



**MINUTES
OF THE
ORDINARY MEETING OF THE COUNCIL
HELD ON
TUESDAY 17 MAY 2016
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 MAY 2016.

1. OFFICIAL OPENING

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

Affirmation of Civic Duty and Responsibility

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

2. PRESENT

His Worship the Mayor R Aubrey

COUNCILLORS

Deputy Mayor Cr C Schuster
Cr N Pazolli
Cr C Robartson, Cr M Woodall
Cr R Aubrey, Cr D Macphail
Cr P Phelan, Cr L O'Malley
Cr T Barling, Cr N Foxton
Cr J Barton, Cr G Wieland

WARD

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

3. IN ATTENDANCE

| | |
|---------------------------------|---|
| Dr S Silcox (Until 9.58pm) | Chief Executive Officer |
| Mr M Tieleman | Director Corporate Services |
| Ms C Young (Until 9.56pm) | Director Community Development |
| Mr J Christie (Until 9.56pm) | Director Technical Services |
| Mr S Cope (Until 9.56pm) | Director Urban Planning |
| Mr L Hitchcock (Until 9.56pm) | Executive Manager Legal Services |
| Mr P Prendergast (Until 9.56pm) | Manager Statutory Planning |
| Mr J Clark | Governance and Compliance Program Manager |
| Mr B Taylor (Until 9.56pm) | Manager Financial Services |
| Ms K Johnson | Executive Manager Organisational Development |
| Mr K Wan (Until 8.45pm) | Process Improvement Auditor |
| Ms C Newman (Until 9.56pm) | Executive Support and Governance Officer |
| Ms S Tranchita (Until 9.56pm) | Minute Secretary |

At the commencement of the meeting there were 9 members of the public and 1 member from the Press representing Melville Times in the Public Gallery.

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

Nil.

4.2 APPROVED LEAVE OF ABSENCE

Nil.

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

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

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

6. QUESTION TIME

6.1 City of Melville Residents and Ratepayers Association

The following questions were presented to the Agenda Briefing Forum held on 3 May 2016. At the meeting the following questions were taken on notice. A response has been sent to the City of Melville Residents and Ratepayers Association and the information in that response is provided below.

Question 1

The Tour's objectives and itinerary?

Response

To gain first-hand knowledge of responses (government and private sector) to similar issues affecting other regions in Australia and best practice responses (and lessons learnt) in addressing these

Question 2

The amount spent by each of the City's participants, breaking down expenditure into airfares, accommodation, meals and other incidental expenses?

Response

An allocation of \$1,500 per delegate was provided covering air fares and accommodation, along with meals during the day and meeting/travel costs (e.g. venue/bus hire)

Question 3

If someone other than the City funded the Tour did elected members declare it?

Response

Funded by the South West Group member Councils, so not applicable

Question 4

How much funding does the City provide to the South West Group annually?

Response

The City of Melville contributed \$80,000 for the 2015/16 financial year, based on an agreed formula taking into account member Council expenditure and population

Question 5

What is the basis of the City's funding of the South West Group, that is who and how is annual funding requirements determined?

Response

The South West Group Board (CEOs and Mayors of the six member Councils) considers and accepts the budget and member contributions each year in the lead up to the annual budget setting process

6.1 City of Melville Residents and Ratepayers Association (Continued)

Question 6

What has been the total cost, broken down to key elements, to the City (City Councillor and Officer time and expenses and direct funding) of participation in the South West Group over the past 3 years;

Response

It would take some time to provide total costs taking into account officer time for attending South West Group Board and Committee meetings and this research is not supported.

In terms of direct funding, the City of Melville has contributed \$240,000 in financial contributions from 2013/2014 to 2015/2016 toward the South West Group. The City of Melville has also contributed \$97,500 toward the Regional NRM Facilitator project over this same period, which is coordinated by the South West Group.

Question 7

What are the quantified benefits derived from the City's participation in the South West Group over the past 3 years; that is what is the cost/benefit to the City's Residents and Ratepayers?

Response

The South West Group has undertaken a range of activities that benefit the region and the City of Melville including:

- Lobbying and Advocacy on Regional Issues and Priorities
- Promoting Approaches for Integrating Transport and Land Use Planning
- Identifying Regional Priority Projects
- Facilitating Economic Development
- Implementing Regional NRM Strategy
- Identifying Opportunities for Employment and Workforce Development
- Supporting Industry and Business Associations

Lobbying and advocacy undertaken by the South West Group for issues specific to the City of Melville included the following:

Murdoch Activity Centre

- Transport congestion – Murdoch Drive/South St intersection, Southern Freeway Connection
- Murdoch University Expansion
- Light Rail Study – Murdoch to Garden City, Fremantle
- Murdoch Precinct Strategic Group

Canning Bridge Precinct

- Rail Station Redevelopment
- Commercial and High Density Residential

Grade Separation along Stock Road

- Leach Highway, Stockdale Road/Garling Street
- South Street, Winterfold Road

Canning Vale Park and Ride

- Reduce Pressure on Murdoch & Bullcreek Rail Station Car Parks

6.2 D and F O'Donoghue, Ardross

Question 1

Would the City of Melville at least give me the respect I deserve to present my concerns at a forthcoming Council Meeting in more detail not just a few questions that may be ignored, as I need this issue to be on the agenda.

Response

In the absence of a specific agenda item against which deputations from the public may be received, concerns expressed by third parties are appropriately considered by the Council in the form of questions posed at question time of the Ordinary Meeting of Council. Such questions are not ignored, and an appropriate response is always prepared in response to any question posed.

Question 2

On Wednesday 30th March 2016 I had a call from Paul Yates the builder of 40a Strickland Rd, Ardross. He said and I quote "I can't believe that this balcony was approved it is mind boggling" "It is obviously giving you no privacy whatsoever" What does the City of Melville say when even the builder of 40A Strickland Road, Ardross has indicated that this balcony should have never been approved especially in it's current location?

Response

Considered a Statement - no response given.

Question 3

Why weren't the surrounding neighbours consulted prior to the second storey addition at 40A Strickland Road, Ardross, because overlooking and our privacy in particular will be immensely violated?

Response

Consultation did not occur in this case as the proposed development is fully compliant with the Deemed to Comply provisions of the R-Codes. Part 4 of the R Codes states, and I quote, that:

"where a development proposal is deemed to comply, it will not require advertising to adjoining owners and occupiers."

Question 4

Many design elements of the R-Codes Explanatory Guidelines 2016 have been breached in our case, like overlooking into adjacent habitable rooms especially areas that are frequently occupied, opposite windows/openings should be offset, building design should have minimal impact on neighbours' amenity, Figure 64: Upper windows/openings facing neighbouring property are generally not acceptable. How will the City of Melville remedy all these breaches?

6.2 D and F O'Donoghue, Ardross (Continued)Response

The comments made in the question posed are inaccurate. In reality, none of the design elements of the R Codes referred to have been breached. The development as proposed and approved is, as stated previously, fully compliant with the deemed to comply provisions of the R Codes.

The development comprises a second storey addition to an existing dwelling. The development is fully compliant with the deemed-to-comply provisions for *Visual Privacy* in that;

- The balcony element is proposed to be fixed with permanent screening to a compliant height of 1.6m,
- The major openings to Bed 4 and Study rooms are setback compliant distances (>4.5m); and;
- Remaining windows are not major openings (highlight windows 1.6m above finished floor levels)

Question 5

Most people are taller than 1.6m so a privacy screen of this height will not prevent or protect my two young daughters from prying eyes, can the City of Melville assure that my daughters will not be watched or filmed and change the height requirements in this case to full height or remove the balcony altogether since it should have never been in that location and does not meet the basic privacy design code principles and will cause a daily detrimental effect on our lives?

Response

The City can offer no such assurances. The provision of screening to a height of 1.6m satisfies the deemed-to-comply requirements for visual privacy advocated by the R Codes. It is not for the City to adjudicate as to the effectiveness or otherwise of this or any other, R Code deemed-to-comply provision.

Question 6

Why hasn't the City of Melville noticed and resolved the faults and breaches of this balcony in relation to the R-Codes - cone of vision and critical lines of sight?

Response

As stated previously, the balcony to the development is fully compliant with the visual privacy requirements of the R Codes. A site inspection undertaken since the commencement of the construction has confirmed this to be the case. As such no further action is considered to be required.

Question 7

Why hasn't the City of Melville realised or taken into account the architectural design and sole purpose of our house layout and the glass bifolds that open onto our outdoor entertaining area and the floor to ceiling glass walls of the lounge, dining and kitchen areas?

6.2 D and F O'Donoghue, Ardross (Continued)Response

The relationship of the proposed development with its neighbours has been taken into account by the design of the proposed upper level additions, and the fact that screening to the balcony has been incorporated into that design. The additions are designed to ensure that there is no overlooking towards the adjoining front property, in which case the residential amenity levels that are currently enjoyed by residents of that adjoining dwelling are appropriately safeguarded.

6.3 Mr K Kelers, Alfred CoveQuestion

Has the Council considered - the benefits to the Melville Bowling Club in obtaining new members, the benefits to Mt Pleasant Club members of being part of a strong and viable club, the benefits to residents near Shirley Strickland Reserve and the financial benefits to Council of the high-density development Mt Pleasant land would follow from the option of merging Mt Pleasant Bowling Club with the Melville Bowling Club.? If not? Why not?

Response

The Bowls Study to be tabled at Council in June 2016 will provide strategic direction for the sport of bowls in the City of Melville. It's anticipated that this report will provide recommendations regarding the future sustainability of bowls in the City including investigation of possible amalgamations and relocations of Clubs. For your information high-density development is not being considered for the Mt Pleasant Bowling Club site, if a relocation occurs, and if the land was to be developed into residential, with a significant public open space area, its use would be similar to the surrounding residential area.

6.4 Mr G Marliand, Alfred CoveQuestion 1

Is the Council planning to relocate the Melville Bowls Club?

If Yes? Where to? And why? And when?

Response

The Bowls Study to be tabled at Council in June 2016 will provide strategic direction for the sport of bowls in the City of Melville. It is anticipated that this report will provide recommendations regarding the future sustainability of bowls in the City including investigation of possible amalgamations and relocations of Clubs.

Question 2

And what are the plans for the land?

6.4 Mr G Marliand, Alfred Cove (Continued)Response

Until the tabling of the Strategic Bowls Study and recommendations for possible amalgamations and relocations there are no plans before Council for the land on which the current Melville Bowls Club is located. The land is zoned Recreation use and at this stage the City would envisage this usage continuing if a relocation of the Melville Bowling Club eventuated.

6.5 Mr I Nielsen, BooragoonQuestion 1

With reference to the text in the above letter (extract) "The cancellation of the publication of the Agenda/Minutes for these committee meetings was authorised administratively as the committees do not have delegated powers" who authorised (person or persons) the cancellation of the publications of these agenda and minutes and...

Response

The City's records do not note a name or position who authorised this action.

Question 2

In view of it being mandatory under the Act for a council to have an Audit Committee and that the Council has established such committee delegating certain powers to it in order to assist Council, how can it be said that such committees "do not have delegated power?". Please explain.

Response

The Council has not delegated any powers to the Financial Management, Audit, Risk and Compliance Committee as is noted on page 4 of the Committee's Charter.

Question 3

If it is the case, hypothetically, that the GC and FMARCC Committees are without any delegated powers or authority for that matter, would that not suggest that any function they perform whilst in session or any recommendation and the like that is tabled before Council is invalid and of no consequence and therefore should be dismissed?

Response

The premise in this question is factually incorrect. The Committees provide a review function on matters within their Charter for the Council and where a decision is required to be made, that specific report is referred to the Council for decision. Four items from the Committees have been referred to this Council meeting.

6.6 Mr G Crawford – Melville Resident and Ratepayers AssociationQuestion 1

How and when are waivers/exceptions to CP-023 are reported to Council.

Response

Requests to waive the requirement to obtain three quotes are not reported to the Council. The Council, in Policy CP-023 Procurement of Products or Services gives authority for the CEO and/or Directors to waive the requirements to obtain three quotations providing justifiable reasons for such waiver are provided by the officer responsible for the purchase and that these reasons are attached to the Purchase Requisition.

Question 2

How and when is performance against this policy reported to Council. That is the value-add from competitive market testing.

Response

The performance against the policy is reviewed and reported to the Council by both internal and external audits. A review of the appropriateness and effectiveness of the financial management systems has recently been undertaken by an external consultant, as required by legislation. A review of Procurement was included in the review and the results reported to the Financial Management Audit, Risk and Compliance Committee and to the Council.

All tenders are reported to the Council in the weekly Elected Member Bulletin and Elected Members have the opportunity to have any tender referred to the Council for discussion or consideration. All tenders over \$500,000 are presented to the Council for consideration and adoption.

Question 3

Where is the tender register made available for public viewing, has consideration been given to making available on the City website?

Response

The Local Government (Functions and General) Regulations 1996 Clause 17 relates prescribes the form of the Tender Register that is kept and that it is available for inspection by the public. The public can inspect the register at the City of Melville Civic Centre during office hours.

6.6 Mr G Crawford – Melville Resident and Ratepayers Association (Continued)Question 4

What waivers/exceptions to the three quote and tender requirements have been granted over the past 12 months? Who are the suppliers, what is the contract value, who authorized the waivers and what was the justification?

Response

Clause 11 of the Local Government (Functions and General) Regulations 1996 prescribes when tenders have to and do not have to be publicly invited. A tender is required where the value of the consideration under the contract is, or is expected to be more than \$150,000.

