trial are concluded. The results of the trial will be reported at an Elected Member Information Session later in the year.

#### Friends of Wireless Hill

FoWH are a local community 'Friends' group comprising of approximately 15 members. The group is not incorporated nor does the group operate their own bank account. The group hold monthly meetings and conduct restoration, rehabilitation and minor maintenance work within Wireless Hill Reserve. The group complete some hand weeding and maintenance in the agreed 'no spray area' and employ contractors to complete the majority of the hand weeding (funded via external grants). It is important to note that the "no spray area" includes the best quality bushland within Wireless Hill.

Due to the FoWH not being an incorporated group nor having their own bank account, the City manages all grants and funds on behalf of FoWH (including hand weeding grants) and assists in the acquisition and management of these projects.

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)**

FoWH have current grant funding secured through the Federal Government Caring for Country program (to the value of \$17,150) to complete hand weeding by contracting SERCUL. This funding is to be utilised to carry out hand weeding in the agreed 'no-spray' area throughout the 2012/2013 Financial Year. It would appear that the current funding the FoWH have secured to carry out hand weeding works in this agreed area is sufficient for the remainder of the winter period.

South East Regional Centre for Urban Landcare

SERCUL became incorporated in 2003 and is an independent association comprising of a committee made up of community members, local governments and state agencies, staff and the Landcare Centre (known as Yule Brook Homestead).

SERCUL is funded through a variety of local, state and federal grants and various sources of government and private support. The City supports SERCUL through funding of the water quality monitoring program of natural waterways and lakes in the City, in addition to in-kind support and liaison regarding specific projects, such as the Water Quality Improvement Plan (WQIP) currently under development for the Bull Creek Catchment. In 2012 the City also provided an additional \$10,000 funding to support further detailed water quality monitoring in the Bull Creek Catchment as part of contributing to the (WQIP).

SERCUL are currently engaged by FoWH to conduct hand weeding and revegetation works within Wireless Hill, funded through a grant obtained by FoWH through the Swan ALCOA Landcare Program.

Funding support to Friends Groups

The allocation of the proposed level of funding for a specified purpose would be unprecedented in the City. A proposed methodology of distributing and acquitting these funds is provided below, including comment on the feasibility of SERCUL managing the project on behalf of FoWH.

The allocation of these funds could be viewed as preferential to FoWH by the other 13 Friends groups that are supported by the City. The City provides in-kind support to all Friends groups through such things as provision of tools and equipment, rubbish collection from work days, training and technical advice, advertising support and provision of watering equipment. The City allocates a total of \$5,000 per annum to support small scale procurement, advertising and consumables for all 14 groups, and funds the procurement and delivery of annual native seedling stock for the groups to conduct revegetation works in their respective areas.

Assessment of viability of SERCUL managing the project

If the funds were granted to the Friends of Wireless Hill and managed by SERCUL as a sponsor agent, the City would require that those funds be expended in accordance with Council Policy CP-023 Procurement of Goods and Services. This would then create a conflict of interest since SERCUL would be managing the funds and also be submitting a quote to complete the works themselves.

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)**

It is for this reason the funds should not be granted nor managed by SERCUL in any way as this would be in breach of Council Policy CP-023 Procurement of Goods and Services.

Community Partnership Fund

The City's Community Partnership Fund has also provided financial support over the last several years and remains an avenue whereby Friends Groups may obtain financial support. Examples of previously funded projects include contribution towards foreshore restoration and guided wildflower walks. Grants are available all year round with the major grant period advertised in the local media and through our website. This process ensures equity and has a well established grant appraisal process.

It is therefore recommended that the Friends of Wireless Hill should be encouraged to submit an application for a grant from the 2012/2013 Community Partnership Fund to allow additional hand weeding to be undertaken within the current "no spray area".

**PUBLIC CONSULTATION/COMMUNICATION**

No specific public consultation has been conducted regarding this report.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

No consultation has been conducted with other agencies regarding this report.

**STATUTORY AND LEGAL IMPLICATIONS**

The FoWH currently operate as a registered volunteer group with the City and as such are covered under the City's existing insurance policies. If funds are granted directly to the group to conduct work on the City's land, the City still retains responsibility for that work conducted and therefore the funds must be expended and the works carried out in accordance with Council Policy CP-023 Procurement of Goods and Services.

A funding allocation of \$14,000 to a Friends group to conduct what is a function of a local government would be an abrogation of the City's own duty

**FINANCIAL IMPLICATIONS**

Should Council resolve to allocate \$14,000 of funding as previously resolved then the extent of the financial implications (\$14,000) would be included within the 2012/2013 Budget Review. However as stated above the allocation is not supported as it would be in breach of Council Policy CP-023 Procurement of Goods and Services

However, if the FoWH apply for a grant from the Community Partnership Fund and are successful, then funding is already included in the 2012/2013 budget.

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)**

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

<b>Risk Statement</b>	<b>Level of Risk</b>	<b>Risk Mitigation Strategy</b>
Further degradation of excellent quality vegetation from hand weeding operations.	Major consequences (environmental) which are possible, resulting in a <b>HIGH</b> level of risk.	Ensure contracted staff are experienced in hand weeding in native vegetation areas and stipulate strong controls in request for quote.
Breach of Council Policy	Major consequences which are almost certain, resulting in an <b>EXTREME</b> level of risk.	Ensure funds are expended in a transparent way and in accordance with purchasing and procurement policy and guidelines.

**POLICY IMPLICATIONS**

Should Council resolve to allocate the \$14,000 funding as previously resolved, this would be in breach of Council Policy CP-023 Procurement of Goods and Services.

**ALTERNATE OPTIONS & THEIR IMPLICATIONS**

Council could resolve to increase the maintenance budget for Wireless Hill and City could undertake additional maintenance to reduce the prevalence of weed growth.

Council could resolve to defer this matter pending the results of the weed management trial which is due to be completed in September 2012. This option has merit as the results of the trial may influence the future maintenance activities within the reserve.

**CONCLUSION**

Wireless Hill Reserve remains one of the City's most valuable natural assets and the ongoing protection and management is at the forefront of the City's priorities. Any decisions regarding funding for hand weeding conducted by the FoWH or contracted services must be made with the most advantageous outcome in mind. This includes ensuring that funds are expended in the most cost effective and efficient way and ensuring works are completed in accordance with the latest recognised professional and scientific methods and the Council's Purchasing Policy.

It is therefore recommended that the Friend of Wireless Hill be encouraged to submit an application for funding from the City's 2012/2013 Community Partnership Fund.

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)****OFFICER RECOMMENDATION (3318)****ABSOLUTE MAJORITY**

At 6.48pm Cr Reynolds moved, seconded Cr Macphail -

At 6.48pm Cr Reynolds, with agreement of the seconder Cr Macphail, agreed to incorporate the amendment in this motion.

**That by Absolute Majority decision the Council:**

1. Revoke point 1 of the motion from the Ordinary Meeting of Council of 15 May 2012 that being:

*'That the Council: Acknowledging the community's concern of the use of chemicals, and the excellent dedicated work of the Friends of Wireless Hill over many years, resolve that \$14,000 be allocated to the Friends of Wireless Hill out of the City's 2012/13 budget for the sole purpose of hand weeding in areas in agreement with the Friends of Wireless Hill.'*

2. Request the Chief Executive Officer to write to the Friends of Wireless Hill informing them of Council's resolution and that they are informed of the Community Partnership Fund process.

Amendment

***That the words "by Absolute Majority decision" be deleted and point 1 be deleted.  
That the number "2" be deleted from the second point.***

Reasons for Amendment

As a result of Council's rescission motion and the legal advice received from McLeods Barristers and Solicitors point 1 of the officer recommendation is no longer required.

As Council has rescinded the previous Notice of Motion and Council resolution, the Friends of Wireless Hill should be informed of the rescission and the Community Partnership Fund process.

**COUNCIL RESOLUTION (3318)****APPROVAL**

At 6.49pm the Mayor submitted the substantive motion as amended –

**That the Council request the Chief Executive Officer to write to the Friends of Wireless Hill informing them of Council's resolution and that they are informed of the Community Partnership Fund process.**

At 7.07pm the Mayor submitted the motion, which was declared

**CARRIED (7/2)**

**T12/3318 - GRANT FUNDING - FRIENDS OF WIRELESS HILL (AMREC) (ATTACHMENT)**

Cr Reynolds requested that the votes be recorded -

**For:** Mayor R Aubrey, Cr Barton, Cr Hill, Cr Macphail, Cr Reynolds,  
Cr Robartson, Cr Taylor-Rees.

**Against:** Cr Nicholson, Cr Pazolli.

At 7.07pm Cr Nicholson moved, seconded Cr Taylor-Rees -

**That the email as sent in by the Secretary of the Friends of Wireless Hill be tabled and included in the Minutes of the Ordinary Meeting of the Council held on 17 July 2012 in its entirety.**

At 7.12pm Cr Reynolds left the meeting and returned at 7.15pm.

At 7.21pm the Mayor submitted the motion, which was declared

**LOST (4/5)**

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)**

Ward : Applecross/Mt Pleasant  
 Category : Operational  
 Subject Index : Deepwater Point  
 Customer Index : N/A  
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.  
 Previous Items : N/A  
 Works Programme : 2012/2013  
 Funding : \$187,785  
 Responsible Officer : Paul Kellick  
 Manager Asset Management

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

- A recent inspection of the Deepwater Point Jetty has identified that the Jetty is in a poor condition and is beyond economic repair.
- Concept designs and indicative costs for three options have been developed.
- This report recommends replacing the Jetty with a similar structure and seeks Council endorsement in order to proceed to detailed design and costing.

**BACKGROUND**

The Deepwater Point Jetty was constructed circa 1960 and has now reached the end of its useful life. The Jetty was closed in early 2011 and a structural capacity report was prepared by Consultants GHD in 2011 which reported that the Jetty was in a poor structural condition and beyond repair.

**DETAIL**

Since the Deepwater Point Jetty was constructed, it has provided the community with a location for swimming, fishing and minor recreational boating use. By 2011, however, the condition of the Jetty was deteriorating and \$100,000 was included in the 2011/2012 budget for its repair. In June 2011 a structural capacity report was undertaken by GHD which identified that the majority of the timber structural components were in a poor condition and that most of the piles were rotted. Overall, the Jetty is in a poor structural condition and deemed unsafe to support loading to current Australian Standards. Due to timber rotting being irreversible, remedial recommendations can not be made to bring the Jetty back to an acceptable condition.

Unfortunately, the Jetty was closed in 2011 due to safety concerns with its poor condition. Access was then restricted to the public via temporary hoarding and the removal of additional decking. As the work required now exceeds \$100,000 it became a major project and proceeded in alignment with the City's project management framework.

Three options were considered feasible for the location; demolition of the Jetty with no replacement, replacement of the Jetty with a similar structure and replacement of the structure with a floating Jetty. Porter Consulting Engineers were engaged to develop concept designs and indicative costs for each of the options. The complete report is shown as an attachment [3319 Deepwater Point Jetty](#)

**Option 1: Demolish the existing Jetty**

This option was costed at \$23,480 (ex GST) and is also included as the first stage of the other two options.

To 'do nothing' is an option in many projects and a physical option in this case. This would involve simply demolishing what remains of the current Jetty structure and 'making good' the beach and river bed.

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)**

The Jetty has been in place for many years and the community have an expectation that it will be replaced. The issue has already been highlighted in the local media and there was discussion in the community regarding lobbying the Council with a petition to replace the Jetty. This provides an indication of the importance of the structure to the community.

As the Jetty provides a barrier from boat traffic for young swimmers using this site, its removal may increase the risk of boats or skiers impacting with the swimmers and or reducing the usability and usage of the site for swimming.

The Jetty also provides infrastructure for people fishing and recreational boaters. If the Jetty was not replaced, there would be nowhere for boaters to drop off passengers and equipment before or after using the nearby boat ramp.

This option is the most economically sustainable. The capital cost is minor in comparison to the other two options and it also removes the need for future recurrent spending.

Option 2: Replace the existing structure with a similar Jetty (fixed)

This option has been costed at \$221,275 (ex GST) and is the preferred option.

Essentially, this is replacing the existing Jetty with a similar structure with the exception of an addition of a handrail and access from the shoreline rather than the beach, both of which will improve access. The Jetty will also be raised in height to avoid being submerged in high tides. It should be noted that this Jetty is only 900mm wide and exists on a single line of piles. If a wider Jetty is required, this will require an additional line of piles and essentially double the price. Accessibility issues will be dealt with during the detailed design phase.

Assuming a 20 year useful life, as outlined in Porter's report, leads to an annual service cost of \$19,000 in 2012 dollars (or \$50 per day) this includes:

- Construction \$221,275
- Internal project management (6%) \$13,277
- Total annual maintenance costs of \$120,000 (\$6,000 p.a.)
- Demolition at end of life \$23,480

Whole of 20 year life cost comes to approximately \$380,000 (or \$19,000 p.a.)

A 20 year useful life may seem short but in reality, components will be renewed during this period and the life of the Jetty will extend well beyond 20 years. This is similar to buildings where a nominal 40 year life, based on the weighted average life of its components, is extended on an ongoing basis through internal refurbishments and service and roof replacements.

This option may also include ladders for swimmers and possibly lighting.

Option 3: Replace the existing structure with a floating Jetty

This option was priced at \$209,427 (ex GST) and was originally included as it was anticipated that it would be considerably cheaper than the fixed option. This has not been eventuated due to the need for piles to stabilise the Jetty even though it is floating.

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)**

Floating jetties are typically not used in open water as they are subject to a long wind fetch and frequent boat activity and can undulate under the effect of wind action. This could be counteracted by the use of additional piles but this would also increase the cost.

Assuming a 50 year useful life, as outlined in Porter's report, this amounts to an annual service cost of \$10,900 (or \$30 per day) this includes:

- Construction \$209,427
- Internal project management (6%) \$12,565
- Total annual maintenance costs of \$300,000 (\$6,000 p.a.)
- Demolition at end of life \$23,480

Whole of life 50 year cost comes to approximately \$545,000 (or \$10,900 p.a.).

Although the annualised cost is lower than the fixed option, it is believed that a floating Jetty is not suitable for this location. The design costed is likely to be unstable due to wave action and may require extra piling which will increase the cost. Floating jetties have tended to be used in marina applications and not 'open' water such as the Swan River. Wave action will also be increased by its proximity to the adjacent water ski area.

As this Jetty is used by young swimmers, the risk of an unstable Jetty is not considered acceptable.

The fixed option is being recommended due to its primary use as a fishing and swimming Jetty and related operational safety. The site of the Jetty is adjacent to a water ski area which will further increase wave action and movement of the floating portion of the Jetty. It is also proposed to add the additional ladders suggested for the fixed option.

**PUBLIC CONSULTATION/COMMUNICATION**

There has been no public consultation or communication to date. However, staff who are residents and who use the site have been engaged on the uses for the Jetty and its significance in the community.

Should the Council approve the fixed option then the public will be informed of the decision.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

There has been no consultation with other agencies at this stage. Should Council approve the fixed option, the Swan River Trust will be engaged as they are also an approval authority for this location. A Section 18 application will also need to be made with the Department of Indigenous Affairs.

**STATUTORY AND LEGAL IMPLICATIONS**

Approval from the Swan River Trust and Department of Indigenous Affairs is required prior to construction and could take in the region of 6 months or longer.

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)**

**FINANCIAL IMPLICATIONS**

An amount of \$100,000 was provided in the 2011/2012 Budget for the repair of the Jetty. \$87,785 of this amount remains after expending \$12,215 on the concept designs and costs and is being carried forward to the 2012/2013 Budget.

An additional amount of \$100,000 was included in the 2012/2013 capital works program prior to the designs being completed. This totals \$187,785.

The preferred concept design and associated internal allocations is estimated at \$234,552 leaving a deficit of \$46,767 to fund.

At this stage the proposal is to proceed with detailed design and costing only and there are currently sufficient funds for this to occur. Should additional funds be required at a later date, this will be dealt with at mid year review, via a budget amendment or another report to Council should the opinion of probable cost significantly differ from that shown above.

Additional to any future capital costs, \$6,000 will be included on an annual basis for maintenance once construction is complete.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

<b>Risk Statement</b>	<b>Level of Risk</b>	<b>Risk Mitigation Strategy</b>
As a result of not proceeding with the renewal of the Jetty, there may be significant public disquiet resulting in reputation loss.	Moderate media coverage which is likely resulting in a <b>MEDIUM</b> risk.	Recommendation is that the Jetty is replaced.
Risk of unbudgeted ongoing maintenance expenses due to the renewal of the Jetty.	Moderate financial consequence (over 20 years) which is unlikely resulting in an <b>MEDIUM</b> risk.	Whole of life costs are included in this business case.
Risk of environmental damage during the demolition and renewal of the Jetty.	Moderate damage possible resulting in a <b>MEDIUM</b> risk	The works will be subject to approval of the Swan River Trust and Department of Indigenous Affairs and all environmental issues closely monitored by them as well as the City.
Risk of public injury by the Jetty if not demolished and or repaired.	Medical treatment possible resulting in a <b>MEDIUM</b> risk	Access to the Jetty has been restricted and the will be demolished under all three options.

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)****POLICY IMPLICATIONS**

CP-031 Asset Management Policy applies.

This policy commits to:

*Ensure assets are reviewed on a regular basis to ensure ongoing relevance and community need. Where no need is identified, assets will be rationalised.*

*and*

*Prior to consideration of any major works for renewal or improvement to an asset, undertake a critical review of the need for that asset.*

This report includes the review of the need for the Jetty asset.

**ALTERNATE OPTIONS & THEIR IMPLICATIONS**

Council could resolve to not replace the Jetty and simply remove the existing structure. However this may cause some discontent amongst the community and users of Deepwater Point.

Council may decide to approve the floating Jetty option at a capital cost of \$209,427 (ex GST.) This option would require further design with the possible inclusion of additional piles which may increase the price considerably. This option is not supported as there may also be an ongoing issue with wave action causing the Jetty to be unstable.

**CONCLUSION**

The Deepwater Point Jetty is an important community facility in the City of Melville and is primarily used as a swimming spot as it provides a safe segregated area protected from boating, especially the adjacent water ski area. It enhances the Deepwater Point Reserve, is a favoured location for photographers and adds to the enjoyment of the City's river foreshore.

Feedback from staff who reside in the City and or use the facility suggest it is used primarily by young swimmers with minor fishing and boating use. Although not a boating facility, it will still permit boating users to allow passengers to board or alight from vessels as it has in the recent past.

**T12/3319 - DEEPWATER POINT JETTY REPLACEMENT (AMREC) (ATTACHMENT)****OFFICER RECOMMENDATION & COUNCIL RESOLUTION (3319)****ABSOLUTE MAJORITY**

At 7.22pm Cr Pazolli moved, seconded Cr Reynolds -

**That by Absolute Majority decision the Council endorse 'Option 2' – and commit to the replacement of the existing structure with a similar jetty (fixed)' and for the project to proceed to the detailed design and costing stage.**

At 7.22pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (9/0)**

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)**

Ward	: All
Category	: Operational
Subject Index	: Blue Gum Park Tennis Club
Customer Index	: Blue Gum Park Tennis Club
Disclosure of any Interest	: No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	: A01/7018 – Renegotiation of Self Supporting Loan for the Blue Gum Park Tennis Club. D11/8041 - Community Sport And Recreation Facilities Funding (Standard And Forward Planning Grants Round).
Works Programme	: Not Applicable
Funding	: \$130,000
Responsible Officer	: Michael Doyle. Community Recreation Coordinator.

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)****KEY ISSUES / SUMMARY**

The purpose of this report is to present a request from the Blue Gum Park Tennis Club (Inc) (the Club) to raise a \$130,000 self supporting loan repayable over a ten year period to conduct facility upgrades at the Club. The self supporting loan will:

- permit the Club to replace four grassed tennis courts with four synthetic tennis courts;
- allow the Club to floodlight the new synthetic tennis courts; and
- allow the Club to make some modifications to the entrance to the club facilities.

It is recommended that Council support the request from the Blue Gum Park Tennis Club noting that:

- Council will not support any further Self-Supporting Loans until such time that 60% of the loan is repaid
- The Club confirms in writing it will contribute \$13,000 per annum representing synthetic playing surface replacement funds into an appropriate fund as outlined in the Recommendations of this report
- The Club put in place practices to regularly report on their progress of repayment both to the Council Officers and to the Club Executive.
- The Club meeting the requirements and associated costs of the Council's Self Supporting Loan Policy CP-010.
- The Club entering into a loan agreement with the City of Melville at their own costs.