The requirement to conduct a tender cannot be waived and the exceptions prescribed by the regulations are where-

- An emergency under Section 6.8(1)c of the Act is applied,
- WALGA Preferred Supplier Program or State government CUA is used,
- It is unlikely that there is more than one potential supplier (sole supplier),
- Goods or services are supplied or obtained through the State Government, Commonwealth or by a local government or a regional local government,
- Goods or services are supplied by an Australian Disability enterprise,
- Expressions of Interest have been called,
- A contract is entered into by auction etc,

Clause 11A requires that a local government is to prepare or adopt, and is to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less or worth \$150,000 or less.

The Policy states that the CEO and /or Directors may waive the requirement to obtain 3 quotes. This waiver is used where there may not be 3 suppliers in the market that can deliver to specified goods or service, where suppliers decline to quotes or where sole supplier provisions apply.

The waiver of the requirement to obtain 3 quotes is audited by the Procurement Team.

It is not a reasonable use of the Council resources to review and report all instances over the past 12 months where the waiver of the requirement to obtain 3 quotes and to identify the supplier, contract value, the authorizing officers and justification.

6.6 Mr G Crawford – Melville Resident and Ratepayers Association (Continued)Question 5

Over the last two years how many single suppliers (including affiliates of that supplier) have provided Products or Services to a total value exceeding and \$50,000 (3 quotes) and

\$150,000 (tenders) to date in that period? Of these which suppliers were not subjected to the competitive market testing as required in CP-023, ie waivers/exceptions were granted? Who are those suppliers, what product or service where provided, what is the contract value to date, who authorized the waivers/exceptions and what was the justification for not requiring 3 quotes and/or going to tender for the respective contract values?

Response

It is not a reasonable use of the Council resources to review and report at the level of detail requested in this question, over a 2 year period however, it will be taken on notice to see what report can be generated from the Councils finance system.

6.7 Mr R Willis, Bull CreekQuestion

“Could the Council please consider excepting not for profit education institutions in the Policy Statement in Policy CP-085 which relates to the provisions of Public Art in Development Proposals are they expend millions of dollars together each year on the education, creation and performance of Public Art with students and members of the public?”

Response

Council Policy 085 – Provision of Public Art in Development Proposals is the subject of an item for consideration at this meeting.

6.8 Mr E Nielsen, Booragoon – Questions Taken on Notice at the April Ordinary Meeting of Council

The following questions from Mr Nielsen were Taken on Notice at the Ordinary Meeting of the Council held on 19 April 2016. A response has been sent to Mr Nielsen and the information is provided below.

Question 1

Since 2008/09 there has been no publication of any Agenda for any of the City’s committee meetings effectively preventing the public from attending, making presentations and asking questions as they do not know when these meetings are to occur. Why did the City stop publishing the Agenda for these committee meetings and who authorised it?

Response

The two committees referred to are committees without a delegation and therefore it is not required under the *Local Government Act 1995 S 5.23 (1b)* for those Committees to be open to the public. It is only a requirement for committees that have a delegation.

6.8 Mr E Nielsen, Booragoon – Questions Taken on Notice at the April Ordinary Meeting of Council (Continued)

The second part of this question was taken on Notice and the response is provided below:

The cancellation of the publication of the Agenda for these committee meetings was authorised administratively as the Committees do not have delegated powers. All Elected Members receive a copy of the Agenda of the Committee meetings and any reports/recommendations requiring a Council decision are referred to a Council meeting for consideration.

Question 2

Similarly, the publication of the Minutes of Committee Meetings ceased in mid-2009. Why did the City stop publishing the Minutes of these committee meetings and who authorised it?

Response

Question two was taken on Notice and the response is provided below:

The cancellation of the publication of the Minutes for these committee meetings was authorised administratively as the committees do not have delegated powers. All Elected Members receive a copy of the Minutes of the Committee meetings and any reports/recommendations requiring a Council decision are referred to a Council meeting for consideration.

Question 3

Subsequent to ending the publication of the Minutes (Q2, above) back in 2009 the City elected to only “NOTE” in the Council Minutes the existence of unconfirmed minutes from only two of the City’s committee meetings without any indication of what these minutes contained. Why did the City adopt this format which has effectively left the public in the dark regarding committee activities? Who authorised this?

Response

Question three was taken on Notice and the response is provided below:

The City currently has two Committees after the previous Committee system was reviewed in 2006. The current system of two Committees was adopted by the Council. The Minutes of the Committee meetings are provided to all Elected Members and noted at the Council Meeting following the Committee meetings. The Minutes of each Committee is confirmed at the following meeting of the relevant committee in accordance with the *Local Government Act 1995* section 5.22 (2) which states as follows:

“The minutes of a meeting of a council or a committee are to be submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.”

The Charters of the Governance Committee and the Financial Management Audit, Risk and Compliance Committee are due for review during 2016.

7. AWARDS AND PRESENTATIONS

Nil.

8. CONFIRMATION OF MINUTES**8.1 ORDINARY MEETING OF THE COUNCIL – 19 APRIL 2016**
Minutes 19 April 2016**COUNCIL RESOLUTION**

At 7.00pm Cr Schuster moved, seconded Cr Phelan –

That the Minutes of the Ordinary Meeting of the Council held on Tuesday, 19 April 2016, be confirmed as a true and accurate record.

At 7.00pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

8.2 NOTES OF AGENDA BRIEFING FORUM – 3 MAY 2016
Notes 3 May 2016**COUNCIL RESOLUTION**

At 7.00pm Cr Aubrey moved, seconded Cr Wieland–

That the Notes of the Agenda Briefing Forum held on Tuesday, 3 May 2016, be received.

At 7.00pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

8.3 FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE – 10 MAY 2016**COUNCIL RESOLUTION**

At 7.00pm Cr Aubrey moved, seconded Cr Foxtton –

That the Minutes of the Financial Management, Audit, Risk and Compliance Committee Meeting held on Tuesday, 10 May 2016 be noted.

NB: Minutes to be confirmed at next Financial Management, Audit, Risk and Compliance Committee.

At 7.00pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

8.4 GOVERNANCE COMMITTEE – 11 MAY 2016**COUNCIL RESOLUTION**

At 7.01pm Cr Barling moved, seconded Cr Barton –

That the Minutes of the Governance Committee Meeting held on Wednesday, 11 May 2016 be noted.

NB: Minutes to be confirmed at next Governance Committee.

At 7.01pm the Mayor submitted the motion, which was declared
CARRIED UNANIMOUSLY (13/0)

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

C16/5487 - Chief Executive Officer Performance Review
Dr S Silcox, Chief Executive Officer – Financial Interest

9.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT

T16/3695 – Confidential Item – Review of City of Melville Commercial Waste
Business
Cr C Schuster – Interest under the Code of Conduct

10. DEPUTATIONS

Nil

11. APPLICATIONS FOR NEW LEAVES OF ABSENCE

At 7.03pm Cr Phelan moved, seconded Cr Aubrey -

That the applications for new leaves of absence submitted by Cr Robartson, Cr Woodall and Cr Schuster on 17 May 2016 be granted.

At 7.04pm the Mayor submitted the motion which was declared
CARRIED UNANIMOUSLY (13/0)

12. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Confidential Item - T16/3695 – Review of the City of Melville Commercial Waste Business.

The above matter is confidential in accordance with Section 5.23(2)(c) and (e) of the *Local Government Act 1995* relating to a contract that the City may enter into and the report contains information of a commercial value to a person.

Item C16/5487 – Chief Executive Officer Performance Review.

The above matter contains information that is confidential in accordance with Section 5.23(2)(b)(c) and (e) of the *Local Government Act 1995* relating the Chief Executive Officer's employment contract.

13. PETITIONS

- 13.1 Petition – Request for Council to Reconsider Decision to Reverse Approval to Permit Installation of Café Blinds on Council verge at 2/18-22 Riseley Street Ardross – Dome Cafe

A petition signed by 392 residents and 291 non residents was received by the City of Melville on Friday 13 May 2016. The petition reads as follows –

“We, the undersigned, all being Electors of the City of Melville, do humbly pray that – The City of Melville reconsider its decision to reverse its approval to permit the installation of café blinds on the council verge at 2/18-22 Riseley Street Ardross because the City of Melville does NOT permit Café blinds on council verges. –DA 2016-310.

However these blinds are seen as common practice at other locations within and outside the City of Melville for many years. The blinds in this case do not obstruct access to pedestrian or vehicles and provide comfort to patrons of Dome Café, most of whom are ratepayers of the City of Melville.”

COUNCIL RESOLUTION

At 7.07pm Cr Pazolli moved, seconded Cr Barton –

That the petition bearing 683 signatures be received and acknowledged in writing to the lead petitioner.

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

CARRIED UNANIMOUSLY (13/0)

14. REPORTS OF THE CHIEF EXECUTIVE OFFICER

14.1 REPORTS FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING – 10 MAY 2016

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

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)

| | | |
|----------------------------|---|---|
| Ward | : | All |
| Category | : | Operational |
| Subject Index | : | Audits - External |
| Customer Index | : | Moore Stephens |
| Disclosure of any Interest | : | No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : | Item M12/6244 – Financial Management Review Report 27 August 2012 |
| Works Programme | : | Not Applicable |
| Funding | : | 2015/2016 Budget |
| Responsible Officer | : | Ken Wan Process Improvement Auditor |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|----------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council 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> |
| <input checked="" type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- Chief Executive Officers (CEO's) are required by legislation to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every four financial years) and report to the local government the results of those reviews.
- This report contains the results of a recently conducted independent review undertaken by Moore Stephens, an external consultant.
- The review identified 11 areas for improvement. The risk weighting of their 11 findings are summarised as follows:
Low Risk – Eight
Medium Risk – Three
High Risk – Zero
- The three findings with Medium risk weighting are:
 1. No independent checks to ensure new and terminated employees are processed correctly in the payroll;
 2. Payroll exception reports do not provide details with respect to payroll payments; and
 3. No procedures put in place to ensure approved journals have been processed correctly
- All recommendations are considered to be refinements of the existing controls and will be implemented over the next six months. The progress of implementation will be tracked by the Process Improvement Auditor until completion.
- Prior to quotations for the financial management review being sought, the Auditor General was requested by the City to comment on the proposed scope of the review. The Auditor General advised that the proposed scope was very comprehensive and evidence of a commitment to good practice.
- Moore Stephens was also requested to benchmark the City's financial ratios against that of other metropolitan councils, and Mr David Tomasi, a partner from Moore Stephens, will present these two reports to the Financial Management, Audit, Risk and Compliance Committee (FMARCC).

BACKGROUND

The objective of a four yearly financial management review is to assist the CEO in discharging his responsibility to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the City as required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

Moore Stephens, formerly UHY Haines Norton, was appointed to conduct the financial management review in 2016. The review commenced in March 2016 and the report is now tabled for scrutiny by the FMARCC.

Mr David Tomasi, partner of Moore Stephens, will address the FMARCC on 10 May 2016 to present the findings of this review and the financial ratio report and answer any questions the FMARCC may have.

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)

DETAIL

Attachment [5478 Financial Management Review Report and Financial Ratios Report](#)

Findings and improvement actions are summarised below:

| Finding | Improvement Action Proposed |
|---|--|
| <p>1/ The banking treatment and disclosure of the Kerb Side Deposits (KSDs) are not consistent. COM's lawyer advised that the KSDs need not be treated as trust money hence do not require to be banked separately. As a consequence of this advice, the COM has not maintained the KSDs in a trust bank account. However, the COM's financial report for the year ended 30 June 2015 has included the KSDs as part of the trust balance. (Risk-Low)</p> | <p>The City received legal advice in December 2003 regarding the treatment of certain accounts. It was deemed that the legislative provisions left some room for flexibility with the treatment of footpath bonds (or Kerb side deposits). As a result, the City has chosen not to maintain these funds in a trust account. On instruction from the external auditors, Grant Thornton, the 2014/2015 Annual Financial Statements included footpath bonds in the trust summary. These funds were however not reflected in the Trust bank account. This matter will be further discussed with the external auditors during the 2015/2016 audit to appraise them of the legal advice and the reasons for the City treating these deposits as non-trust items. (Completion Date – August 2016)</p> |
| <p>2/ With respect to the 2015/2016 budget year, as required by Section 6.36 of the LG Act, the COM provided in the local public notice an explanation in relation to each differential and minimum rate. The explanation was in regard to the basis and methodology on which they will be imposed and how they will be calculated. There is no detail with respect to the anticipated individual rate in the dollar or minimum payment amounts. (Risk-Low)</p> | <p>Management believe that the statutory requirement has been met. The <i>Local Government Act 1995</i> Section 6.36 outlines the requirement to give public notice for the intention to impose a differential rate. The City does not set the rate in the dollar at the time of advertising differential rates, however this does not change the intent of the differential. Management believe that this meets statutory requirements and is more operationally efficient. If the advertised rate differed from the adopted rate, this would require extra disclosure on the Rates Notice. Consideration will be given to including details of the proposed rate in the dollar in the 2016/2017 public notice. (Completion Date – May 2016)</p> |