**BACKGROUND**

At the November 2011 round of Council meetings, the City of Melville considered Agenda Item D11/8041 - Community Sport and Recreation Facilities Funding (Standard and Forward Planning Grants Round).

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.

It was resolved at the November 2011 Ordinary Meeting of Council that the City of Melville supports a facility upgrade at the Blue Gum Park Tennis Club (Inc) as priority one with a high ranking. Subsequently, the application for funding was forwarded to the Department of Sport and Recreation for funding consideration and the Minister for Sport and Recreation announced that the Club had been successful in gaining a grant of \$160,000.

Agenda Item D11/8041 informed the Council that the Club would be making a future request to raise a self supporting loan of \$130,000 from the City in order to fund part of the Club's contribution to the facility upgrade. The request for the loan was subject to the Club receiving grant funding from the Department of Sport and Recreation Community Sporting and Recreation Facilities Fund. As the Club has been successful in gaining funding, this agenda item is seeking approval for the loan to be raised.

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)****DETAIL**

Currently, the Club has 22 courts consisting of eight fully lit synthetic courts and 14 grass courts. The Club has funding to replace four of its 14 grass courts into synthetic playing surfaces. The application also consists of floodlighting the four resurfaced courts, associated fencing, drainage and site works.

Since the Club's inception in 1974, the Club has promoted a comprehensive junior tennis program and has been committed to the development of grassroots tennis, and the fast tracking of talented junior and adult tennis players. The Club is recognised as a successful tennis club with a strong, growing membership base. The sport's national governing body, Tennis Australia, has recently elevated the Club to the status of a 'Sub Regional' Tennis Centre.

The Club offers a wide variety of tennis activities tailored to suit players of all levels. It has a strong following for the organised weekend social tennis, elite adult teams (women and men) competing at the highest level of the West Australian State Tennis League, and a large representation of inter-club pennant teams. Professional coaching is also provided.

The Club is managed by a board where individual directors take responsibility for specific portfolios under the umbrella of a five year business plan. This is the fourth year of the current five year plan. The Club has a high awareness of environmental issues, particularly in regard to water usage. The need for this project has emerged from the Club's difficulty with providing sufficient suitable facilities at all times and the lack of other options for expansion.

The Club has provided written confirmation regarding conditions likely to be placed on the Club should a self supporting loan be adopted by Council. This confirmation is in line with the recommendations of this report and can be found in the confidential attachment distributed to Elected Members on 29 June 2012.

The Club has advised that membership currently stands at 752 which includes playing and young coaching numbers and has estimated that 90% of its members are City of Melville residents.

A review of the sport of Tennis in October 2009 indicated that:

- The City of Melville participation in the sport of tennis is estimated to be on par with National and State participation rates.
- A comparison of Local Government Authorities, similar to the City of Melville, demonstrates that the provision of tennis courts across the City exceeds most other Local Government Authorities.
- An analysis of current use of courts at all tennis clubs in the City of Melville indicates an underutilisation with the exception of Blue Gum Park Tennis Club (Inc).
- Blue Gum Park Tennis Club (Inc) is the largest club within the City.

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)****PUBLIC CONSULTATION/COMMUNICATION**

Planning and Building approvals have been lodged and are currently being assessed.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

The Club has been in regular communications with the Department of Sport and Recreation and the City of Melville regarding this project and currently have planning and building applications lodged for assessment.

**STATUTORY AND LEGAL IMPLICATIONS**

The Self Supporting Loan is listed as part of the 2012/2013 budget eliminating the need to advertise locally for a period of 30 days.

**FINANCIAL IMPLICATIONS**

The total cost of the developments at the Club is \$485,500 broken down as follows:

Club cash	\$180,000
Proposed Self Supporting Loan	\$130,000
Tennis Australia Grant	\$ 8,000
City of Melville Grant	\$ 7,000
CSRFF Funding	<u>\$160,000</u>
Total	<u>\$485,000</u>

The Tennis Australia Grant is yet to be applied for. Regardless of the outcome of the application to Tennis Australia, the Club has confirmed that it will fund the \$8,000 from Club reserves should the application to Tennis Australia be unsuccessful. However, the Club is confident that they will receive a grant from Tennis Australia.

The Club has applied for a self supporting loan of \$130,000 with an annual repayment of \$16,760. The Club has provided a ten year financial forecast (Attachment One Page Two included within the Confidential Attachment) by a Certified Practising Accountant. The City's Financial Services have reviewed the ten year budget forecast supplied by the Club and are of the opinion that the projections are reasonable.

It should also be noted that in 2001 the Club entered into an \$183,985 loan agreement (Loan 392) with the City of Melville and has fully repaid this loan as per schedule and without default. The annual repayment of this loan totalled \$25,251.

The current cost of replacing the synthetic playing surface on the four courts is approximately \$100,000. To allow for product and labour cost increases, the Club has escalated the amount to \$130,000 by committing to contribute \$13,000 per annum to a sinking fund to fund the synthetic playing surface replacement. In addition, the sinking fund deposit will be interest bearing allowing for adequate funds to finance the resurfacing.

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)**

The Club is classified as a Specialised Sporting venue and this means they would also be eligible to receive funding of \$7,000 from the City of Melville.

The Club has received a grant of \$160,000 Department of Sport and Recreation Community Sporting and Recreation Facilities Fund.

All of the financials discussed in this report are exclusive of GST.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

The review of the Club's approach regarding their future sustainability is one of being responsive to changing trends, providing facilities all year round and providing greater flexibility for the sport of tennis. The Blue Gum Park Tennis Club (Inc) is managed by an executive committee that has been proactive in maintaining the Club as a successful tennis club within the Western Australia tennis community. This is demonstrated by the sports national governing body Tennis Australia recently elevating the Club to the status of a 'Sub Regional' Tennis Centre'.

<b>Risk Statement</b>	<b>Level of Risk</b>	<b>Risk Mitigation Strategy</b>
A significant financial exposure should the Blue Gum Park Tennis Club (Inc) not be in a position to honour its financial commitment to the City of Melville.	Consequences Rating: Major  Likelihood Rating: Unlikely  Risk Rating: <b>MEDIUM</b>	Establish an agenda item for the Club's executive meetings reporting back to the City of Melville on an annual basis.  That the meeting be included in the City's Compliance Calendar for annual attention.
The Blue Gum Park Tennis Club (Inc) not being in a position to offer its members adequate playing surfaces.	Consequences Rating: Major  Likelihood Rating: Possible  Risk Rating: <b>HIGH</b>	Approve request for Self Supporting Loan.
Blue Gum Park Tennis Club is unable to provide playing surfaces that meet with community expectations or requirements.	Consequence Rating: Minor  Likelihood Rating: Likely  Risk Rating: <b>MEDIUM</b>	The Club has received external funding to upgrade their facilities. The approval of the loan request will provide for the facility improvements.

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)****POLICY IMPLICATIONS**

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

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

The alternative is to not approve this application and the upgrade to the Club's facilities. This option would not provide any improvements in term of reduced water use and will not cater for the current demand at the facility. If the Club was required to pay the additional \$130,000 from Club's funds it would impact on their ability to properly plan for maintenance and replacement of its existing facilities, which could affect the long term sustainability of the Club.

**CONCLUSION**

Officers believe that the facility upgrades demonstrate strategic planning and provides a sustainable future to the Club. The Club's success in attaining the grant of \$160,000 through the Department of Sport and Recreation Community Sporting and Recreation Facilities Fund further supports this position.

The Club recognises the value of synthetic tennis courts in providing increased capacity for participation while also reducing water usage.

The capacity of the Club to repay the loan and fund playing surface replacement has been assessed via the ten year financial forecast. Additionally, the Club's annual repayments for the new loan are less than that of its previous loan recently repaid in full.

**CD12/8047 - BLUE GUM PARK TENNIS CLUB SELF SUPPORTING LOAN REQUEST  
(AMREC) (CONFIDENTIAL ATTACHMENT)****OFFICER RECOMMENDATIONS & COUNCIL RESOLUTION (8047)****ABSOLUTE MAJORITY**

At 7.22pm Cr Macphail moved, seconded Cr Nicholson -

**That by Absolute Majority decision the Council grant approval to the Blue Gum Park Tennis Club (Inc) for a Self Supporting Loan of \$130,000 repayable over ten years subject to:**

- a. **The Blue Gum Park Tennis Club (Inc) noting that the City of Melville will not support any further Self Supporting Loans for any purpose until such time that 60% of the loan is repaid.**
- b. **The Blue Gum Park Tennis Club (Inc) confirms in writing that it will contribute \$13,000 per annum representing synthetic playing surface replacement funds, into a separate interest bearing deposit with an Authorised Deposit Taking Institution having a credit rating equivalent to Standard and Poor's BBB+ with such deposit being in the joint names of the Club and the City of Melville of which the City's Director Corporate Services shall be a co-signatory and agrees that release of these funds shall only be permitted for the replacement of the synthetic playing surfaces.**
- c. **The Blue Gum Park Tennis Club (Inc) agreement to an annual meeting with the Director Corporate Services of the City of Melville to discuss the Club's audited annual reports and overall financial position.**
- d. **The Blue Gum Park Tennis Club (Inc), as part of the agenda at each of the Club's Executive Committee meetings, list and discuss the Club's progress in regards to meeting their loan commitments as well as progress in relation to the synthetic playing surface replacement fund and take any action necessary to ensure compliance with Council's requirements.**
- e. **The Blue Gum Park Tennis Club (Inc) to minute the discussions of the Executive Committee meetings and forward a copy to the Director Corporate Services of the City of Melville.**
- f. **The Blue Gum Park Tennis Club (Inc) meeting the requirements and associated costs of the Council's Self Supporting Loan Policy CP-010.**
- g. **The Blue Gum Park Tennis Club (Inc) entering into a loan agreement with the City of Melville at its own costs.**

At 7.22pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (9/0)**

**C12/5000 – COMMON SEAL REGISTER (REC)**

Ward	:	All
Category	:	Operational
Subject Index	:	Legal Matters and Documentation
Customer Index	:	City of Melville
Disclosure of any Interest	:	No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	:	Standard Item
Works Programme	:	Not applicable
Funding	:	Not applicable
Responsible Officer	:	Bruce Taylor - Manager Information, Technology & Support

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**KEY ISSUES / SUMMARY**

This report details the documents to which the City of Melville Common Seal has been applied for the period from 25 May 2012 up to and including 21 June 2012 and recommends that the information be noted.

**C12/5000 – COMMON SEAL REGISTER (REC)**

**BACKGROUND**

Section 2.5 of the Local Government Act 1995 states that a Local Government is a Body Corporate with perpetual succession and a common seal. A document is validly executed by a Body Corporate when the common seal of the Local Government is affixed to it 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>
600	City of Melville and Moonwalker Holdings	Management licence for Moonwalker Holdings Pty Ltd t/a Leeming Childcare and Early Education Centre	2596807
648	City of Melville and Community Arts Association	Deed of lease between the City of Melville and Community Arts Association	2661854
657	Notification under Section 70A	Satisfy Condition No.28 Of building licence(15 Tweeddale Road Applecross	2704217
660	Amendment No 65	To allow referral to Minister for Planning for adoption	2716589
669	City of Melville and Stock Road Senior Citizens Club	Management licence between the City of Melville and Stock Road Senior Citizens Inc. building at 38-40 Waddell Road Palmyra	2678237
671	City of Melville and Melville Theatre Company	Management licence between the City of Melville and Melville Theatre Company	2763091
673	City of Melville and Southern Districts Senior Citizens Club Inc	Management licence between the City of Melville and Southern Districts Senior Citizens Club Inc.	2678260
679	City of Melville and Lot 2 (9) The strand Applecross	To satisfy condition 2 of planning approval granted for two storey dwelling with undercroft, which included a proposal for a retaining wall on the City's verge	2670521

**C12/5000 – COMMON SEAL REGISTER (REC)**

683	Deed of Covenant	To transfer lake maintenance deed agreement / licence	2747578
691	Amendment No 66	To allow referral to Minister for Planning for adoption	2750091
692	Amendment No 64	To allow referral to Minister for Planning for adoption	2750051
693	City of Melville and the Chief Executive Officer	Chief Executive Officer Contract Variation	Personal File
694	Funding Deed Digital Hubs Program	Funding agreement with the Commonwealth of Australia for the provision of a digital hub in Melville	2760666

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

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

- (a) *the mayor or president; and*
- (b) *the chief executive officer or a senior employee authorised by the chief executive officer, each of whom is to sign the document to attest that the common seal was so affixed.*

**FINANCIAL IMPLICATIONS**

Not applicable.

**C12/5000 – COMMON SEAL REGISTER (REC)****STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

Not applicable.

**POLICY IMPLICATIONS**

Not applicable.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

**CONCLUSION**

This is a standard report for Elected Members information.

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

**That the action of His Worship the Mayor and the Chief Executive Officer in executing the documents listed under the Common Seal of the City of Melville from 25 May 2012 up to and including 21 June 2012, be noted.**

At 7.23pm the Mayor submitted the motion, which was declared

**CARRIED EN BLOC (9/0)**

**C12/6000 - INVESTMENT STATEMENTS (REC)**

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

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**KEY ISSUES / SUMMARY**

- This report presents the investment statements for the month of May 2012 and recommends that the information detailed in the report be noted.
- The Reserve Bank of Australia (RBA) continues to cut the cash rate which will have an impact on the City's investment earnings in the future.
- There was one credit event in May 2012 (ResCap - Residential Capital) that affected six of the City's Collateralised Debt Obligation (CDO) investments.
- The City received the last full redemption of an Authorised Deposit Taking Institution (ADI) from Macquarie Bank with a face value of \$1,500,000 in May 2012.
- Monthly valuations for CDOs shown for May are based on valuations obtained from CPG Research and Advisory as at 31 May 2012. When compared to the valuations used as at 30 June 2011:
  - CDOs have increased in value by \$3,289,665.

**C12/6000 - INVESTMENT STATEMENTS (REC)**

**BACKGROUND**

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

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

**DETAIL**

Summary details of investments held as at 31 May 2012 are shown in the tables below.

**CITY OF MELVILLE  
STATEMENT OF INVESTMENTS  
FOR THE PERIOD ENDING 31 MAY 2012**

SUMMARY BY FUND	PURCHASE PRICE \$	MANAGEMENT VALUE AT 30/06/2011 \$	ESTIMATED CURRENT MARKET VALUE \$	BOOK PROFIT/(LOSS) \$	BOOK PROFIT/(LOSS) %
MUNICIPAL	\$ 38,916,292	\$ 38,916,292	\$ 38,916,292	\$ -	0.00%
RESERVE	\$ 49,550,621	\$ 35,303,172	\$ 38,592,836	\$ 3,289,665	6.64%
TRUST	\$ 505,818	\$ 505,818	\$ 505,818	\$ -	0.00%
CRF	\$ 187,855	\$ 187,855	\$ 187,855	\$ -	0.00%
	<b>\$ 89,160,586</b>	<b>\$ 74,913,137</b>	<b>\$ 78,202,801</b>	<b>\$ 3,289,665</b>	<b>3.69%</b>

SUMMARY BY INVESTMENT TYPE	PURCHASE PRICE \$	MANAGEMENT VALUE AT 30/06/2011 \$	ESTIMATED CURRENT MARKET VALUE \$	BOOK PROFIT/(LOSS) \$	BOOK PROFIT/(LOSS) %
ADI	\$ -	\$ -	\$ -	\$ -	0.00%
CDO	\$ 14,920,000	\$ 672,550	\$ 3,962,215	\$ 3,289,665	22.05%
BOND	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -	0.00%
FRN	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ -	0.00%
FRTD	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ -	0.00%
TERM DEPOSIT	\$ 58,974,410	\$ 58,974,410	\$ 58,974,410	\$ -	0.00%
11AM	\$ 2,035,531	\$ 2,035,531	\$ 2,035,531	\$ -	0.00%
UNITS (Local Govt Hse)	\$ 230,645	\$ 230,645	\$ 230,645	\$ -	0.00%
	<b>\$ 89,160,586</b>	<b>\$ 74,913,137</b>	<b>\$ 78,202,801</b>	<b>\$ 3,289,665</b>	<b>3.69%</b>

SUMMARY BY CREDIT RATING	PURCHASE PRICE \$	MANAGEMENT VALUE AT 30/06/2011 \$	ESTIMATED CURRENT MARKET VALUE \$	BOOK PROFIT/(LOSS) \$	BOOK PROFIT/(LOSS) %
AA	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ -	0.00%
AA-	\$ 54,009,941	\$ 54,009,941	\$ 54,009,941	\$ -	0.00%
A+	\$ 7,800,000	\$ 7,800,000	\$ 7,800,000	\$ -	0.00%
A	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -	0.00%
A-	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ -	0.00%
BBB+	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	0.00%
CCC	\$ -	\$ -	\$ -	\$ -	0.00%
CCC-	\$ -	\$ -	\$ -	\$ -	0.00%
NR	\$ 14,920,000	\$ 672,550	\$ 3,962,215	\$ 3,289,665	22.05%
UNITS (Local Govt Hse)	\$ 230,645	\$ 230,645	\$ 230,645	\$ -	0.00%
	<b>\$ 89,160,586</b>	<b>\$ 74,913,137</b>	<b>\$ 78,202,801</b>	<b>\$ 3,289,665</b>	<b>3.69%</b>