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)

| Finding | Improvement Action Proposed |
|---|--|
| <p>3/ Whilst the local public notice details the Minimum Commercial Improved and Unimproved differential rate will be minus 22.8% of Residential Improved Land differential rate, the imposed rate was a higher rate of minus 22.425% of the Residential Improved Land differential rate. In addition, no explanation for the reason for a higher rate was included together with the rate notice as required by Financial Management Regulation 56(4) (b). (Risk-Low)</p> | <p>Management acknowledge the difference in the rates of 0.375%. Budget preparation procedures and checklists will be amended to ensure this is avoided in the future. (Completion Date – May 2016)</p> |
| <p>4/ It was noted there was one instance where interim rates became payable within 32 days of issue date of the assessment notice instead of a minimum of 35 days as required by Section 6.50(2) of the Act. (Risk-Low)</p> | <p>Management acknowledge this isolated incident of a minor shortfall in days. Further measures have been put in place by the Senior Revenue Officer to ensure the correct number of days is given. The issue was also discussed at a recent revenue team meeting. (Completion Date – May 2016)</p> |
| <p>5/ Payments made to creditors in July 2015 were back dated to 30 June 2015. Discussions with staff revealed this has been a normal practice for the year end processing with an additional step of reversing the back-dated payments for reporting purposes. By reversing the back dated payments, the correct year end balance of sundry creditors and cash are reflected in the annual financial report. However, for the year ending 30 June 2015, this additional step of reversing the back dated payments was not performed. This resulted in the understatement of the sundry creditors balance and the overstatement of cash and also impacted on ratio calculations. (Risk-Low)</p> | <p>Management acknowledge the treatment of sundry creditors as being inconsistent with previous years. The amount of creditors not back dated totalling \$4.154m. This had no effect on the annual surplus but the Current Ratio (2014/2015) was 1.699 and would have been 1.490 had the creditors been treated differently. Management will ensure the consistent treatment of year end creditors in the future - and will liaise with the City's auditors. (Completion Date – August 2016)</p> |
| <p>6/ There were no procedures to authenticate information entered into payroll software relating to new and terminated employees by comparing to the data received from Employee Services. (Risk-Medium)</p> | <p>Management acknowledge that there is no formal procedure to verify data input for new starters/terminations. Management will amend the procedure to ensure that the alternate payroll officer verifies data input. (Completion Date – May 2016)</p> |

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)

| Finding | Improvement Action Proposed |
|---|---|
| <p>7/ We noted the use of Exception reports for each fortnightly pay run as a control mechanism to help ensure payroll is bona fide and correct. In the circumstances, using only Exception reports to verify payroll payments does not provide a robust control. A variance report should be used to compare transactions between two consecutive pay runs to highlight differences. (Risk-Medium)</p> | <p>The Payroll Exceptions report (run fortnightly) provides details in relation to payments where there is a payment variation in excess of \$500 for such items as gross payments, tax variations and new starters. Pay Officers analyse this information fortnightly and document explanations for variations which approving officers to review. Management acknowledge that the exact variation amount is not reported but will investigate the possibility of an amendment to the report. (Completion Date – July 2016)</p> |
| <p>8/ The Workforce Plan has only been prepared for the two years up until 2015. The COM has advised that the plan is currently being updated and is expected to be completed by the end of this calendar year. (Risk-Low)</p> | <p>Agreed by Management. The review of the Workforce Plan was put on hold during the Reform process. The Plan is being reviewed this calendar year by the Employee Services Coordinator, including consideration of extending from a two year to a four year horizon. The review of the Plan will be finalised by the end of December 2016. (Completion Date – December 2016)</p> |
| <p>9/ We noted a large difference between debtor and creditor accounts of the Emergency Service Levy (ESL) as at 31 January 2016. Discussion with the staff revealed that these differences are as a result of a combination of reconciling the debtor and creditor ESL accounts with an accumulation of non-payment of ESL by the City to the Department of Fire and Emergency Services (DFES). (Risk-Low)</p> | <p>Management acknowledge the unreconciled differences and notes this had been raised previously, monitored by and reported to the FMARCC by the Internal Auditor in his regular audit updates to the committee. Staff have, over a number of years, been in regular contact with the Department of Fire and Emergency Services to seek further information from them in order to resolve the unreconciled amount. Following recent receipt of information from FESA the revenue team has made significant progress on reconciling the amount, which is a priority project. Management have put steps in place to ensure future reconciliations are undertaken on regular basis. (Completion Date – May 2016)</p> |

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)

| Finding | Improvement Action Proposed |
|--|---|
| <p>10/ We noted that there were no procedures in place to ensure the approved general journal is the same as the processed general journal. (Risk-Medium)</p> | <p>Management acknowledge that there is the possibility of the approved journal being different to the journal entered and posted into the financial ledger. A solution could be to print the posted journal from the system for subsequent comparison and approval, however management deem this practice to be inefficient. Management will explore the practice of raising and approving journals within the financial software, as opposed to hardcopy approval. With the appropriate security controls contained within the financial software this would mitigate the risk. (Completion Date – June 2016)</p> |
| <p>11/ The Tender Register did not include a summary of rates or charges of consideration sought in the tender accepted by Council as required by Regulation 17(3) of the Local Government (Functions and General) Regulations. (Risk-Low)</p> | <p>Management acknowledge that one tender in the tender register did not meet the financial disclosure requirements. Where a tender is for a lump sum this is recorded in the 'Recommendation' - a schedule of rates tender should have an estimated value under 'Financial Consideration'. Staff training has been undertaken to ensure full compliance in the future and the Tender Register template will also be reviewed and enhanced if necessary.</p> |

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

No community consultation has been carried out.

II. OTHER AGENCIES / CONSULTANTS

The City wrote to the Auditor General on 17 July 2015 requesting comments in relation the appropriateness and adequacy of the proposed scope of the Financial Management Review before formalising the review specifications for tendering.

The Auditor General responded on 30 July 2015 and his comments were “*I have reviewed the material you provided and I am happy to compliment the City for undertaking what is clearly a very comprehensive internal review and evidence of a commitment to good practice.*”

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)

STATUTORY AND LEGAL IMPLICATIONS

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the Local Government Council regularly (and not less than once in every four years) and report to the Local Government the results of those reviews.

FINANCIAL IMPLICATIONS

A budget of \$25,000 had been provided for this review and the actual cost was \$17,500.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|--|--|---|
| Financial and compliance objectives may not be achieved if core financial systems are not regularly reviewed to ensure they remain relevant and effective. | A Moderate consequence which is possible resulting in a Medium level of risk. | Appoint qualified professionals to critically evaluate the City's core financial systems once every four years. |

POLICY IMPLICATIONS

There are no direct policy implications associated with this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

No alternative options are presented as part of this report.

CONCLUSION

The review confirms that the City's financial systems and procedures are adequate but further refinements can be made by implementing the recommendations.

M16/5478 – FINANCIAL MANAGEMENT REVIEW REPORT (REC) (ATTACHMENT)**OFFICER RECOMMENDATION AND COMMITTEE RESOLUTION (5478) NOTING**

At 7.31pm Cr Schuster moved, seconded Mr Woodgate -

That the Financial Management, Audit, Risk and Compliance Committee recommends to the Council that the report on the review into the City's financial management systems and procedures and the report on financial ratios conducted by Moore Stephens 5478 Financial Management Review Report and Financial Ratios Report be noted.

At 7.31pm the Deputy Presiding Member submitted the motion, which was declared
CARRIED UNANIMOUSLY (8/0)

COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION (5478) NOTING

That the report on the review into the City's financial management systems and procedures and the report on financial ratios conducted by Moore Stephens 5478 Financial Management Review Report and Financial Ratios Report be noted.

At 9.31pm the Mayor submitted the motion, which was declared
CARRIED UNANIMOUSLY EN BLOC (13/0)

M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

Ward : All
 Category : Operational
 Subject Index : Internal Audit Report
 Customer Index : City of Melville
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : M14/5343 10 March 2014
 Works Programme : Not Applicable
 Funding : Not Applicable
 Responsible Officer : Ken Wan
 Process Improvement Auditor

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|----------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input checked="" type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council to note.</i> |

M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- *Regulation 17 of the Local Government (Audit) Regulations 1996* requires local government Chief Executive Officers (CEO's) to carry out at least a biennial review of risk management, internal control and legislative compliance and present the results of the review to the local government's audit committee. The audit committee is to consider the CEO's review and report the results of the review to the council.
- A review of the City of Melville's practices and policies has been conducted and sufficient systems and procedures have been found to have been established to deal with risk management, internal control and legislative compliance.
- This report recommends that the review's findings be referred to the Council for noting.

BACKGROUND

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

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

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

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

DETAIL

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

[5481 CEO Biennial Review Report attachments 1 and 2](#)

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

M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

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

Risk Management

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

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

**M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT,
INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)**

- *Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.*

Internal Control

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

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

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

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

Aspects of an effective control framework will include:

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

**M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT,
INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)**

The following are examples of controls that are typically reviewed:

- *separation of roles and functions, processing and authorization;*
- *control of approval of documents, letters and financial records;*
- *comparison of internal data with other or external sources of information;*
- *limit of direct physical access to assets and records;*
- *control of computer applications and information system standards;*
- *limit access to make changes in data files and systems;*
- *regular maintenance and review of financial control accounts and trial balances;*
- *comparison and analysis of financial results with budgeted amounts;*
- *the arithmetical accuracy and content of records;*
- *report, review and approval of financial payments and reconciliations;*
- *comparison of the result of physical cash and inventory counts with accounting records.*

Legislative Compliance

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

Monitoring compliance with legislation and regulations.

- *Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.*
- *Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.*
- *Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints.*
- *Obtaining assurance that adverse trends are identified and review management's plans to deal with these.*
- *Reviewing management disclosures in financial reports of the effect of significant compliance issues.*

M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

- *Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee.*
- *Considering the internal auditor's role in assessing compliance and ethics risks in their plan.*
- *Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.*
- *Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest."*

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

STAKEHOLDER ENGAGEMENT**1. COMMUNITY**

No external consultation has been carried out.

2. OTHER AGENCIES / CONSULTANTS

No external consultation with other agencies has been carried out.

STATUTORY AND LEGAL IMPLICATIONS

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

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

M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)

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

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

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|--|--|--|
| Risk of non-compliance with legislation. | A Moderate consequence which is possible resulting in a Medium level of risk. | Ongoing development of officers knowledge of legislative requirements and ongoing updating of FMARCC awareness of its responsibilities mitigates the potential for a non-compliance event occurring. |

There are no environmental management implications associated with this report.

POLICY IMPLICATIONS

There are no direct policy implications associated with this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

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

CONCLUSION

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

**M16/5481 – CHIEF EXECUTIVE OFFICER BIENNIAL REVIEW OF RISK MANAGEMENT,
INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (REC) (ATTACHMENT)****OFFICER RECOMMENDATION AND COMMITTEE RESOLUTION (5481) REVIEW**

At 7.43pm Cr Aubrey moved, seconded Mayor Aubrey –

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

1. **Reviews the Chief Executive Officer's Report, CEO Biennial Review Report attachments 1 and 2**
2. **Reports to the Council the results of that review.**
3. **Provides a copy of the Chief Executive Officer's Report to the Council.**

At 7.43pm the Deputy Presiding Member submitted the motion, which was declared
CARRIED UNANIMOUSLY (8/0)

COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION (5481) NOTING

That the Council:

1. **Reviews the Chief Executive Officer's Report, CEO Biennial Review Report attachments 1 and 2.**
2. **Notes the Chief Executive Officer's Report to the Council.**

At 9.31pm the Mayor submitted the motion, which was declared
CARRIED UNANIMOUSLY EN BLOC (13/0)

M16/5482 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)

| | |
|----------------------------|---|
| Ward | : All |
| Category | : Operational |
| Subject Index | : Internal Audit Report |
| Customer Index | : City of Melville |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : M14/5353 Internal Audit Charter FMARCC 10 March 2014 |
| Works Programme | : Not Applicable |
| Funding | : Not Applicable |
| Responsible Officer | : Ken Wan Process Improvement Auditor |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|----------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input checked="" type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

M16/5482 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- The Internal Audit Charter is a formal document that defines the purpose, authority and responsibilities of the Process Improvement Auditor.
- This Charter was last reviewed in March 2014 and it is now due for review following the two year review cycle.

BACKGROUND

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

The Internal Audit Charter:

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

DETAIL

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

Subsequent research conducted in 2009, 2012, 2014, and 2016 of various websites including the Institute of Chartered Accountants, Certified Practising Accountants, the Institute of Internal Auditors, Western Australian Local Government Association (WALGA), and the Department of Local Government confirmed that the City's Internal Audit Charter is still relevant, appropriate, and covers all key governance areas such as independence, objectivity, and professional auditing standards.

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

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

[5482 Internal Audit Charter Attachment](#)

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

No community consultation has been carried out.

II. OTHER AGENCIES/CONSULTANTS

No external consultation has been carried out.

M16/5482 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)

STATUTORY AND LEGAL IMPLICATIONS

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

The establishment of an internal audit function is important to assist the FMARCC to discharge its responsibilities. It is also important to document formally the purpose, authority, independence, and responsibility of an internal audit function in a charter and have it reviewed regularly to ensure its relevance.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|---|--|--|
| Internal audit function may not be effective in its operations without a clearly defined internal audit charter regarding its purpose, authority, independence, and responsibility. | A Moderate consequence which is possible resulting in a Medium level of risk. | Have a well defined and regularly updated internal audit charter to clearly state the purpose, authority, independence, and responsibility of the internal audit function. |

There are no environmental management implications in this report.

POLICY IMPLICATIONS

There are no specific policy implications associated with this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

No alternative options are presented as part of this report.

M16/5482 - INTERNAL AUDIT CHARTER (REC) (ATTACHMENT)**CONCLUSION**

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

OFFICER RECOMMENDATION (5482)**NOTING**

At 7.46pm Mr Woodgate moved, seconded Cr Aubrey –

That the Financial Management, Audit, Risk and Compliance Committee notes the Internal Audit Charter 5482 Internal Audit Charter Attachment

Amendment

At 7.47pm Cr Schuster moved, seconded Cr Aubrey –

That the Financial Management, Audit, Risk and Compliance Committee notes and endorses the report and recommends its approval to the Council.