**C12/6000 - INVESTMENT STATEMENTS (REC)**

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

**STATEMENT OF INVESTMENTS  
FOR THE PERIOD ENDING 31 MAY 2012**

INSTITUTION / INVESTMENT	RISK OF IMPAIRMENT	INVESTMENT TYPE	Current Interest Rate %	S & P RATING	FACE VALUE \$	BOOK VALUE AT 30/6/2011 \$	CURRENT EST MARKET VALUE \$	INVESTMENT GAIN / (LOSS) SINCE 30/6/10 \$	MATURITY DATE
BANKWEST (11AM)		11AM	3.75%	AA-	\$1,302,243	\$1,302,243	\$1,302,243	\$0	On call
WESTPAC (MAXI DIRECT)		11AM	3.75%	AA-	\$0	\$0	\$0	\$0	On call
WESTPAC (MAXI BONUS 1)		11AM	4.10%	AA-	\$133,064	\$133,064	\$133,064	\$0	On call
WESTPAC (MAXI BONUS 2)		11AM	4.10%	AA-	\$600,225	\$600,225	\$600,225	\$0	On call
					<b>\$2,035,531</b>	<b>\$2,035,531</b>	<b>\$2,035,531</b>	<b>\$0</b>	
ANZ BANK (TERM)		TERM	6.00%	AA-	\$2,400,000	\$2,400,000	\$2,400,000	\$0	Various
BENDIGO AND ADELAIDE BANK (TERM)		TERM	5.40%	A-	\$2,700,000	\$2,700,000	\$2,700,000	\$0	Various
BANKWEST (TERM)		TERM	Various	AA-	\$10,774,410	\$10,774,410	\$10,774,410	\$0	Various
COMMONWEALTH BANK (TERM)		TERM	5.05%	AA-	\$3,500,000	\$3,500,000	\$3,500,000	\$0	5-Jun-12
MACQUARIE BANK (TERM)		TERM	5.40%	A	\$1,000,000	\$1,000,000	\$1,000,000	\$0	11-Jul-12
NAB (TERM)		TERM	Various	AA-	\$8,300,000	\$8,300,000	\$8,300,000	\$0	Various
ST GEORGE BANK (TERM)		TERM	Various	AA-	\$12,200,000	\$12,200,000	\$12,200,000	\$0	Various
SUNCORP METWAY LTD (TERM)		TERM	Various	A+	\$7,800,000	\$7,800,000	\$7,800,000	\$0	Various
WESTPAC (TERM)		TERM	Various	AA-	\$10,300,000	\$10,300,000	\$10,300,000	\$0	Various
					<b>\$58,974,410</b>	<b>\$58,974,410</b>	<b>\$58,974,410</b>	<b>\$0</b>	
BANK OF QUEENSLAND (FLOAT RATE TD)		FRTD	5.84%	BBB+	\$2,000,000	\$2,000,000	\$2,000,000	\$0	30-Sep-13
ING BANK		FRTD	5.66%	A	\$500,000	\$500,000	\$500,000	\$0	6-Sep-12
					<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$0</b>	
COMMONWEALTH BANK (COVERED BOND)		BOND	5.88%	AAA	\$2,000,000	\$2,000,000	\$2,000,000	\$0	25-Jan-17
COMMONWEALTH BANK (RETAIL BOND)		BOND	5.44%	AA	\$2,000,000	\$2,000,000	\$2,000,000	\$0	20-Dec-15
WESTPAC (COVERED BOND)		BOND	5.46%	AA-	\$500,000	\$500,000	\$500,000	\$0	6-Feb-17
COMMONWEALTH BANK (FRN)		FRN	5.06%	AA	\$2,000,000	\$2,000,000	\$2,000,000	\$0	2-Aug-16
NAB (FRN)		FRN	5.39%	AA-	\$2,000,000	\$2,000,000	\$2,000,000	\$0	16-Sep-14
NAB (FRN)		FRN	5.60%	AA-	\$2,000,000	\$2,000,000	\$2,000,000	\$0	21-Jun-16
					<b>\$10,500,000</b>	<b>\$10,500,000</b>	<b>\$10,500,000</b>	<b>\$0</b>	
APHEX (GLENELG)	High	CDO	6.14%	NR	\$2,000,000	\$122,833	\$280,900	\$158,067	22-Dec-14
BERYL FINANCE GLOBAL BANK NOTE	Early Term.	CDO	0.00%	NR	\$2,000,000	\$1	\$1,180,000	\$1,179,999	20-Sep-14
BERYL FINANCE GLOBAL BANK NOTE 2	Early Term.	CDO	0.00%	NR	\$450,000	\$1	\$265,500	\$265,499	20-Sep-14
CORSAIR (CAYMAN) KAKADU	High	CDO	5.83%	NR	\$1,500,000	\$75,255	\$106,536	\$31,281	20-Mar-14
CORSAIR (CAYMAN) TORQUAY	Very High	CDO	6.03%	NR	\$1,885,000	\$22,493	\$1	<b>-\$22,492</b>	20-Jun-13
HELIUM CAPITAL (ESPERANCE)	High	CDO	6.13%	NR	\$1,800,000	\$347,317	\$466,830	\$119,513	20-Mar-13
MANAGED ACES CLASS 11A PARKES	Very High	CDO	7.73%	NR	\$1,000,000	\$2,934	\$1	<b>-\$2,933</b>	20-Jun-15
MANAGED ACES CLASS 1A PARKES	High	CDO	6.06%	NR	\$1,050,000	\$10,269	\$13,808	\$3,539	20-Jun-15
OMEGA CAPITAL CLASS A HENLEY	Moderate	CDO	5.27%	NR	\$385,000	\$80,689	\$385,139	\$304,450	22-Jun-12
ZIRCON FINANCE COOLANGATTA	Early Term.	CDO	0.00%	NR	\$1,500,000	\$9,095	\$690,000	\$680,905	20-Sep-14
ZIRCON FINANCE MERIBULA	Early Term.	CDO	0.00%	NR	\$500,000	\$1,663	\$225,000	\$223,337	20-Jun-13
ZIRCON FINANCE MIAMI	Early Term.	CDO	0.00%	NR	\$850,000	\$1	\$348,500	\$348,499	20-Mar-17
					<b>\$14,920,000</b>	<b>\$672,550</b>	<b>\$3,962,215</b>	<b>\$3,289,665</b>	
UNITS IN LOCAL GOVT HOUSE		UNITS	0.00%		\$230,645	\$230,645	\$230,645	\$0	
<b>TOTAL FUNDS INVESTED</b>					<b>\$89,160,586</b>	<b>\$74,913,137</b>	<b>\$78,202,801</b>	<b>\$3,289,665</b>	

**CREDIT RISK COMPARISON**

CREDIT RISK	PURCHASE PRICE \$	CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	MAX. % AMOUNT IN TOTAL PORTFOLIO	Comments
AA	\$4,000,000	\$4,000,000	5%	80%	
AA-	\$54,009,941	\$54,009,941	69%	80%	
A+	\$7,800,000	\$7,800,000	10%	50%	
A	\$1,500,000	\$1,500,000	2%	50%	
A-	\$2,700,000	\$2,700,000	3%	50%	
BBB+	\$2,000,000	\$2,000,000	3%	20%	
NR	\$14,920,000	\$3,962,215	5%		Purchased Prior To Policy Change
UNITS IN LOCAL GOVT: HOUSE	\$230,645	\$230,645	0%	0.1%	Council Decision
<b>TOTAL</b>	<b>\$89,160,586</b>	<b>\$78,202,801</b>	<b>100%</b>		

**C12/6000 - INVESTMENT STATEMENTS (REC)**
**DIVERSIFICATION RISK**

INSTITUTION	INVESTMENT TYPE	S & P RATING	CURRENT ESTIMATED MARKET VALUE	ACTUAL PROPORTION	INSTITUTION PROPORTION	MAX. % WITH ANY ONE INSTITUTION	Comments
ANZ BANK (TERM)	TERM	AA-	2,400,000	3.07%	3.07%	20%	
BANKWEST (11AM)	11AM	AA-	1,302,243	1.67%		20%	
BANKWEST (TERM)	TERM	AA-	10,774,410	13.78%	15.44%	20%	
BANK OF QUEENSLAND (FLOAT RATE TD)	FRTD	BBB+	2,000,000	2.56%	2.56%	10%	
BENDIGO AND ADELAIDE BANK (TERM)	TERM	A-	2,700,000	3.45%	3.45%	20%	
COMMONWEALTH BANK (TERM)	TERM	AA-	3,500,000	4.48%		20%	
COMMONWEALTH BANK (COVERED BOND)	BOND	AAA	2,000,000	2.56%		20%	
COMMONWEALTH BANK (RETAIL BOND)	BOND	AA	2,000,000	2.56%		20%	
COMMONWEALTH BANK (FRN)	FRN	AA	2,000,000	2.56%	12.15%	20%	
ING BANK	FRTD	A	500,000	0.64%	0.64%	15%	
MACQUARIE BANK (TERM)	TERM	A	1,000,000	1.28%	1.28%	15%	
NAB (FRN)	FRN	AA-	4,000,000	5.11%		20%	
NAB (TERM)	TERM	AA-	8,300,000	10.61%	15.73%	20%	
RABODIRECT (TERM)	TERM	AA	-	0.00%	0.00%	15%	
ST GEORGE BANK (TERM)	TERM	AA-	12,200,000	15.60%	15.60%	20%	
SUNCORP METWAY LTD (TERM)	TERM	A+	7,800,000	9.97%	9.97%	15%	
WESTPAC (MAXI BONUS 1)	11AM	AA-	133,064	0.17%		20%	
WESTPAC (MAXI BONUS 2)	11AM	AA-	600,225	0.77%		20%	
WESTPAC (MAXI DIRECT)	11AM	AA-	-	0.00%		20%	
WESTPAC (TERM)	TERM	AA-	10,300,000	13.17%		20%	
WESTPAC (COVERED BOND)	BOND	AA-	500,000	0.64%		20%	
WESTPAC BANK	ADI	AA-	-	0.00%	14.75%	20%	
ADELAIDE BANK	ADI	A-	-	0.00%	0.00%	10%	
CDO - Various	CDO		3,962,215	5.07%	5.07%		Purchased Prior To Policy Change
UNITS IN LOCAL GOVT HOUSE	UNITS		230,645	0.29%	0.29%		
			<b>78,202,801</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	39,191,465	100%	100%	
RESERVE FUNDS				
< 1 year	22,982,590	60%	100%	
< 2 years	2,331,537	6%	80%	
< 3 years	4,416,400	11%	80%	
< 4 years	2,013,809	5%	40%	
< 5 years	6,848,500	18%	40%	
> 5 years	-	0%	20%	Purchased Prior To Policy Change
	<b>38,592,836</b>	<b>100%</b>		

Since 30 June 2009, all of the City's ADIs worth \$17,500,000 have been repurchased by the issuing banks. These had been written down in previous financial years, to a book value of \$17,204,375. A book profit of \$295,625 has therefore been realised. The City received the final full redemption of an ADI with Macquarie Bank, with a face value of \$1,500,000 in May 2012.

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.

Monthly valuations for CDOs shown for May are based on valuations obtained from CPG Research and Advisory (CPG) as at 31 May 2012. When compared to the valuations used as at 30 June 2011, valuations obtained from CPG as at 31 May 2012 show that CDOs have increased in value by \$3,289,665.

Lehman Brothers arranged CDOs have experienced an increase, as heightened investor expectations of a favourable ruling in the courts grows, which would result in an early termination and the City gaining access to the collateral representing the City's original investments which are held by the Trustees. This is still under legal proceedings and the City, in conjunction with CPG, will monitor and report on any developments.

**C12/6000 - INVESTMENT STATEMENTS (REC)**

Some of the non Lehman Brothers arranged CDOs continue to pay coupon payments based on the full amount invested whilst those CDO's that have suffered an erosion of credit support and therefore underlying principal, pay interest at a reduced rate depending on the extent of the principal loss experienced. Based on previous independent advice from a number of sources the City's policy has been to continue to hold these investments to maturity unless opportunities to sell at realistic values are presented. No realistic offers have been received to date. The recent repayment of the Ethical Green CDO at 64.9% of its original value and maturity of Magnolia Flinders paying 100% has resulted in significant values being recovered.

It should be noted that CDOs are structured in such a manner so as to provide for a level of defaults of a number of the entities referenced by the CDOs before there is loss of value at maturity of the CDOs themselves.

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

**Credit Ratings and Credit Events**

There was one credit event (ResCap – Residential Capital) in May that affected six of the City's CDO investments.