At 7.47pm the Deputy Presiding Member submitted the amendment, which was declared
CARRIED (8/0)

COMMITTEE RESOLUTION (5482)**NOTING**

At 7.47pm the Deputy Presiding Member submitted the substantive motion as amended -

- 1. That the Financial Management, Audit, Risk and Compliance Committee notes the Internal Audit Charter 5482 Internal Audit Charter Attachment**
- 2. *That the Financial Management, Audit, Risk and Compliance Committee notes and endorses the report and recommends its approval to the Council.***

At 7.47pm the Deputy Presiding Member declared the motion
CARRIED UNANIMOUSLY (8/0)

COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION (5482)**APPROVAL****That the Council:**

- 1. Notes the Internal Audit Charter 5482 Internal Audit Charter Attachment**
- 2. Endorses and approves the report.**

At 9.31pm the Mayor submitted the motion, which was declared
CARRIED UNANIMOUSLY EN BLOC (13/0)

14.2 REPORTS GOVERNANCE COMMITTEE MEETING – 11 MAY 2016

The following item was presented by the Presiding Member of the Governance Committee.

**C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)**

This item was identified as one for which the meeting may be closed and was deferred to the end of the meeting.

14.3 REPORTS OF THE CHIEF EXECUTIVE OFFICER

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

| | |
|----------------------------|--|
| Ward | : All |
| Category | : Policy |
| Application Number | : Not applicable |
| Property | : Not applicable |
| Proposal | : Review Of Council Policy CP-085 Provision Of Public Art In Development Proposals |
| Applicant | : Not applicable |
| Owner | : Not applicable |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : P14/3378 - Review of CP-085 Provision Of Public Art In Development Proposals – Ordinary Meeting of Council on 19 August 2014 |
| Responsible Officer | : Peter Prendergast Manager Statutory Planning |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|--------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. E.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input checked="" type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- The *Planning and Development (Local Planning Schemes) Regulations 2015* (the Regulations) came into effect on 19 October 2015.
- The Regulations contain provisions to enable Council to prepare, adopt and amend local planning policies.
- Council Policy CP-085 was adopted in April 2013 and was subject to minor modifications in 2014.
- The policy has now been reviewed and the following key changes are proposed:
 - a) mandate a cash in lieu payment in respect of those developments with a value of between \$1million and \$5million
 - b) require detailed public art proposals to be provided for consideration at the planning application stage ;
 - c) provide clarity regarding the requirements for public art in the Melville City Centre and Murdoch Mixed Use Activity Centre precincts;
 - d) provide additional details regarding the installation and maintenance of public art;
 - e) provide additional detail regarding information to be provided with a public art proposal and the allocation of costs;
 - f) incorporate the Melville City Centre Public Art Strategy as an attachment to the policy; and
 - g) minor textual modifications.
- The Melville City Centre Public Art Strategy (the Strategy) was prepared by consultants appointed by the City. The Strategy is intended to provide a coordinated approach to the provision of public art in the Melville City Centre.
- The Strategy is yet to be formally endorsed by Council and has not been the subject of formal advertising. It is recommended that the Council endorse the Strategy for public advertising.
- In March 2016, Council recommended approval of the Murdoch Mixed Use Precinct Activity Centre Structure Plan (the Structure Plan). This Structure Plan contains specific provisions relating to the selection, commissioning and location of public art works.
- The modifications to CP-085 are likely to generate interest from landowners. It is recommended that Council adopt the modified CP-085 policy for public consultation in accordance with Clause 4(1) (a) of Schedule 2 of the Regulations for a period of 21 days.
- Modifications to the Melville City Centre Structure Plan are required in order to facilitate the provision of public art in this precinct. These modifications are discussed in a separate agenda item report reference P16/3706.

BACKGROUND

CP-085 'Provision of Public Art in Development Proposals' (CP-085) was adopted by Council in 2013 and was subject to minor modifications in 2014. The policy has been applied consistently since adoption and resulted in a number of public art pieces being commissioned and installed on buildings and land throughout the City. Council policies such as this are reviewed on a regular basis, the objective being that they remain relevant and useful, and continue to deliver optimum outcomes for the City.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

The current review of the policy has identified a number of improvements to it that are considered to be required to ensure optimum public art outcomes for the City.

At present, and under the terms of the Melville City Centre Structure Plan (the Structure Plan), CP-085 'Provision of Public Art in Development Proposals' does not apply to development proposals within the Structure Plan area. It is proposed that the Structure Plan is amended to ensure that the provisions of CP-085 are applicable to development proposals undertaken within the Structure Plan area

On 15 March 2016, Council resolved to recommend to the Western Australian Planning Commission that the proposed Murdoch Mixed Use Precinct Activity Centre Structure Plan (Murdoch Structure Plan) be approved. The Murdoch Structure Plan adopts the City's standard approach to require a one per cent public art contribution for developments with a value over \$1 million. While the dollar value required is the same in the Murdoch Structure Plan precinct as the remainder of the City of Melville, the process of selection, commissioning and locating the works is specific to the Structure Plan area. CP-085 is proposed to be modified to clearly indicate that public art in the Murdoch Structure Plan precinct should be procured and provided in accordance with the policy and relevant provisions of the Structure Plan and Design Guidelines.

DETAIL

CP-085 enables a consistent approach to be applied by the City in relation to the provision and assessment of public art. The policy provides detail including a definition of public art and artist, the types of development the policy applies to, parameters to guide the installation of the approved art, information to be submitted for approval and performance standards to be met. Through the application of the policy since its initial adoption, several modifications are now proposed which if incorporated, will improve the operation of the policy. These modifications include the following:

- a. **Require detailed public art proposals to be provided for consideration at the planning application stage:** This approach will ensure that the provision of public art is considered early in the development process, which will allow the public art component of a development to be more easily integrated within the building design. This approach also ensures that developers are aware of their obligation to provide public art from the outset, and the costs associated with the art provision can be accounted for accordingly.
- b. **Introduce a mandatory requirement for cash in lieu where the development value is between \$1million and \$5million:** This will remove the option of providing a freestanding or integrated public art installation for developments where the percent for art contribution is \$50,000 or less. It is noted that individual art installations of less than \$50,000 value can be ad-hoc and limited in terms of the contribution they make. Mandatory cash in lieu requirement from these smaller projects will provide the City with the ability to pool funds and implement public art in accordance with its own strategy. It is recognised that this change in the policy will result in a growing body of work associated with the administration and implementation of the per cent for art program at the City level, as the financial reserve associated with per cent for art contributions will grow.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

- c. The additional work will however result in the implementation of more meaningful art installations throughout the City, and this will be delivered in the interests of the City and its residential and business community.
- d. **Provide clarity regarding the application of the policy in the Melville City Centre and Murdoch Mixed Use Activity Centre precincts:** The Melville City Centre Public Art Strategy (the Strategy) was prepared by consultants on the City's behalf. The Strategy is intended to provide a coordinated approach to the provision of public art in the Melville City Centre. It is proposed that the Strategy be appended to CP-085, as doing so will afford the document statutory status and weight. This document is yet to be formally endorsed for advertising by the Council, and as such it is recommended that advertising of the document take place alongside the consultation required by the proposed changes to CP-085. In respect of the Murdoch Structure Plan, this adopts the City's standard approach to require a one percent public art contribution for developments with a value of over \$1 million. It does however provide for a selection, commissioning and siting of artwork process that is specific to the Structure Plan area.
- e. **Provide additional details regarding the installation and maintenance of public art:** Minor changes are proposed to the existing policy to make it clear that Public Art installations should be sited within lot boundaries and that their installation must be undertaken in compliance with relevant standards and legislation. The policy and the information required once an approved public art piece has been installed.
- f. **Provide additional detail regarding the information to be provided with a public art proposal, together with an indication as to how costs may be apportioned:** Minor modification to ensure the City is provided with the design/artists brief and to ensure consultancy fees associated with the provision of public art maintained at a level consistent with industry expectations.
- g. **Incorporate the Melville City Centre Public Art Strategy as an attachment to the policy:** Refer to point c above and further details below.
- h. **Provide minor changes to the policy text:** The policy is proposed to be amended to ensure consistency with the City's Art Strategy. A public art consultant has also been defined to ensure an appropriate person is engaged in this role as part of any project team. Some minor changes to the overall wording of the document have also been made to improve its readability.

[3704 CP 085 Public Art Policy with Tracked Changes](#)

Melville City Centre Public Art Strategy

The Strategy was prepared by consultants on the City's behalf. It is intended to provide a coordinated approach to the delivery of public art within the Melville City Centre. A key objective of the strategy is to maximise the benefits that can accrue from a co-ordinated public art programme, through avoiding ad-hoc or unplanned public art works that may have

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

a detrimental impact of the amenity of the city centre. In doing so, the strategy will maximise the relevance of public art to the area, ensure value for money and community benefit.

The vision of the Strategy is to develop public art that will identify the Melville City Centre as the heart of Melville, a vibrant, engaging place valued by the community and visitors.

The aims for public art within the Melville City Centre are to:

- Create a cohesive collection of public art that is tied together by common themes;
- Support the development of artworks that are unique, evocative and incorporate innovation; and
- Encourage developers to utilise best practice and be transparent in their processes.

The key mechanism for creating cohesion in the collection of public artwork developed for the Melville City Centre is the use of the curatorial themes. It is recommended that public art within the Melville City Centre should address one of the following themes:

- Invite
- Connect
- Experience

The Strategy contains the following principles which should be used to guide the development of all public artwork in the City Centre:

- **Place-making** - Public art enhances the experience of and activates public spaces.
- **Site Specific** - Public art should be designed to be responsive to its specific location.
- **Universal Access** - Public art should be designed to engage, and include our diverse community, irrespective of age, ability, social or cultural background.
- **Economic Development** - Public art attracts visitors to a place, which in turn creates benefits for business, generates employment and enhances the economy.
- **Local and Unique** – Public art contributes to creating a sense of place developing identity and pride in a community.
- **Interaction** - Public art should be designed for some level of public interaction - the public should be able to touch the artwork and in some cases it may be appropriate to climb or sit on or use the artwork in some way.
- **Best Practice** – Public art should be designed in accordance with professional standards, to ensure public safety and the longevity of the work in accordance with the intent of the artwork.
- **Collection Management** – Any public artwork commissioned should be maintained, conserved and preserved in accordance with a Maintenance Plan, which should be provided to the commissioner by the Artist at hand-over.

All public art proposals within the area of the City Centre will be assessed against the Strategy and the relevant provisions of CP-085.

Public comments were sought to help inform the preparation of the Strategy through public advertising from 11 May to 25 May 2015. A total of 44 submissions were received. The feedback was generally positive with many respondents outlining clear ideas about the public art they would like included in the Melville City Centre.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

During the Strategy consultation process, submissions were received in respect of the one percent of development cost figure being used for major developments in the City Centre. In summary, it is believed that requiring a percentage of the development cost being set aside for the provision of public art would unreasonably inflate the development cost and this would not necessarily result in the creation of good urban and public spaces. As an alternative, it is suggested that the City's requirement for public art be assessed "on merit".

These matters will likely be raised once the formal consultation process has been undertaken. The formal advertising process will provide a broader range of stakeholders the opportunity to make comment on the Strategy, and advertising will be undertaken by both letter and press notice.

It is recommended that the Melville City Centre Public Art Strategy (the Strategy) be publicly advertised for 21 days to provide opportunities for comment prior to the document being endorsed by Council. In order to give statutory weight to this strategy it is proposed to include this as an attachment to CP-085. In the event that submissions are received during the public advertising period a subsequent report will be prepared to Council summarising the content of submissions and making recommendations with regard to amendments which may be required, if any, prior to adoption of the Strategy.

[3704 Melville Art Strategy Final](#)

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

The *Regulations* came into effect on 19 October 2015. Clause 5 of Schedule 2 of the Regulations contains requirements for amending a local planning policy. In accordance with Sub-Clause 5(1) the local government should advertise the changes to the local planning policy in the same manner as it would for a new policy, described in Clause 4, unless the modifications are considered minor. In this instance the City considers the modifications are significant enough to warrant formal advertising.

II. OTHER AGENCIES / CONSULTANTS

Clause 4(4) of Schedule 2 of the Regulations requires that Council advise the Western Australian Planning Commission (WAPC) if it is of the opinion that the policy is inconsistent with any State Planning Policy. The City does not consider that the WAPC needs to be informed in this instance.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)**STATUTORY AND LEGAL IMPLICATIONS**

The application of planning policies provides a sound basis for planning decisions and improves the validity of decisions when they are used in determining applications. Provided a policy is soundly based, it has similar status to scheme provisions when a decision made by a decision maker on a development application is under review in the State Administrative Tribunal.

The amendments to the Policy that are the subject of this report will improve the overall operations of the Policy.

FINANCIAL IMPLICATIONS

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

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There are no such implications in this case.

POLICY IMPLICATIONS

There are no specific policy implications associated with this report with the exception of those matters outlined, namely the updates to Council Policy 085 Provision of Public Art in Development Proposals, which will enable a consistent approach by the City in relation to the procurement, assessment, and implementation of public art.

COMMENT

CP-085 Provision of Public Art in Development Proposals ensures that a consistent approach is taken to the assessment of public art across the City of Melville. The proposed modifications will improve the overall process and therefore improve the overall quality of public art provided. The modified policy incorporates the Melville City Centre Public Art Strategy and ensuring that public art in this location is consistent with the desired outcomes for the area. Finally the modifications provide clarity for stakeholders with regard to public art in the Murdoch Mixed Use Structure Plan area.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council has the ability to undertake modifications to the existing policy. Any modifications may require public consultation to be undertaken pursuant to Clause 4 of the Regulations.