22 credit events impacting the City's CDO investments have now been recorded to date. The Companies involved are ResCap, PMI Group, AMBAC Financial, Takefuji, AMBAC Assurance, AIFUL, Tribune, Thomson, Financial Guaranty Insurance Company (FGIC), XL Capital Assurance, Bank TuranAlem, Idearc, Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), Lehman Brothers, WaMu, Glitnir, Kaupthing, Landsbanki, Chemtura, Abitibi and CIT Group. This has resulted in a loss of \$6.96m to date, as detailed below:

Confirmed Losses:

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

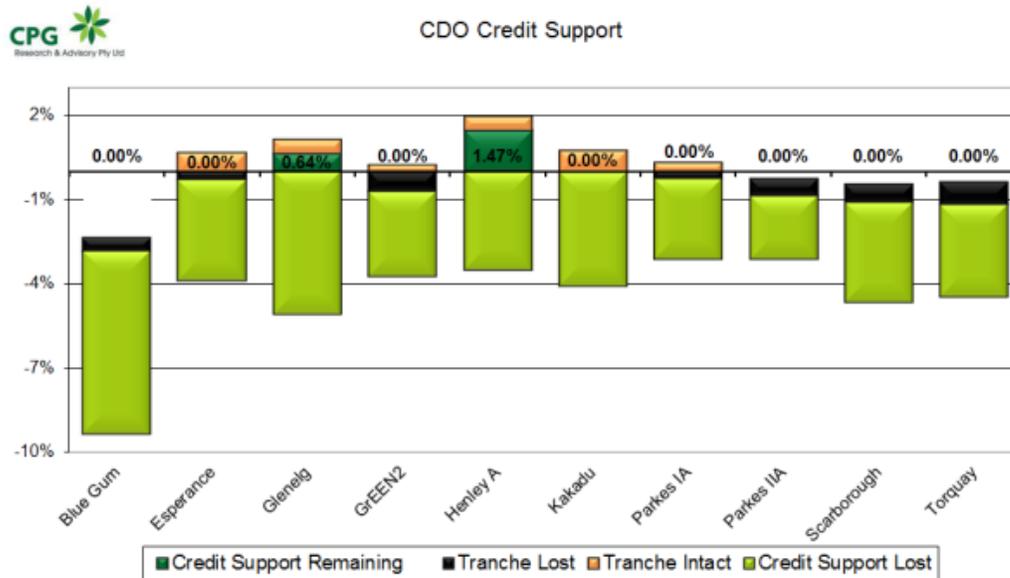
Partial Losses to date:

- The partial loss of 30.3% (\$0.545m) of the Helium Capital Esperance CDO with a face value of \$1.8m.
- The partial loss of 41.9% (\$0.440m) of the Managed Aces Class Parkes 1A CDO with a face value of \$1.05m.
- The partial loss of 58.3% (\$0.875m) of the Corsair (Cayman Is) Kakadu CDO with a face value of \$1.5m.
- The partial loss of 35.1% (\$0.351m) of the Ethical Limited Green CDO with a face value of \$1.0m.

**C12/6000 - INVESTMENT STATEMENTS (REC)**

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

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



**C12/6000 - INVESTMENT STATEMENTS (REC)**

CDO Arranger Face Value	No. of Credit Events	Remaining Credit Support before <b>FIRST</b> Loss of Principal	Remaining Credit Support before <b>TOTAL</b> Loss of Principal	Comments
<b>Aphex Glenelg</b> Arranger: Nomura International <b>\$2.0m Matures 22/12/14</b>	<b>8 credit events:</b> ResCap, Takefuji, AIFUL, Thomson, Lehman's, Landsbanki, CIT Group & PMI Group.	1.0	1.8	Very high likelihood of total default.
<b>Beryl Finance Global Bank Note</b> Arranger: Lehman Brothers <b>\$2.45m Matures 20/9/14</b>	<b>Nil credit events:</b>	1	N/A	Terminated due to Lehman bankruptcy – In legal dispute re collateral
<b>Corsair Cayman Kakadu</b> Arranger: J.P. Morgan Australia <b>\$1.5m Matures 20/3/14</b>	<b>12 credit events:</b> ResCap, AMBAC Assurance, AIFUL, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu, Kaupthing, CIT Group, Anglo Irish Bank & PMI Group	-0.1	1.8	Very high likelihood of total default.
<b>Corsair Cayman Torquay</b> Arranger: J.P. Morgan Australia <b>\$1.885m Matures 20/6/13</b>	<b>12 credit events:</b> ResCap, AMBAC Assurance, AIFUL, XL Capital Assurance, Idearc, Freddie Mac, Lehman, WaMu, Glitnir, Kaupthing, CIT Group & PMI Group	-3.0	0	Defaulted.
<b>Ethical Limited Green</b> Arranger: J.P. Morgan Australia <b>\$1.0m Matures 20/3/12</b>	<b>9 credit events:</b> AMBAC Assurance, XL Capital Assurance, Idearc, Lehman's, WaMu, Glitnir, Kaupthing, CIT Group & PMI Group	-0.9	1.75	Partial loss (35.1%) of principal has occurred. Balance of CDO was repaid.
<b>Helium Capital Esperance</b> Arranger: Merrill Lynch International <b>\$1.80m Matures 20/3/13</b>	<b>7 credit events:</b> PMI Group, Idearc, Tribune, Thomson, Lehman's, AMBAC Assurance & CIT Group.	-0.5	1.2	Partial loss (30.3%) of principal has occurred. Very high likelihood of total default..

**C12/6000 - INVESTMENT STATEMENTS (REC)**

CDO Arranger Face Value	No. of Credit Events	Remaining Credit Support before <b>FIRST</b> Loss of Principal	Remaining Credit Support before <b>TOTAL</b> Loss of Principal	Comments
<b>Magnolia Flinders</b> Arranger: Credit Suisse First Boston <b>\$2.0m</b> <b>Matured 20/3/12</b>	<b>Nil CDO defaults:</b>	N/A	N/A	Repaid in full upon maturity on 20 March 2012
<b>Managed Aces Class Parkes 1A</b> Arranger: Morgan Stanley <b>\$1.05m Matures 20/6/15</b>	<b>10 credit events:</b> ResCap, AMBAC Assurance, AIFUL, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu, CIT Group & PMI Group.	-0.8	1.1	Very high likelihood of total default.
<b>Managed Aces Class Parkes 11A</b> Arranger: Morgan Stanley <b>\$1.0m Matures 20/6/15</b>	<b>10 credit events:</b> ResCap, AMBAC Assurance, AIFUL, FGIC, XL Capital Assurance, Freddie Mac, Fannie Mae, Lehman's, WaMu & CIT Group.	-2.8	0	Defaulted.
<b>Omega Capital Class A Henley</b> Arranger: BNP Paribas <b>\$0.385m Matures 22/6/12</b>	<b>8 credit events:</b> ResCap, AMBAC Assurance, Freddie Mac, Fannie Mae, Thomson, Lehman's, CIT Group & PMI Group	2.3	3.0	Maturity imminent on 22 June 2012

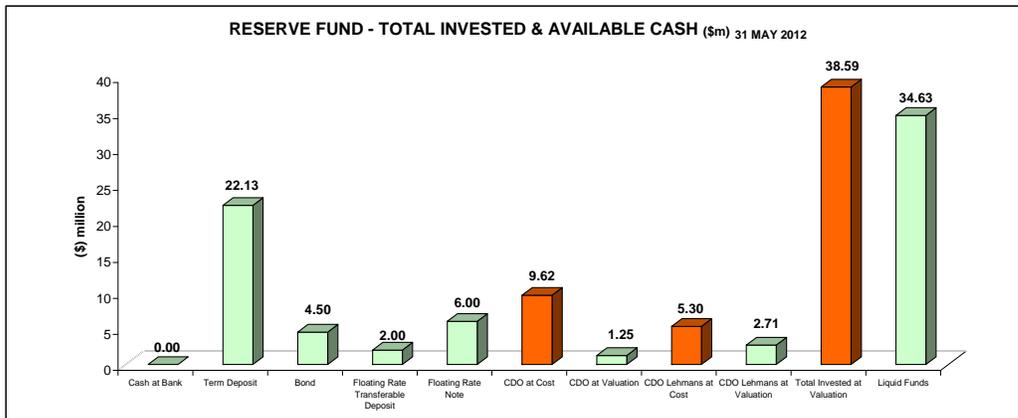
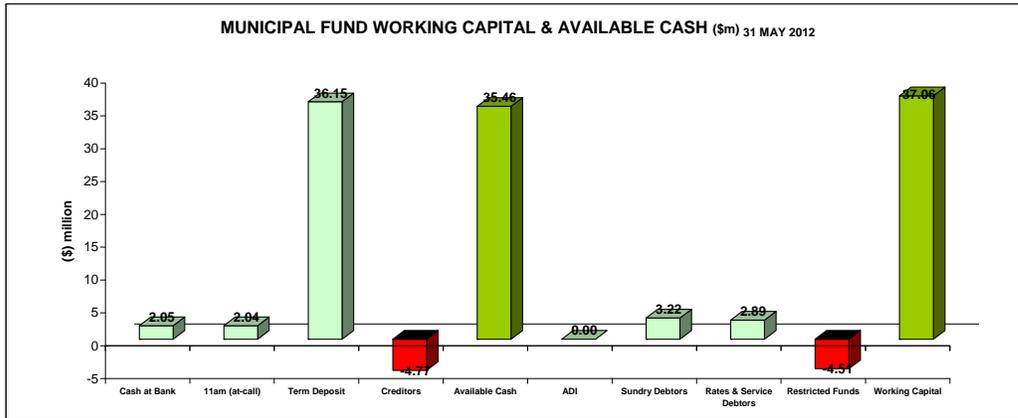
**C12/6000 - INVESTMENT STATEMENTS (REC)**

CDO Arranger Face Value	No. of Credit Events	Remaining Credit Support before <b>FIRST</b> Loss of Principal	Remaining Credit Support before <b>TOTAL</b> Loss of Principal	Comments
<b>Zircon Finance Coolangatta</b> Arranger: Lehman Brothers <b>\$1.50m Matures 20/9/14</b>	<b>8.0 credit events:</b> Ambac Assurance, Aiful, FGIC, Freddie Mac, Fannie Mae, WaMu, Chemtura & Cit Group.	4.7	6.5	
<b>Zircon Finance Merimbula A</b> Arranger: Lehman Brothers <b>\$0.50m Matures 20/6/13</b>	<b>8.0 credit events:</b> Ambac Assurance, Aiful, FGIC, Freddie Mac, Fannie Mae, WaMu, Chemtura & Cit Group.	2.9	3.7	Terminated due to Lehman bankruptcy – In legal dispute re collateral
<b>Zircon Finance Miami</b> Arranger: Lehman Brothers <b>\$0.85m Matures 20/3/17</b>	<b>7.0 credit events:</b> Ambac Assurance, Aiful, Thomson, Freddie Mac, Fannie Mae, Abitibi & CIT Group.	8.4	10.1	

**C12/6000 - INVESTMENT STATEMENTS (REC)**

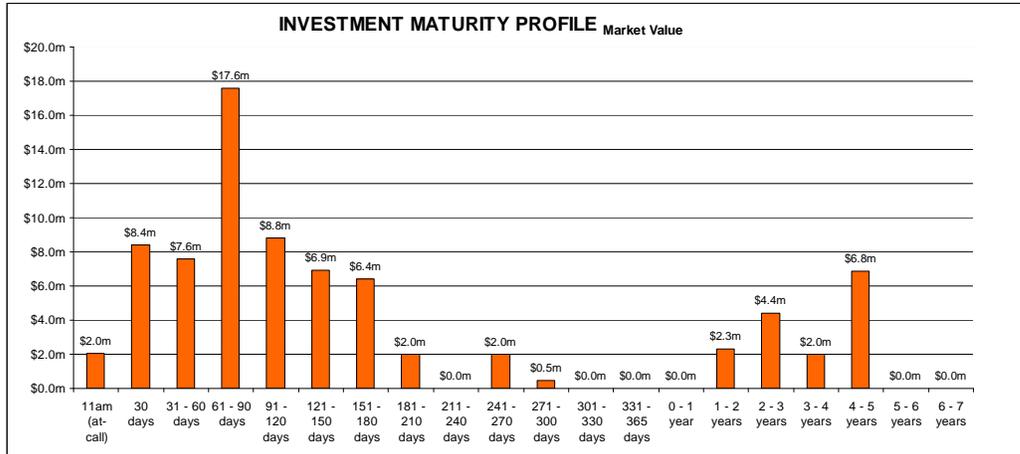
**Net Funds Held**

The graphs below summarise the Municipal Fund working capital and available cash and the funds held in the Reserve Fund at purchase price and last valuation, at 31 May 2012.