The Council could resolve not to advertise the Strategy.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

If the WAPC approves the proposed text requiring public art within the Melville City Centre and the Strategy is not endorsed by Council, the City will have limited control over the type and theme of public art provided within the centre.

CONCLUSION

The proposed modifications will improve the overall operations of the policy and therefore the overall quality of public art across the City. The proposed changes will embody the Melville City Centre Public Art Strategy as an attachment to the policy, affording it statutory weight in the decision making process.

It is recommended that the Council resolve to endorse the proposed modification to CP-085 Provision of Public Art in Development Proposals for formal consultation in accordance with Clause 4 and 5 of the Regulations.

It is also recommended that Council endorse the Melville City Centre Public Art Strategy as an attachment to CP-085 and undertake formal consultation for 21 days.

OFFICER RECOMMENDATION (3704)**ADOPTION**

At 7.10pm Cr Phelan moved, seconded Cr Foxtan –

That the Council resolves that:

1. Pursuant to Clause 4 and 5, Schedule 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015* to endorse the revised Council Policy CP-085 for purposes of public consultation for a period of not less than 21 calendar days.
2. The Melville City Centre Public Art Strategy be publicly advertised for a period of not less than 21 calendar days.
3. In the absence of any submissions in objection to the contrary, the final adoption of the policy and strategy be undertaken by the Chief Executive Officer.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

Amendment 1

At 7.11pm Cr Schuster moved, seconded Cr Woodall –

That the Council amend the Officer’s Recommendation by adding a new Recommendation 1 as follows:

1. ***Draft Policy CP – 085 as presented in this agenda be amended by adding, after the words “ --- one percent of the development cost” in the section titled Application , Paragraph 1 the words “,capped at a maximum cost of \$500,000 in the City of Melville.”; and,***
2. ***The renumbering the existing Recommendations 1,2 and 3 to numbers 2,3 and 4 respectively.***

At 7.55pm the Mayor submitted the amendment, which was declared

LOST (4/9)

| Vote Result Summary | |
|---------------------|---|
| Yes | 4 |
| No | 9 |

| Vote Result Detailed | |
|----------------------|-----|
| Cr O'Malley | Yes |
| Cr Pazolli | Yes |
| Cr Schuster | Yes |
| Cr Woodall | Yes |
| Cr Aubrey | No |
| Cr Barling | No |
| Cr Barton | No |
| Cr Foxtan | No |
| Cr Macphail | No |
| Cr Phelan | No |
| Cr Robartson | No |
| Cr Wieland | No |
| Mayor Aubrey | No |

At 8.00pm Cr Pazolli left the meeting and returned at 8.03pm.

At 8.04pm Mr Prendergast left the meeting, and returned at.8.07pm.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

Amendment 2

At 7.55pm Cr Woodall moved, seconded Cr Schuster –

That the Council amend the Officer’s Recommendation by adding new Recommendations 1, 2 and 3 as follows:

1. Draft Policy CP – 085 as presented in this agenda be amended by adding:
 - a. after the words “...and their surrounding environment” in the section titled Policy Objectives, bullet point 3, the words “, including streetscapes”
 - b. after the words “...spent by the City on approved public art” in the section titled Installation, Paragraph 11, the words “, or streetscape improvements including but not limited to landscaping and gardening, ”; and
 - c. after the words “administer the implementation of the associated public art” in the section titled Installation, Paragraph 11, the words “and streetscapes”;
2. Draft Policy CP – 085 as presented in this agenda be amended by adding after the words “Be Resistant to vandalism” in the section titled Performance Standards, Paragraph 15, a new sub-paragraph (l) and the words “Be appropriate for all age groups and not obscene or offensive to a reasonable person.”;
3. The renumbering of the existing Recommendations 1, 2 and 3 to numbers 4, 5 and 6 respectively.

At 8.29pm the Mayor submitted Recommendation 2 of the amendment, which was declared **LOST (3/10)**

| Vote Result Summary | |
|---------------------|----|
| Yes | 3 |
| No | 10 |

| Vote Result Detailed | |
|----------------------|-----|
| Cr Foxton | Yes |
| Cr Robartson | Yes |
| Cr Woodall | Yes |
| Cr Aubrey | No |
| Cr Barling | No |
| Cr Barton | No |
| Cr Macphail | No |
| Cr O'Malley | No |
| Cr Pazolli | No |
| Cr Phelan | No |
| Cr Schuster | No |
| Cr Wieland | No |
| Mayor Aubrey | No |

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

At 8.30pm the Mayor submitted Recommendations 1 and 3 of the amendment, which was declared

LOST (4/9)

| Vote Result Summary | |
|---------------------|---|
| Yes | 4 |
| No | 9 |

| Vote Result Detailed | |
|----------------------|-----|
| Cr Pazolli | Yes |
| Cr Robartson | Yes |
| Cr Schuster | Yes |
| Cr Woodall | Yes |
| Cr Aubrey | No |
| Cr Barling | No |
| Cr Barton | No |
| Cr Foxtton | No |
| Cr Macphail | No |
| Cr O'Malley | No |
| Cr Phelan | No |
| Cr Wieland | No |
| Mayor Aubrey | No |

At 8.33pm Cr Woodall left the meeting and returned at 8.35pm.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)

Amendment 3

At 8.33pm Cr Robartson moved, seconded Cr Foxton –

That the Council amend the Officer's Recommendation by replacing Recommendation 3 as follows:

- 3. In the event that there are submissions refer the matter to the Council for consideration. In the absence of submissions the final adoption of the Policy and Strategy be undertaken by the Chief Executive Officer.**

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

CARRIED (11/2)

| Vote Result Summary | |
|---------------------|----|
| Yes | 11 |
| No | 2 |

| Vote Result Detailed | |
|----------------------|-----|
| Cr Aubrey | Yes |
| Cr Foxton | Yes |
| Cr Macphail | Yes |
| Cr O'Malley | Yes |
| Cr Pazolli | Yes |
| Cr Phelan | Yes |
| Cr Robartson | Yes |
| Cr Schuster | Yes |
| Cr Wieland | Yes |
| Cr Woodall | Yes |
| Mayor Aubrey | Yes |
| Cr Barling | No |
| Cr Barton | No |

Reason for Amendment

C Robartson provided the following reason in support of the amendment –

This amendment provides for the matter to be referred to the Council to consideration of any community submissions received.

P16/3704 – REVIEW OF COUNCIL POLICY CP-085 PROVISION OF PUBLIC ART IN DEVELOPMENT PROPOSALS (REC) (ATTACHMENT)**COUNCIL RESOLUTION (3704)****ADOPTION**

At 8.42pm the Mayor submitted the substantive motion as amended –

That the Council resolves that:

1. Pursuant to Clause 4 and 5, Schedule 2 of the Planning and Development (Local Planning Schemes) Regulations 2015 to endorse the revised Council Policy CP-085 for purposes of public consultation for a period of not less than 21 calendar days.
2. The Melville City Centre Public Art Strategy be publicly advertised for a period of not less than 21 calendar days.
3. In the event that there are submissions refer the matter to the Council for consideration. In the absence of submissions the final adoption of the policy and strategy be undertaken by the Chief Executive Officer.

At 8.42pm the Mayor declared the motion

CARRIED UNANIMOUSLY (13/0)

At 8.45pm Mr Wan left the meeting and did not return.

At 8:45pm the Mayor adjourned the meeting for break, the meeting resumed at 8:50pm.

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)**

| | | |
|----------------------------|---|--|
| Ward | : | Applecross/Mt Pleasant, City |
| Category | : | Policy |
| Application Number | : | Not Applicable |
| Property | : | All Properties in the Structure Plan Area |
| Proposal | : | The Implementation of Public Art in the Melville City Centre Structure Plan Area |
| Applicant | : | City of Melville |
| Owner | : | Various |
| Disclosure of any Interest | : | No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : | P15/3587 – Final Adoption of Scheme Amendment 76 to Community Planning Scheme No. 5 – Melville City – 5 March 2015 P13/3449 – Final Adoption of the Melville City Centre Structure Plan – 9 December 2013 |
| Responsible Officer | : | Peter Prendergast Manager Planning Services |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|--------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. E.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input checked="" type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE STRUCTURE PLAN AREA (REC)

KEY ISSUES / SUMMARY

- The Melville City Centre Structure Plan (the Structure Plan) was adopted by the Western Australian Planning Commission (WAPC) on 22 April 2014 and has been operational since that time.
- The Structure Plan does not contain requirements for the provision of public art as the Council Policy 'CP-085 Provision of Public Art in Development Proposals' does not apply to the Structure Plan area.
- A Public Art Strategy for the Melville City Centre (MCC) has been developed to guide and inform public art proposals, including the requirement for developers to provide public art to the value of a one percent of the cost of development for applications worth \$1 million or more.
- The Council is requested to consider two actions as part of this report:
 1. Authorise public advertising of updates to the Structure Plan text to introduce a formal public art requirement; and
 2. Authorise public advertising of other updates to the Structure Plan text as previously approved by Council at its Ordinary Meeting held on 5 March 2015. These updates are yet to be the subject of formal advertising, and require formal WAPC approval.
- Two further actions are required in order to formalise the provision of public art in the MCC, these are discussed in detail under cover of a separate report in this agenda (Agenda Item P16/3704 refers).

Melville City Centre Structure Plan Map



**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)****BACKGROUND**

The Council approved the Melville City Centre Structure Plan (the Structure Plan) at its meeting held on 9 December 2013. The Statutory Planning Committee of the Western Australian Planning Commission (WAPC) granted final approval of the Plan at its meeting held on 22 April 2014.

Council approved updates to the Structure Plan text at its meeting held on 5 March 2015. The updates were forwarded to WAPC for noting and possible approval in accordance with proposed Scheme Amendment 67. The wording of Amendment 67 at the time allowed for Council to approve minor updates to the text of structure plans.

The WAPC advised in correspondence dated 27 November 2015 that formal WAPC approval would need to be granted for any amendments to structure plans as per the *Planning and Development (Local Planning Scheme) Regulations 2015* (the Regulations). In essence, the procedures for approving amendments to structure plans changed on the 25 August 2015 when the Regulations were gazetted, which require the WAPC to approve all structure plan changes.

DETAIL

The Council is requested to consider two actions:

1. Authorise public advertising of updates to the Structure Plan text to introduce a public art requirement; and
2. Authorise public advertising of other updates to the Structure Plan text as previously approved by the Council at its' Ordinary Meeting held on 5 March 2015, but which now require formal WAPC approval.

1. Updating the Structure Plan to Introduce Public Art Requirements

Clause 3.6 of the Structure Plan states that:

“Unless otherwise specified within Part One, the City’s Planning Policies do not apply to the structure plan area.”

This clause was intended to make it clear that the Structure Plan overrides other policy requirements that may otherwise apply, unless the policies are specifically mentioned in Part One of the Structure Plan. The requirement for the provision of public art in development applications is not currently specifically referred to in Part One.

The Structure Plan is therefore proposed to be updated as follows:

10.6 Provision of Public Art

Where applications for development approval for multiple dwellings, mixed use or non-residential developments are proposed with a development value of more than \$1 million, public art is to be provided in accordance with Council Policy ‘CP-085

P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE STRUCTURE PLAN AREA (REC)

Provision of Public Art in Development Proposals’ and the Melville City Centre Public Art Strategy or as otherwise approved by the City.

The WAPC is required to approve the amendment to the Structure Plan text as per Clause 45 of the Deemed Provisions of the *Regulations*. The Structure Plan is technically classified as an ‘Activity Centre Plan’ under the Regulations.

Whilst the amendment wording itself is relatively minor, the potential impact of the changes is considered to be significant given that major applications will be proposed in the City Centre which will give rise to considerable public art contributions.

Given the potential implications of the change, it is recommended that the proposed amendment be publicly advertised for 21 days to provide opportunities for comment on the matter in accordance with Clause 34 of the Deemed Provisions of the Regulations.

2. Previously Endorsed Textual Updates to the Structure Plan

As previously detailed in the report to the Council on 5 March 2015, a number of other textual changes were proposed to address issues identified through discussions with applicants and through the use of the Structure Plan in the assessment of development applications. These changes were approved by the Council, and were thereafter implemented. Since then, the introduction of the new Regulations means that the approval of the WAPC is now required for changes to the text, including those previously approved by the Council. For convenience, the changes previously agreed were as follows.

| Previously endorsed Structure Plan Text Update | Comments |
|--|--|
| <p>1. Clause 10.4.4.3 updated to refer to an overall height of 9 metres above natural ground level rather than 8 metres.</p> | <p>This update was proposed to align the height in metres with the default standard height in the R-Codes as specified in Category B of Table 3 of the R Codes. This is the common height standard used throughout suburban areas across metropolitan Perth.</p> <p>The intent of the “stepping down” building height controls in the City Centre Frame is to carefully manage the transition between development in the Frame and that outside the Frame.</p> <p>Development outside the Frame can currently build to 10.5 metres as per CPS 5.</p> |

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)**

| | |
|--|--|
| <p>2. Clause 10.4.5 updated to read as follows: “The roof areas of any building are not to be used as accessible open space areas, viewing platforms, or the like unless: 10.4.5.1 It is not within 12 metres of any property outside of the Structure Plan area; and 10.4.5.2 It complies with the visual privacy requirements specified in Section 10.4.16 and 10.4.17.</p> <p>Note: this provision does not apply to dwelling balconies”.</p> | <p>The previous wording of this provision was confusing as it included reference to dwelling balconies which are considered to be intrinsic elements of contemporary built form. The effective use of roof spaces as open and/or landscaped spaces should be encouraged, provided amenity is not compromised. The changes previously approved by Council provide for this.</p> |
| <p>3. Clause 10.4.6 updated to delete the words “balconies, verandahs,”</p> | <p>This change was related to the changes above for Clause 10.4.5. Balconies and verandahs should not have been included in these clauses.</p> |
| <p>4. Clause 10.4.7 updated to read as: “Any floor of a building having 50% or more of its volume located below natural ground level is not included in the calculation of the number of storeys, but is included in the calculation of building height in metres”.</p> | <p>This change aligned the treatment of basement levels in MCC with that in the Riseley Centre Structure Plan.</p> <p>This would not affect the overall height of buildings as measured in metres and therefore would not change the built form outcomes.</p> |
| <p>5. Clause 10.4.8 updated to read as follows: “Street setbacks may be nil and side building setbacks in accordance with the R-100 provisions contained in the Residential Design Codes.”</p> | <p>This change was agreed to provide clarity and to ensure that development be encouraged without a street setback, thereby ensuring an urban, rather than suburban character throughout the City Centre.</p> |
| <p>6. Clause 10.4.10 updated to read as follows: “Rear building setbacks (to lots outside the structure plan area) are to be in accordance with the R-50 provisions in the Residential Design Codes, with a minimum setback of three (3) metres. Notwithstanding, single storey minor developments that are non-habitable can be built within the three metre setback area in accordance with the Residential Design Codes requirements. Otherwise rear building setbacks to other lots within the structure plan area are to be in accordance with the Residential Design Codes”.</p> | <p>This change allowed single storey minor developments such as garages, parking areas, storage, bin enclosures, plant or the like to be built within the 3 metre setback area in accordance with R-Codes requirements.</p> |

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)**

| Proposed Structure Plan Text Update | Comments |
|--|--|
| <p>7. Clause 10.3.1 updated to read as follows: ““Building heights are to be generally in accordance with the Building Height Plan (Plan 3), unless otherwise approved by the City. If additional building height is proposed above that provided for in the Building Height Plan, the applicant must provide community benefit for the users of the city centre in proportion to the additional development being proposed by achieving one or more of the following:</p> <p>10.3.1.1 New, improved or expanded high quality public spaces within the city centre</p> <p>10.3.1.2 Upgrades to streetscapes, street trees or landscaping in the city centre (or within the vicinity if appropriate)</p> <p>10.3.1.3 Upgrades to footpaths, other pedestrian-related infrastructure, cycle paths or other cycling-related infrastructure in the city centre (or within the vicinity if appropriate)</p> <p>10.3.1.4 Placemaking initiatives or public art (beyond that required in the City’s policy on Provision of Public Art Policy)</p> <p>10.3.1.5 Provision of public facilities such as toilets, showers or sheltered bike storage</p> <p>10.3.1.6 Affordable housing provided as part of an affordable housing scheme and ceded to the Department of Housing or relevant not-for-profit organisation</p> <p>10.3.1.7 Exemplary environmental design or sustainability outcomes</p> <p>10.3.1.8 Any other community benefit contribution that furthers the objectives of the structure plan in the opinion of the City”</p> | <p>The approved change to this clause allows flexibility in terms of building height subject to the delivery of specific community benefits.</p> <p>This clause relates to building height in the City Centre Core only.</p> |

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)**

Whilst the changes outlined above have the benefit of Council endorsement, they have not been subject to formal advertising. It is recommended that public consultation is undertaken at the same time as the proposed amendments for the acquisition of Public Art. The results of this public consultation will be incorporated into the report and the recommendation provided to the WAPC for their consideration.

STAKEHOLDER ENGAGEMENT

Advertising Required: Yes

I. COMMUNITY

It is recommended that the City advertise the following modifications to the Structure Plan in accordance with Clauses 34 and 45 of the Regulations;

1. Textual updates to the Structure Plan to introduce formal public art requirements;
2. The other textual updates to the Structure Plan as detailed above;

Advertising of the Public Art Strategy and the proposed modifications to CP-085 is also recommended under cover of a separate report in this agenda.

A further report will be presented to Council following the end of the public advertising period of 21 days.

II. OTHER AGENCIES / CONSULTANTS

It is not proposed to advertise any of the above to other agencies given that they are unlikely to have any relevance to service agencies.

The WAPC will be advised of the advertising in accordance with Clause 34 (1) (c) of the Deemed Provisions of the Regulations.

STATUTORY AND LEGAL IMPLICATIONS

There are no statutory or legal implications. The City will follow the requirements of the Deemed Provisions of the Regulations, which guide the advertising and adoption of local planning policies and activity centre plans.

FINANCIAL IMPLICATIONS

There are no financial implications with this proposal.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There are no strategic, risk or environmental management implications with this proposal.

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)****POLICY IMPLICATIONS**

Subject to a review of Council Policy CP-085 'Provision of Public Art in Development Proposals', there are no policy implications associated with this report.

COMMENT**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

1. Textual updates to the Melville City Centre Structure Plan to introduce formal public art requirements.

The Council could resolve not to update the Structure Plan, which would mean that public art would not be formally required to be provided in the structure plan area.

2. Previously Endorsed Textual Updates to the Melville City Centre Structure Plan

The Council has previously resolved to adopt these. Confirmation of the Council endorsement for these changes will be provided to the WAPC.

CONCLUSION

The City has prepared a Public Art Strategy for the Melville City Centre to guide and inform public art proposals. The Public Art Strategy includes the requirement for developers to provide public art to the value of one percent of the cost of development for applications worth \$1 million or more in accordance with best practice industry standard.

Three actions need to be completed in order to progress the provision of public art in the Structure Plan area in accordance with the Public Art Strategy:

1. Updating the MCC Structure Plan to introduce a new Clause 10.6 to require public art contributions; and
2. Modify CP085 - Provision of public art to refer to the MCC Public Art Strategy.
3. Authorise public advertising of the MCC Public Art Strategy prior to it being endorsed by Council.

It is recommended that the Council:

1. Authorise public advertising of textual updates to the Structure Plan to introduce formal public art requirements
2. Authorise public advertising of other textual updates to the Structure Plan as previously approved by Council on 5 March 2015, but which require formal WAPC approval.

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)****OFFICER RECOMMENDATION (3706)****APPROVAL**

At 8.50pm Cr Aubrey moved, seconded Cr Foxtton–

That the Council in accordance with the *Planning and Development (Local Planning Schemes) Regulations 2015* resolves to:

- 1. Authorise public advertising of textual updates to the Melville City Centre Structure Plan to introduce formal public art requirements.**
- 2. Authorise public advertising of other textual updates to the Melville City Centre Structure Plan as previously approved by Council on 5 March 2015.**

Amendment

At 8.50pm Cr Schuster moved, seconded Cr Barling –

That the Council amend the Officer’s Recommendation by adding a further paragraph as follows:

- 3. In the event that there are submissions refer the matter to the Council for consideration. In the absence of submissions the final adoption of the policy and strategy be undertaken by the Chief Executive Officer.***

At 8.54pm the Mayor submitted the amendment, which was declared

CARRIED UNANIMOUSLY (13/0)

Reason for Amendment

Cr Schuster provided the following reason in support of the amendment –

In most recommendations of this kind, the Council also requests the issue at hand be referred back to the Council for consideration. This amendment simply suggests this be done as is implied by the subject matter, but the intent is to make it clear to the reader that the issue will be referred to the Council before any binding decisions are made.

**P16/3706 – THE IMPLEMENTATION OF PUBLIC ART IN THE MELVILLE CITY CENTRE
STRUCTURE PLAN AREA (REC)****COUNCIL RESOLUTION (3706)****APPROVAL**

At 8.54pm the Mayor submitted the substantive motion as amended -

That the Council in accordance with the *Planning and Development (Local Planning Schemes) Regulations 2015* resolves to:

- 1. Authorise public advertising of textual updates to the Melville City Centre Structure Plan to introduce formal public art requirements.**
- 2. Authorise public advertising of other textual updates to the Melville City Centre Structure Plan as previously approved by Council on 5 March 2015.**
- 3. *In the event that there are submissions refer the matter to the Council for consideration. In the absence of submissions the final adoption of the policy and strategy be undertaken by the Chief Executive Officer.***

At 8.54pm the Mayor declared the motion

CARRIED UNANIMOUSLY (13/0)

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)**

| | |
|----------------------------|--|
| Ward | : All |
| Category | : Strategic |
| Subject Index | : Delegated Authority |
| Customer Index | : City of Melville |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : M15/5418 Review of City of Melville Delegated Authority Manual – Ordinary Meeting of Council 12 May 2015 |
| Works Programme | : Not Applicable |
| Funding | : Not Applicable |
| Responsible Officer | : Jeff Clark Governance & Compliance Program Manager |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|--------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input checked="" type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council to note.</i> |

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)****KEY ISSUES / SUMMARY**

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

BACKGROUND

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

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

DETAIL

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

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

[5477 Delegated Authority Manual](#) the City of Melville Delegated Authority Manual is attached. This attachment provides specific detail as to the extent of each delegation.

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

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)**

It was apparent to officers that due to the extensive work on the Delegation Authority Manual over the past years, the main amendments recommended are fine tuning of the existing delegations. A listing of all Council Delegations is provided as an attachment with notes identifying any specific change to a delegation. [5477 Listing of Council Delegations](#)

Amendments to Delegations.

There are instances where delegations have been amended to note the change of officer position titles; minor amendments have also been made to various Delegations to reflect changes to the enabling legislation as follows.

Delegation DA-008 Disposition of Land and Other Assets - Minor changes, In Enabling Legislation, "Clauses" changed to "Regulations" and Director Technical Services and Manager Asset Management have been added as Sub Delegates

Delegation DA-009 Renegotiation of Community and Sporting Rentals/Leases and Management Licences - Minor Change, Title changed to "Negotiation of Community and Sporting Rentals/Leases and Management Licences" and Description amended by adding "negotiate and" following "Authority to" in the first line.

Delegation DA-010 Representation on Raffles Waterfront Strata Company - Minor Change, in Description, "Council" changed to "City".

Delegation DA-027 Consideration and Acceptance/Rejection of Tenders - Title changed to "Rejecting and Accepting Tenders" to make it consistent with Regulation 18, changes also made to the Description as the deleted section is commentary and not a delegation, minor changes also made to Enabling Legislation and Related Policy Reference sections.

Delegation DA-028 Minor Contract Variations Pre Award, Selection of Next Successful Tenderer and Contract Variations Post Award - Title changed to "Contract Variations and Selection of next Successful Tenderer", changes also made to the Description, Enabling Legislation, Related Policy Reference, Delegated to and Chief Executive Officer Sub-Delegates to: sections.

Delegation DA-029 Expressions of Interest - Minor Change - Under Chief Executive Officer Sub-Delegates to: "Tenders" deleted and replaced with "Expressions of Interest"

Delegation DA-030 Consideration of Expressions of Interest to Supply Products or Services – Minor changes, under Description, deleted "provided that the provisions of the enabling legislation are met the" Superfluous as everything we do needs to meet legislation and Under Chief Executive Officer Sub-Delegates to: "Tenders" deleted and replaced with "Expressions of Interest".

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)**

Delegation DA-033 Power to Invest - Minor changes, In Enabling Legislation, "Clauses" changed to "Regulations" and Executive Manager Organisational Development included as a Sub Delegate.

Delegation DA-034 Authority to Appoint Authorised Signatories to Municipal, Trust and Reserve Bank Accounts - Title changed to "Authority to Appoint Authorised Signatories to Bank Accounts" and minor changes to Description and Enabling Legislation.

Delegation DA-037 Reimbursement of Expenses & Payment of Allowances/Advances to Elected and Committee Members - Minor changes to Description and Enabling Legislation.

Delegation DA-038 District Boundary Adjustment - Minor Change to description, "Council" Changed to "Local Government".

Delegation DA-039 Boundary Review Consideration of Submissions and Conduct of Review - Minor changes to Description and Enabling Legislation.

Delegation DA-042 Inquiry Report - Minor Change to description, the word "Authority" added to the beginning of line one in the description.

Delegation DA-043 Advice on Inquiry Reporting - Minor Change to description, the word "Authority" added to the beginning of line one in the description.

Delegation DA-057 Notices – Noise and Environmental Protection Notices - Removed Director Community Development as Process Owner and included Director Urban Planning.

Delegation DA-058 Prosecutions Environmental Protection Notice - Removed Director Community Development as Process Owner and included Director Urban Planning.

Delegation DA-066 Liquor Licences - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning and Manager Building and Environmental Health Services.

Delegation DA-067 Connection to Sewer Mains - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning and Manager Building and Environmental Health Services.

Delegation DA-068 Prosecutions Legal Proceedings Health Act 1911 S26 - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning, Manager Building and Environmental Health Services and Coordinator Environmental Health Services.

Delegation DA-069 Health Orders - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning and Manager Building and Environmental Health Services.

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)**

Delegation DA-070 Health Act Licences and Registrations - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning and Manager Building and Environmental Health Services.

Delegation DA-071 Public Building Occupancy - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning and Manager Building and Environmental Health Services.

Delegation DA-073 Delegations Under the Food Act 2008 - Removed Director Community Development and Manager Health and Lifestyle Services and included Director Urban Planning and Manager Building and Environmental Health Services.

Delegation DA-074 Due Date of Rates and Service Charges - Minor changes, In Enabling Legislation, "Clauses" changed to "Regulations"

Delegation DA-087 Commercial Parking Leases - Process Owner, changed "Director Corporate Services" to "Executive Manager Legal Services" and Executive Manager Legal Services also included as a Sub Delegate.