**C12/6000 - INVESTMENT STATEMENTS (REC)**

The graph below summarise the maturity profile of the City's investments at market value as at 31 May 2012.



**PUBLIC CONSULTATION/COMMUNICATION**

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

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

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

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

**STATUTORY AND LEGAL IMPLICATIONS**

The following legislation is relevant to this report:

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

The legal firm Piper Alderman have been engaged to seek recovery of any losses that may eventually be realised and to seek early termination of the Lehman arranged CDOs, so that the City gains access to the more valuable collateral representing the City's original investments which are held by Trustees for the Lehman Brothers arranged CDOs.

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

**C12/6000 - INVESTMENT STATEMENTS (REC)**

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

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

**FINANCIAL IMPLICATIONS**

For the period ending 31 May 2012, interest earned on:

- Municipal and Trust Funds was \$2,580,523 against a year to date budget of \$2,113,292. This represents a \$467,231 positive variance.
- Reserve Funds was \$2,353,384 against a year to date budget of \$1,433,333. This represents a \$920,051 positive variance.

Investment earnings received in respect to CDO investments since 1 July 2007 has been \$4.868m and \$2.946m in respect to ADIs.

The City's revenue from investment earnings is expected to decrease in the foreseeable future, as the RBA continues to cut the cash rate and the new restrictions that have been placed by regulation that limits the type of investments the City is permitted to invest in.

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

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

**C12/6000 - 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 the City's investments from undue volatility risk as well as the risk to reputation as a result of investments that may be perceived as unsuitable by the Community.

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

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

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

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

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

**POLICY IMPLICATIONS**

Council Policy CP-009 – Investment of Funds (The Investment Policy was reviewed and readopted at the Ordinary Meeting of Council held on 19 June 2012).

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

**CONCLUSION**

Whilst the situation regarding the CDO investments remains tenuous with the loss of four, partial repayment of one and the partial default/loss of four other CDO investments, the full impact of the book value devaluation of these investments were accounted for in the previous financial years. No further material book value devaluations are expected over the course of the current and future financial years.

Officers, in conjunction with CPG, will continue to monitor the situation regarding CDO investments and report this on a monthly basis. Based on independent advice received from various sources, the Council'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.

**C12/6000 - INVESTMENT STATEMENTS (REC)****OFFICER RECOMMENDATION & COUNCIL RESOLUTION (6000)      NOTING****That the Investment Report for the month of May 2012 be noted.**

At 7.23pm the Mayor submitted the motion, which was declared

**CARRIED EN BLOC (9/0)**

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

Ward	: All
Category	: Operational
Subject Index	: Financial Statement and Investments
Customer Index	: Not applicable
Disclosure of any Interest	: No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	: Standard Item
Works Programme	: Not Applicable
Funding	: 2011/2012 Budget
Responsible Officer	: Khris Yeoh Senior Financial Accountant

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

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

**KEY ISSUES / SUMMARY**

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

**BACKGROUND**

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

**DETAIL**

The Schedule of Accounts for the month ending 31 May 2012, [6001 May 2012](#) including Payment Registers numbers Cheques **283 to 290** and Electronic Funds Transfers **241 to 244** were distributed to the Members of Council on 17 July 2012.

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

<b>Supplier Name</b>	<b>Remittance Number</b>	<b>Remittance Details</b>	<b>Amount</b>
Alpha West Services Pty Ltd	E029227 & E029036	Upgrade of IP Telephone System	\$64,611.00
Belgravia Leisure	E028984	Point Walter Green Fees for April 2012	\$40,177.79
Boral Construction	E029112 & E28885	Road construction materials	\$96,822.27
City of Cockburn	E028890 & E029116	Tip fees for April 2012	\$288,986.20
Complete Tyre Solutions	E29003 & E029208	Tyres	\$37,833.40
Copley's Contracting	E029043	Drainage upgrade	\$56,122.00
Dickies Tree Services	E029118 & E028892	Tree lopping service	\$203,084.76
Downer EDI Works Pty Ltd	E029046, E028866 & E029234	Concrete laying footpaths	\$561,085.40
Dowsing Concrete	E029103, E028870, E028880 & E029282	Road works	\$663,470.65
Ellenby Tree Farm Pty Ltd	E029150	Trees	\$50,825.50
Excel Kerbing	Chqs 048777 & 048619	Kerb reinstatement	\$32,600.70
Fire & Emergency Services Authority WA	E029064	ESL Remittance for April 2012	\$106,340.39
Flexi Staff	E028922 & E029146	Staff Hire	\$78,169.21
Glad Commercial Cleaning	E029044 & E029232	Cleaning services	\$25,398.50
Infor Global Solutions	E029024 & E029220	Pathway maintenance	\$146,388.47
Jani King Pty Ltd	E029209 & E028876	Cleaning	\$37,934.20
MMM WA Pty Ltd	E029215	Drainage conversions	\$30,503.51
Mountway Melville Hyundai	E028917, E028860 & E029139	Hyundai i30 Wagon & vehicle servicing	\$27,311.17

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

<b>Supplier Name</b>	<b>Remittance Number</b>	<b>Remittance Details</b>	<b>Amount</b>
Natural Area Management & Services	E029093 & E029277	Progress claim 2 for Point Walter Foreshore	\$125,101.87
Perth Engineering & Maintenance WA Pty	E029196 & E028874	Gate fees for April 2012 & Recyclable processing fees for March 2012	\$74,037.27
Programmed Maintenance Services	E029145	External restoration of Heathcote Building	\$25,157.62
Robinson Buildtech	E029129 & E029804	Various building maintenance jobs	\$39,766.60
SCP Conservation	E029217 & E029017	\$18,670.00 Removal of fence at Blackwall Reach Parade \$11,869.00 Progress payment for Boardwalk foreshore materials	\$30,539.00
Silverfern IT	E028867	IT Hardware	\$213,817.10
Southern Metropolitan Regional Council	E028875 & 029202	MSW disposal fees for March 2012, Green waste disposal fees for March 2012 & WCF Members Contribution for May 2012	\$478,704.70
Supersealing Pty Ltd	Chq 048776	Bitumen sealing	\$36,406.00
Synergy	Chqs 048727 & 048575	Electricity supply	\$352,801.96
Technology One Pty Ltd	E029104 & E029283	Business software & support	\$83,217.24
Titan Ford	E029165 & E028948	Ford Focus Hatchback, Ford Ranger Crew Cab & Ford Focus Hatch back	\$80,536.93
Tree Amigos Tree Surgeons	E028877, E029225 & E029033	Tree pruning	\$41,647.10
West Coast Shades	Chq 048592	Shade sail structures	\$30,371.00
West Coast Turf	E028936	Turf laying	\$27,019.30
Wilson Technology Solutions	E028863, E029163 & E028947	Supply & maintenance of parking meters	\$28,220.43

**PUBLIC CONSULTATION/COMMUNICATION**

Not applicable.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Not applicable.

**STATUTORY AND LEGAL IMPLICATIONS**

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

**FINANCIAL IMPLICATIONS**

Expenditures were provided for in the 2011/2012 Budget and Budget Review.

**C12/6001 – SCHEDULE OF ACCOUNTS FOR MAY 2012 (REC) (ATTACHMENT)****STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

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

**POLICY IMPLICATIONS**

Not Applicable.

**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 month ending 31 May 2012, as approved by the Director Corporate Services in accordance with delegated authority DA-035, and detailed in attachment [6001 May 2012](#), be noted.**

At 7.24pm the Mayor submitted the motion, which was declared

**CARRIED EN BLOC (9/0)**

**C12/6002 – FINANCIAL STATEMENTS FOR MAY 2012 (AMREC) (ATTACHMENTS)**

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

**AUTHORITY / DISCRETION**

**DEFINITION**

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	<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 the Council reviews decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

**KEY ISSUES / SUMMARY**

<ul style="list-style-type: none"> <li>• This report presents the Financial Statements for the period ending 31 May 2012 and recommends that they be noted by the Council.</li> <li>• Money expended in an emergency:             <ul style="list-style-type: none"> <li>➢ As a result of the fire at the Civic Centre, unbudgeted expenditure of \$444,752 has been expended from Municipal funds since the day of the fire, the majority of which will be recovered from the insurance claim.</li> </ul> </li> </ul>
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**C12/6002 – FINANCIAL STATEMENTS FOR MAY 2012 (AMREC) (ATTACHMENTS)**
**BACKGROUND**

The Financial Statements for the period ending 31 May 2012 have been prepared and tabled in accordance with the Local Government (Financial Management) Regulations 1996 as amended.

**DETAIL**

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

To 31 May 2012, a net operating positive variance of \$4.175m was recorded. A net positive variance of \$3.06m was recorded against capital.

**Variations**

A summary of variations is included below and comments are provided in attachment 6002H\_May\_2012.