New Delegations

Delegation DA-New - 1 Establishment of Panels of Pre Qualified Suppliers - The Local Government (Functions and General) Regulations were amended in September 2015 to include a new Division 3 — Panels of pre-qualified suppliers. As this is a new Division the Chief Executive Officer requires delegated authority to be able to utilise the provisions of this Division.

Delegation DA-New – 2 Authority to Sign Documents – Due to amendments to the *Local Government Act 1995* particularly at 9.49A and B which in part contradict the provisions of Section 5.41 – Functions of CEO, it is recommended that to ensure that no basis for challenging documents requiring the City's Common Seal or contractual documents exists, the new delegation be approved.

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

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

II. OTHER AGENCIES / CONSULTANTS

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

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)****STATUTORY AND LEGAL IMPLICATIONS**

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

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

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

- (a) any power or duty that requires an absolute or special majority decision or seventy five percent (75%) majority of the Local Government;*
- (b) accepting a tender which exceeds an amount determined by the Local Government;*
- (c) appointing of an auditor;*
- (d) acquiring or disposing of any property valued at an amount exceeding an amount determined by the local government;*
- (e) any powers under s.5.98 (fees for Council Members), s.5.99 (annual fee for Council Members in lieu of fees for attending meetings), or s.5.100 (payments for certain Committee Members);*
- (f) borrowing money on behalf of the local government;*
- (g) hearing or determining an objection of a kind referred to in s9.5*
- (ha) the power under section 9.49A(4) to authorise a person to sign documents on behalf of the Local Government*
- (h) any power or duty requiring the approval of the Minister or the Governor;*
- (i) such other powers or duties as may be prescribed.*
 - *Any powers or duties which can be delegated to the Chief Executive Officer in accordance with s.5.42 and s.5.43, can be delegated to a Committee comprising Council members and employees [s.5.17(1)(b)]. Further, the Chief Executive Officer may delegate to any employee any of these powers or duties (other than the power of delegation) [s.5.44(1)]*

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)**

- Any powers or duties that are necessary or convenient for the proper management of the City of Melville's property or related to an event in which the City of Melville is involved, can be delegated to the following types of Committee:
 - (i) comprised of council members, employees and other persons
 - (ii) comprised of council members and other persons
 - (iii) comprised of employees and other persons [s.5.17(1)(c)]
- Registers must be kept of all Delegations made to Committees, the Chief Executive Officer and employees, and such Delegations are to be reviewed at least once every financial year. [s.5.18, s.5.46(1) & (2)]
- The Chief Executive Officer and any other employee who has been delegated a power or duty under The Act is required to keep a written record of:
 - (i) how and when the power was exercised or the duty discharged
 - (ii) the persons or classes of persons directly affected (other than Council or Committee members, or employees) by the use of the delegation [s.5.46(3) and Reg. 19].

FINANCIAL IMPLICATIONS

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

STRATEGIC, ENVIRONMENT AND RISK MANAGEMENT IMPLICATIONS

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

**M16/5477 - REVIEW OF CITY OF MELVILLE DELEGATED AUTHORITY MANUAL
(AMREC) (ATTACHMENTS)****POLICY IMPLICATIONS**

A number of Council policies adopted by the Council have enabling delegation to the Chief Executive Officer who in turn may on delegate to other appointed officers.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

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

Should delegations to officers not be granted, customers would experience increased delay in obtaining approvals and authorisations.

CONCLUSION

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

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (5477)**ABSOLUTE MAJORITY**

At 8.55pm Cr Robartson moved, seconded Cr Aubrey–

That the Council by Absolute Majority decision adopt the City of Melville Delegated Authority Manual as attached [5477 Delegated Authority Manual and new delegations listed below](#);

[5477 Establishment of Panels of Pre Qualified Suppliers](#)

[5477 Authority to Sign Documents](#)

At 8.55pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY (13/0)

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)

| | |
|----------------------------|---|
| Ward | : All |
| Category | : Policy |
| Subject Index | : Fees and Allowances |
| Customer Index | : Salaries and Allowances Tribunal |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : M15/5446 – Salaries and Wages Tribunal – Elected Members Fees and Allowances – Ordinary Meeting of Council 17 November 2015 |
| Works Programme | : Not Applicable |
| Funding | : 2016/2017 Budget |
| Responsible Officer | : Jeff Clark Governance & Compliance Program Manager |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)**KEY ISSUES / SUMMARY**

- The Salary and Wages Tribunal has concluded its inquiry into the fees, expenses and allowances payable to local government Elected Members with its' determination being issued on 12 April 2016 and taking effect from 1 July 2016.
- This report provides highlights of the issues considered by the Tribunal as part of the determination process.
- The Tribunal has determined a general adjustment of 1.5% to the band ranges.
- It should be noted that the determination provides for the inclusion of meetings of a prescribed nature as defined in Regulation 30(3A) of the *Local Government (Administration) Regulations 1996* (the Regulations) in the Annual Meeting Attendance Allowance.
- It should be noted that in future years the Salary and Wages Tribunal will, as part of the inquiry process, request local governments provide the actual figures associated with reimbursement of expenses to Elected Members.
- It should also be noted that the Policy CP- 013 Elected Member Allowances, Claims for Expenses and Conference Attendance will be amended to include the changes from the 2016 Salary and Wages Tribunal determination.
- It is recommended that Council approve the 1.5% increase to the Annual Meeting Attendance Allowance and the Annual Allowance (Mayor and Deputy Mayor).

BACKGROUND

In February 2013, the *Salaries and Allowances Act 1975* and the *Local Government Act 1995* were amended in order to empower the Salaries and Allowances Tribunal to determine the fees, allowances and reimbursements payable to local government Elected Members from 1 July 2013.

The intention behind this move was to extricate the allowances payable to Elected Members from regulations and for them to be determined by an independent body in an effort to meet best practice and to modernise Elected Member remuneration in Western Australia.

At the Ordinary Meeting of Council held 20 August 2013, Council resolved to increase the Annual Meeting Attendance Fees, the Annual Allowances and the Child Care expenses and to introduce the Information, Communication and Technology Allowance in lieu of other similar allowances, in accordance with the Salaries and Allowances Tribunal's determination. At the Ordinary Meeting of Council held on the 15 July 2014, the Council resolved not to approve an increase of 3% to the Annual Meeting Attendance Fees and Annual Allowances from 1 July 2014 as determined by the Salary and Wages Tribunal.

The Salaries and Allowances Tribunal did not recommend an increase in 2015 however the Council resolved at the Ordinary Meeting of the Council on 17 November 2015 to accept the 3% increase recommended by the Salaries and Allowances Tribunal in 2013 and the increase to be effective from 1 November 2015.

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)**DETAIL**

In accordance with Section 7A of the *Salaries and Allowances Act 1975*, the Tribunal is to ensure that not more than a year elapses between one determination made under section 7B(2) and another and therefore, adjustments to the fees, expenses and allowances are made on an annual basis under the new legislation.

In undertaking the determination, the Tribunal considered a range of issues and these are outlined below:

- **Local Government Population, Expenditure and Staff Levels**

The Tribunal requested and received the following data from the Department of Local Government and Communities:

- Population as at 31 March 2015 (ABS Catalogue 3218.0);
- Total FTE employees 2014-2015;
- Operating expenditure 2014-2015; and
- Three year averaged capital expenditure (2012-2013 to 2014-2015).

- **Labour Market and Economic Data**

The Tribunal's Determination issued in June 2015 reflected the serious challenges facing the Western Australian economy and provided **no increase** to the remuneration of the fees and allowances provided to elected members.

The Tribunal has noted the Government's 2015-2016 Mid-year Review and the Quarterly Financial Results Report - December 2015, published on 25 February 2016, which outlined the challenging economic and fiscal outlook of the state in general.

Economic data released for December 2015 indicated that Perth's Consumer Price Index increased by 1.5% in year-ended terms. Western Australia's Wage Price Index rose by 2.0% in annual average terms to December 2015, the lowest since the series commenced in 1998. The Public Sector Wage Price Index increased by 3.2% in that period, but the Private Sector Wage Price Index increased more slowly, by 1.7%.

In statements supporting the release of the Public Sector Wages Policy Statement 2016, the Treasurer and Minister for Commence linked the Consumer Price Index to the State Government's decision to limit pay rises of 1.5% per annum for public sector employees, consistent with the Department of Treasury's forecast of the CPI in 2015-16. The policy will apply to all public sector industrial agreements expiring on or after 1 June 2016. While acknowledging that this policy does not apply to local governments, it does provide illustration around the community expectations for wages growth of government officers whose salaries or fees are derived from taxes or rates.

- **Band Allocation Model**

The Tribunal continues to utilise the four band classification model adopted in its 2012 determination. The model provides for a range of factors to be taken into account including:

- major growth and development;
- strategic planning, including risk management;

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)

- infrastructure development and asset management;
- significant social/economic/environmental issues;
- significant demand to service and support non-resident needs;
- diversity of services;
- community involvement and advocacy;
- state or national negotiations;
- operational and managerial requirements;
- capacity to pay;
- total expenditure;
- population; and
- FTEs.

The Tribunal emphasises that there is significant room for growth within each band before an increase in classification is warranted. A request for an increase in classification will only be recognised where it is demonstrated that the local government or regional local government has experienced a substantial and sustained increase in work value.

- **Training for Elected Council Members**

The Tribunal will continue to monitor outcomes of training programs for Elected Members during 2016-2017 with a view to considering future approaches.

- **Survey Results**

In regards to Elected Members, the responses show that all local governments provide fees within the bands determined by the Tribunal, as is required. Only one local government reported that it provides no payment to Elected Members. This indicates that the Members, acting independently, have waived their right to receive fees.

- **Annual review process and provision of data to the Tribunal**

The Tribunal will continue to request information annually regarding the amounts of fees, expenses and allowances paid to local governments and regional local government elected council members and remuneration provided to Chief Executive Officers.

In concluding its inquiry, the Tribunal has determined a 1.5% increase to the maximum ranges of council meeting fees, committee meeting and prescribed meeting fees, annual attendance fees in lieu of council and committee meeting fees and the annual allowance for mayors, presidents and chairpersons. All adjustments to the maximum ranges have been rounded to the nearest dollar and are effective from 1 July 2016.

The Tribunal considers that an increase of 1.5% is sufficient given the current economic climate and the substantial increases awarded in the 2013 determination. The Tribunal's decision also take into account the information provided by local government and regional local governments as part of the inquiry process and maintains the understanding that there is a recognised element of community service associated with the role of an Elected Member.

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)**STAKEHOLDER ENGAGEMENT****I. COMMUNITY**

There has not been consultation conducted with the Community as this is a matter for the Council to decide.

II. OTHER AGENCIES / CONSULTANTS

The Salary and Wages Tribunal, as part of its determination process has:

- Advertised for public submissions, with a total of 16 submissions being received.
- Written, via email, local governments and regional local governments to invite submissions. The Western Australian Local Government Association (WALGA) and the Western Australian division of the Local Government Managers Australia (LGMA) were also invited to make submissions to the inquiry. The City of Melville participated in this survey.
- Sought information from local governments and regional government regarding the fees, expenses and allowances paid to Elected Members in consideration of the 2013 determination.
- Considered relevant labour market and economic data.
- Sought advice from the Statutory Advisor, Ms Jennifer Mathews, Director General, Department of Local Government and Communities.

STATUTORY AND LEGAL IMPLICATIONS

Section 7B (2) of the *Salaries and Allowances Act 1975* requires the Tribunal determine the fees, allowances payable and expenses reimbursable to local government Elected Members.

Section 5.98 to 5.99A of the *Local Government Act 1995* authorises the payment of fees and allowances and the reimbursement of expenses to Elected Members.

Section 5.63 of the *Local Government Act 1995* advises that Elected Members do not need to make a declaration in respect to an interest relating to a fee, reimbursement of an expense or an allowance specified under sections 5.98, 5.98A, 5.99 and 5.99A of the Act.

FINANCIAL IMPLICATIONS

Should Council resolve to adopt the recommendation contained in this report, the financial implications are as follows:

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)

| | Current | Proposed | Increase |
|----------------------------|------------------|------------------|---------------|
| Mayor | | | |
| Annual Meeting Attendance | \$46,350 | \$47,046 | \$696 |
| Elected Members (x12) | | | |
| Annual Meeting Attendance | \$30,900 | \$31,364 | \$464 |
| Mayor | | | |
| Annual Allowance | \$87,550 | \$88,864 | \$1,314 |
| Deputy Mayor | | | |
| Annual Allowance | \$21,888 | \$22,216 | \$328 |
| Overall Annual Cost | \$526,588 | \$534,494 | \$7906 |

The draft 2016/2017 Budget has a provision to meet the recommended fees for the Mayor and Elected Member Meeting Attendance allowance and for the Mayor and Deputy Mayor allowances. The 1.5% increase determined by the Salaries and Wages Tribunal is available to come into effect as of 1 July 2016.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There are no identifiable strategic, risk or environmental implications.

POLICY IMPLICATIONS

Existing Council Policy **CP-091 Elected Members Allowances and Expenses** provides guidance and clarity with regard to the allowances and expenses that will be paid to Elected Members in accordance with the *Local Government Act 1995*, *Local Government (Administration) Regulations 1996* and the *Salaries and Allowances Act 1975*, to enable them to effectively carry out their functions as an Elected Member of the City of Melville and will be amended to reflect the 2016 determinations of the Salaries and Allowances Tribunal and decision of the Council relating to this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council could determine not to increase the Meeting Attendance Allowances and Mayor/ Deputy Mayor Annual Allowances at this time, however that would mean that as a one of the largest metropolitan local governments in Western Australia, and a Band 1 local authority as determined by the Salary and Wages Tribunal, based on size, complexity and unique features, the City of Melville would no longer pay its Elected Members at the maximum amounts determined.