CITY OF MELVILLE RATE SETTING STATEMENT FOR THE PERIOD ENDED 31 MAY 2012								
	May Actual \$	YTD Budget \$	YTD Actual \$	Current Commitments \$	Variance \$	Variance %	Annual Budget \$	Annual Revised Budget \$
<b>Revenues</b>								
Governance	189,289	2,190,681	2,296,679	(2,108)	103,889	5%	1,410,890	2,306,006
General Purpose Funding	1,284,627	7,821,456	8,392,846	-	571,390	7%	8,068,771	8,328,902
Recreation and Culture	826,975	7,749,064	7,700,001	(1,882)	(50,945)	-1%	7,897,263	8,701,012
Transport	130,582	4,981,302	4,230,996	-	(750,306)	-15%	4,379,770	5,169,843
Other Property and Services	(2,494)	4,557,090	3,109,822	-	(1,447,268)	-32%	491,281	3,122,406
	2,494,783	46,257,335	44,770,202	(3,990)	(1,491,123)	-3%	41,010,932	46,729,075
<b>Expenses</b>								
Governance	(1,193,889)	(15,749,521)	(14,113,581)	(700,714)	935,226	-10%	(15,632,267)	(17,171,032)
General Purpose Funding	(17,356)	(2,878,672)	(1,211,359)	(59,977)	1,607,337	-58%	(2,903,840)	(3,003,840)
Law, Order, Public Safety	(268,549)	(3,316,514)	(3,003,947)	(32,467)	280,099	-9%	(3,598,560)	(3,654,087)
Health	(65,068)	(861,095)	(802,061)	(6,039)	52,995	-7%	(937,833)	(945,833)
Education & Welfare	(416,959)	(4,881,749)	(4,568,211)	(78,629)	234,910	-6%	(5,460,056)	(5,438,694)
Community Amenities	(1,548,083)	(16,963,757)	(15,009,529)	(614,314)	1,339,914	-12%	(18,233,961)	(18,944,691)
Recreation and Culture	(2,062,322)	(23,578,083)	(21,877,534)	(1,115,828)	584,722	-7%	(25,508,929)	(25,840,109)
Transport	(699,020)	(9,375,083)	(8,269,097)	(773,951)	332,034	-12%	(10,060,564)	(10,161,989)
Other Property and Services	(277,050)	(3,178,996)	(3,337,681)	(81,173)	(239,857)	5%	(3,109,231)	(3,342,585)
	(6,551,793)	(80,830,329)	(72,244,253)	(3,463,365)	5,122,711	-11%	(85,495,791)	(88,553,409)

**Revenue**

\$51.745m in Rates has been raised to 31 May 2012. This is compared with a year to date budget of \$51.787m, resulting in a slight negative variance of \$41,918.

**Money Expended in an Emergency**

As a result of the fire at the Civic Centre, unbudgeted expenditure of \$444,752 has been expended from the City's Municipal funds since the day of the fire. It is anticipated that the costs incurred, less the City's \$10,000 insurance excess and any betterment, will be recouped from our insurers in the 2012/2013 financial year. Officers will continue to report to Council on the progress of expenditures.

**C12/6002 – FINANCIAL STATEMENTS FOR MAY 2012 (AMREC) (ATTACHMENTS)**

Some of the major expenditure items include:

- Fire damage repairs to date : \$351K
- Purchase of a new scanner/printer : \$94K

The reinstatement works have been completed.

**Budget Amendments**

Details of Budget Amendments requested during the month of May 2012 are shown in attachment [6002J May 2012](#). Some of these amendments have been carried out to reflect the appropriate responsible officers, correction of account numbers and the creation of budgets for new grant funding.

**Rates Collections and Debtors**

Details of Rates and Sundry Debtors are shown in attachments 6002L, 6002M and 6002N.

Rates, Refuse & Fire and Emergency Service Authority payments totaling \$529,358 were collected over the course of the month. Rate collection progress for the month of May was 0.6% below target. 96.4% of 2011/12 rates has been collected as at 31 May 2012, which compares favourably to the 96.2% collected at the same time last year.

The total sundry debtors balance decreased by \$22,703.68 over the course of the month. The 90+ day's debtor balance increased by \$98,544.03 due to Department of Transport. They have allocated the money for payment but are waiting for the Memorandum of Understanding to be signed. Payment should be received by the end of June 2012.

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

<b>DESCRIPTION</b>	<b>LINK</b>
Statement of Financial Activity – May 2012	<a href="#">6002A May 2012</a>
Operating Statements by Program – May 2012	<a href="#">6002B May 2012</a>
Representation of Working Capital – May 2012	<a href="#">6002E May 2012</a>
Reconciliation of Net Working Capital – May 2012	<a href="#">6002F May 2012</a>
Notes on Operating Statements reporting on variances of 10% or greater – May 2012	<a href="#">6002H May 2012</a>
Details of Budget Amendments requested – May 2012	<a href="#">6002J May 2012</a>
Summary of Rates Debtors – May 2012	<a href="#">6002L May 2012</a>
Graph Showing Rates Collections – May 2012	<a href="#">6002M May 2012</a>
Summary of General Debtors aged 90 Days Old or Greater – May 2012	<a href="#">6002N May 2012</a>
Detail of Debts Written Off for the Month – May 2012	Not Applicable

**C12/6002 – FINANCIAL STATEMENTS FOR MAY 2012 (AMREC) (ATTACHMENTS)****Granting of concession or writing off debts owed to the Council**

Delegation DA-032 empowers the Chief Executive Officer (CEO) to grant concessions and write off monies owing to the City to a limit of \$10,000 for any one item. The CEO has partially on-delegated this to the Director Corporate Services to write off debts or grant concessions to a value of \$5,000. The delegation is conditioned on the basis that a quarterly report detailing any debts written off is to be submitted to the Council.

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

**PUBLIC CONSULTATION/COMMUNICATION**

Not applicable.

**CONSULTATION WITH OTHER AGENCIES / CONSULTANTS**

Not applicable.

**STATUTORY AND LEGAL IMPLICATIONS**

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

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

- (1) *A local government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail -*
  - (a) *annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);*
  - (b) *budget estimates to the end of the month to which the statement relates;*
  - (c) *actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;*
  - (d) *material variances between the comparable amounts referred to in paragraphs (b) and (c); and*
  - (e) *the net current assets at the end of the month to which the statement relates.*
- (2) *Each statement of financial activity is to be accompanied by documents containing-*
  - (a) *an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;*
  - (b) *an explanation of each of the material variances referred to in sub-regulation (1)(d); and*
  - (c) *such other supporting information as is considered relevant by the local government.*

**C12/6002 – FINANCIAL STATEMENTS FOR MAY 2012 (AMREC) (ATTACHMENTS)**

- (3) *The information in a statement of financial activity may be shown-*
- (a) *according to nature and type classification;*
  - (b) *by program; or*
  - (c) *by business unit.*
- (4) *A statement of financial activity, and the accompanying documents referred to in sub-regulation (2), are to be-*
- (a) *presented to the Council-*
    - (i) *at the next ordinary meeting of Council following the end of the month to which the statement relates; or*
    - (ii) *if the statement is not prepared in time to present it to the meeting referred to in subparagraph (i), to the next ordinary meeting of Council after that meeting; and*
  - (b) *recorded in the minutes of the meeting at which it is presented.*
- (5) *Each financial year, a local government is to adopt a percentage or value, calculated in accordance with AAS 5, to be used in statements of financial activity for reporting material variances.*

The variance adopted by the Council at its meeting held on 28 June 2011, which also adopted the 2011/12 Budget, was 10% or \$50,000 whichever is greater.

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

**FINANCIAL IMPLICATIONS**

Variances are dealt with in attachment 6002H (Notes on Operating Statements reporting on variances of 10% or greater).

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

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

**POLICY IMPLICATIONS**

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

**C12/6002 – FINANCIAL STATEMENTS FOR MAY 2012 (AMREC) (ATTACHMENTS)**

**CONCLUSION**

The attached reports reflect a positive financial position of the City of Melville as at 31 May 2012.

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

**ABSOLUTE MAJORITY**

At 7.24pm Cr Robartson moved, seconded Cr Reynolds -

**That the Council:**

- Note the Statements of Financial Activity and the Operating Statements for the financial year to date ending 31 May 2012 as detailed in the following attachments:**

<b>DESCRIPTION</b>	<b>LINK</b>
Statement of Financial Activity – May 2012	<a href="#">6002A May 2012</a>
Operating Statements by Program – May 2012	<a href="#">6002B May 2012</a>
Representation of Working Capital – May 2012	<a href="#">6002E May 2012</a>
Reconciliation of Net Working Capital – May 2012	<a href="#">6002F May 2012</a>
Notes on Operating Statements reporting on variances of 10% or greater – May 2012	<a href="#">6002H May 2012</a>
Details of Budget Amendments requested – May 2012	<a href="#">6002J May 2012</a>
Summary of Rates Debtors – May 2012	<a href="#">6002L May 2012</a>
Graph Showing Rates Collections – May 2012	<a href="#">6002M May 2012</a>
Summary of General Debtors aged 90 Days Old or Greater – May 2012	<a href="#">6002N May 2012</a>
Detail of Debts Written Off for the Month – May 2012	Not Applicable

- Adopt by Absolute Majority decision the budget amendments, as listed in the Budget Amendment Reports for May 2012, as detailed in attachment [6002J May 2012](#).**

At 7.24pm the Mayor submitted the motion, which was declared

**CARRIED BY ABSOLUTE MAJORITY (9/0)**

**14. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil.

**15. EN BLOC ITEMS**

At 7.24pm Cr Reynolds moved, seconded Cr Hill –

**That the recommendations for items C12/5000, C12/6000 and C12/6001 be carried En Bloc.**

At 7.24pm the Mayor submitted the motion, which was declared

**CARRIED (9/0)**

**16. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL****16.1 Recording Ordinary and Special Meetings of the Council**

At 7.24pm Cr Nicholson moved, seconded Cr Pazolli -

**That Cr Nicholson be permitted to present to the Council a Motion Without Notice relating to Recording of Ordinary and Special Meetings of the Council.**

At 7.27pm the Mayor submitted the motion which was declared

**LOST (4/5)**

**Cr Pazolli requested that the votes be recorded –**

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

**Against: Mayor R Aubrey, Cr Hill, Cr Macphail, Cr Reynolds, Cr Robartson.**

**19. CLOSURE**

There being no further business to discuss, His Worship the Mayor declared the meeting closed at 7.27pm.