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)**CONCLUSION**

This is the fourth year that the Salary and Wages Tribunal has made a determination on fees, expenses and allowances for local government Elected Members.

The Tribunal has determined a general adjustment of 1.5% to the band ranges and notes that a majority of local governments retain the capacity to provide an increase above this percentage within the current band parameters. Each local government must satisfy itself that there is sound justification to award any increase within their allotted band in the current economic climate.

The Tribunal will continue to refine the determination around fees, expenses and allowances for local government Elected Members, with future inquiries requesting actual figures relating to reimbursement of expenses.

In recognising that the City of Melville is one of the largest metropolitan local governments, and retains its Band 1 status, it is recommended that the fees and allowances paid to Elected Members be increased by the 1.5% as determined by the Salary and Wages Tribunal.

M16/5485 - SALARIES AND WAGES TRIBUNAL – ELECTED MEMBER FEES, EXPENSES AND ALLOWANCES - (AMREC)

**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (5485)
ABSOLUTE MAJORITY APPROVAL**

At 8.56pm Cr Robartson moved, seconded Cr Aubrey –

That the Council by Absolute Majority decision, approve an increase of 1.5% to the Annual Meeting Attendance Fees and Annual Allowances as follows effective from 1 July 2016 as determined by the Salary and Wages Tribunal in April 2016:

| <u>Annual Meeting Attendance Allowance</u> | <u>2015</u> | <u>2016</u> |
|--|-----------------|-----------------|
| Mayor | \$46,350 | \$47,046 |
| Elected Members | \$30,900 | \$31,364 |
| | | |
| <u>Annual Allowance</u> | | |
| Mayor | \$87,550 | \$88,864 |
| Deputy Mayor | \$21,888 | \$22,216 |

At 9.29pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (7/6)

| Vote Result Summary | |
|----------------------------|---|
| Yes | 7 |
| No | 6 |

| Vote Result Detailed | |
|-----------------------------|-----|
| Cr Aubrey | Yes |
| Cr Barton | Yes |
| Cr Macphail | Yes |
| Cr Phelan | Yes |
| Cr Robartson | Yes |
| Cr Wieland | Yes |
| Mayor Aubrey | Yes |
| Cr Barling | No |
| Cr Foxtton | No |
| Cr O'Malley | No |
| Cr Pazolli | No |
| Cr Schuster | No |
| Cr Woodall | No |

At 9.14pm Cr Pazolli left the meeting and returned at 9.15pm.

M16/5000 – 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 Program | : Not applicable |
| Funding | : Not applicable |
| Responsible Officer | : Jeff Clark – Governance and Compliance Program Manager |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|----------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input checked="" type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

KEY ISSUES / SUMMARY

This report details the document to which the City of Melville Common Seal has been applied for the period from 24 March 2016 up to and including 21 April 2016 and recommends that the information be noted.

M16/5000 – COMMON SEAL REGISTER (REC)

BACKGROUND

Section 2.5 of the *Local Government Act 1995* states that a Local Government is a Body Corporate with perpetual succession and a common seal. A document is validly executed by a Body Corporate when the common seal of the Local Government is affixed to it and the Mayor and the Chief Executive Officer (CEO) attest the affixing of the seal.

DETAIL

| Register Reference | Parties | Description | ECM Reference |
|--------------------|--|---|-----------------|
| 1205 | The City of Melville and Care Options Incorporated | Deed of Variation Q05/14A Provision of Seniors Assistance Fund Brokerage Services new contract will expire 30 June 2017 | Tenders 3849413 |

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

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

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

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

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

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

FINANCIAL IMPLICATIONS

There are no financial implications in this report other than that held in the contracts advised above.

M16/5000 – COMMON SEAL REGISTER (REC)**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

There is no strategic, risk or environmental management implications in this report.

POLICY IMPLICATIONS

There are no policy implications in this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

This is a standard report for Elected Members' information.

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

That the Council notes the actions of His Worship the Mayor and the Chief Executive Officer in executing the document listed under the Common Seal of the City of Melville from 24 March 2016 up to and including 21 April 2016.

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (13/0)

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)

| | |
|----------------------------|--|
| Ward | : All |
| Category | : Policy |
| Subject Index | : Corporate Policy |
| Customer Index | : City of Melville |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : Item tem C13/5341 - Policy Review – Corporate Services - Ordinary Meeting of the Council – 10 December 2013 Item M14/5341 - Policy Review – Chief Executive Officer, Director Corporate Services - Ordinary Meeting of the Council – 18 February 2014 Item M14/5370 – Policy review – Organisational Development – Ordinary Meeting of Council 17 June 2014 Item C15/6089 – Review of Council Policy CP-023 Procurement of Products and Services – Ordinary meeting of Council 8 December 2015. |
| Works Programme | : Not Applicable |
| Funding | : Not Applicable |
| Responsible Officer | : Marten Tieleman Director Corporate Services |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|--------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input checked="" type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)**KEY ISSUES / SUMMARY**

- The policies within the responsibility of Corporate Services have been examined and brought forward with amendments for consideration and adoption.
- In a recent structural review Organisation Development and Corporate Services were combined as the one Directorate and as such the policies that are the responsibility of Organisational Development and Financial Services are the subject of this report.
- Policies that are defined as a Council Policy require the approval of the Council whereas Operational Policies are approved by the Chief Executive Officer.
- This report recommends that the reviewed policies be adopted.

BACKGROUND

The City of Melville has Council Policies which for Corporate Services were previously reviewed in December 2013. In February 2014 CP-025 Accounting - was reviewed and amended to incorporate the Fair Value Accounting Standard and include adjustment of asset lives and depreciation rates as used by Assets and Facilities. Organisational Development last conducted a review of its Policies in June 2014 and CP-023 Procurement of Products and Services was amended in December 2015 to reflect changes in legislation.

Risk Management Policy OP-004 was previously an Operational Policy and has been elevated to a Council Policy as it includes reference to the responsibilities for the Financial Management, Audit, Risk and Compliance Committee. The Policy is presented as CP-099 for approval.

A two yearly review cycle has been implemented to ensure all policies remain current. Officers have again reviewed all Corporate Services policies and have now brought the reviewed policies with proposed amendments to the Council for consideration.

DETAIL

All policies are held under one of two categories being, Council Policies or Operational Policies. The policies that are required to be approved by the Council relate to:

- Strategic Positioning of the Council
- Executive Functions
- Legislative Functions
- Chief Executive Officer and Senior Officer Appointments
- Termination payments in excess of contracts of employment or Award provisions.

All other Policies are considered to be operational in nature and have therefore been designated as Operational Policies. Operational policies are those which are made in relation to the functions of the Chief Executive Officer (CEO) as prescribed by Section 5.41 of the *Local Government Act 1995* (The Act) as follows:

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)

- Management of the day to day operations of the local government;
- The employment, management supervision, direction and dismissal of other employees - subject to Section 5.37(2) in relation to senior employees.
- Ensuring that records and documents of the local government are properly kept for the purposes of The Act and any other written law: and
- Policy on powers and duties delegated by the Council within the limitations as set by Section 5.43 of The Act.

Where applicable, procedures will be prepared for some policies to define a sequence of activities, tasks or steps that, when undertaken in the sequence laid down, produces the described result, product or outcome.

This report provides comment on 14 of the policies under the responsibility of the Corporate Services Directorate.

Of the six Organisational Development policies, five policies have been reviewed. CP-30 Environmental Policy was not reviewed as the next review date will be November 2017. Of the five policies reviewed no change was made to one policy and only minor changes made to four policies, as outlined below:

CP-003 Public Relations

Minor grammatical change, added a process to formally authorise Officers to speak on behalf of the City, added references to the relevant sections of the *Local Government Act 1995* and updated the policy to the current Policy Template.

CP-007 Acting Chief Executive Officer

Minor grammatical changes and added a reference to the *Local Government Act 1995*.

CP-026 Employee Appointments

No change.

CP-027 Severance Policy

Minor correction to clause numbering.

CP-039 Quality Policy

Minor grammatical changes and update of International Standard reference numbers.

Of the eight Financial Services policies, seven policies have been reviewed. CP-022 Disaster Appeals was not reviewed as the next review date will be December 2017. Of the seven policies reviewed the changes made are outlined below:

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)**CP-008 Financial Sustainability - Forward Financial Planning Budget and Funding Allocation**

Minor changes to document descriptions in Clause 1.1 and Clause 3. Deletion of “plus two further years – Note extending the forward estimates enables Council and the Community to better assess the future full year impacts of budget decisions;” in Clause 2.3. Future year financing is captured in the Long Term Financial Plan.

Insert the words “Time permitting” in Clause 2.6.

In the 2013 review of this policy the Officer Report indicated that Clause 1.9 would be modified to delete reference to - *“A proposed annual budget will be presented to the Council with the untied FAG Funds applied to reserve accounts as per this clause and an alternative budget proposal option will also be presented with the untied FAG Funds applied to the current budget operational or capital expenditures. The Council can then decide on the appropriate budget to adopt.”*

Due to an administrative oversight this amendment was not made to the policy that formed an attachment to that report therefore the redrafted policy is now re-presented in this review to be deleted as recommended in the previous review.

CP- 009 Investment of Funds

Addition to Policy to add “Green Investment” option in Clause 1 and Clause 11 (vii) Ethical Investing. Should the option be supported a procedure and reporting requirements will be developed.

Clause 11(ii) updated to remove reference to 2008 being the year that Government Guarantee limit was implemented.

Delete Clause 12 Exemptions to Policy for Investment Purchased Prior to Policy Changes as this is no longer applicable as no Collateralised Debt Obligation’s are held or can be purchased by the City.

CP- 010 Self Supporting Loans

Minor Change:

Addition to Clause 6 Loan Conditions that “If required” a Club or Organisation is to meet on an annual basis with the City to discuss audited annual reports and overall financial position.

CP- 023 Procurement of Goods and Services

Minor change to the requirements for procurements over \$5,000 and up to \$50,000 to allow “email, catalogue or website printout quotations to be obtained”, in addition to obtaining at least three written quotations.

CP- 024 Borrowings and Asset Financing

Minor grammatical changes and title amended.

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)**CP- 025 Accounting**

Minor numbering and grammatical changes. Changes to Monthly Clause 3(a), Budget and Budget Reviews (Clause 4), and Reporting Revenue and Expenditure (Clause 5) reporting formats. Minor changes to Clause 6 Assets, to reflect the:

- componentisation of assets,
- additional of jetties and boardwalks as a category of assets,
- requirements that asset revaluations will be undertaken by an independent registered valuer,
- changes to depreciation periods for buildings and
- addition of jetties and boardwalks to the depreciation periods.

CP- 099 Risk Management Policy

Previously Operational Policy OP-004, no change

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

This review of policies has particularly included references to legislation to support the policy position. The policies are consistent with the current *Local Government Act 1995* and relevant Regulations.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The process of policy review will serve to minimise both strategic and risk management implications by ensuring the policies are consistent with current legislation.

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)

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

POLICY IMPLICATIONS

All Council Policies are being reviewed and a significant number will be amended as a consequence of the review.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council has policies to provide direction to officers on the Council's expectation of how a variety of matters will be addressed. This direction provides a consistent approach to all persons who make similar applications to the City.

Should the Council resolve to remove Council Policies, officers would not have the understanding of the Council's intent in the great variety of matters and circumstances with the potential that persons would receive different responses from the City on similar matters. By providing a consistent approach, people will have confidence in the City's application of judgement on matters and that decisions are applied against a structure.

CONCLUSION

The individual policies have been reviewed by senior officers and their amendments are consistent with the current provisions of the *Local Government Act 1995* and Regulations.

C16/5484 - POLICY REVIEW – CORPORATE SERVICES (REC) (ATTACHMENTS)**OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (5484) APPROVAL**

That the 12 policies reviewed by Corporate Services as contained in the following attachments be approved.

[CP-003 Public Relations](#)

[CP-007 Acting Chief Executive Officer](#)

[CP-008 Forward Financial Planning Budget and Funding Allocation](#)

[CP-009 Investment of Funds](#)

[CP-010 Self Supporting Loans](#)

[CP-023 Procurement of Goods and Services](#)

[CP-024 Borrowings and Asset Financing](#)

[CP-025 Accounting](#)

[CP-026 Employee Appointments](#)

[CP-027 Severance Policy](#)

[CP-039 Quality Policy](#)

[CP-099 Risk Management Policy](#)

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (13/0)

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE C017/15 (REC) (CONFIDENTIAL ATTACHMENT)

| | |
|----------------------------|---|
| Ward | : All |
| Category | : Operational |
| Subject Index | : Tenders |
| Customer Index | : City of Melville |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : Not Applicable |
| Works Programme | : Irrigation Capital Works Program 488 |
| Funding | : 2015-2016 and 2016-2017 capital budget |
| Responsible Officer | : Bruce Taylor, Manager Financial Services |

AUTHORITY / DISCRETION
DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council to note.</i> |

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE (C017/15) (REC) (CONFIDENTIAL ATTACHMENT)

KEY ISSUES / SUMMARY

- To recommend that the lump sum prices submitted by “Hydroquip Pumps & Irrigation” and “Horizon West Landscape & Irrigation” for Supply and Installation of Irrigation Systems in the City of Melville be accepted.
- Funding of \$422,000 for WN Malcom Reserve, Anthony Dodd Reserve, Blue Gum Reserve, Wireless Hill Upper and Lower Reserve is available in the 2015-2016 budget.
- Funding of \$492,000 for Len Shearer Reserve, Winnacott Reserve and Bicton Quarantine Park is dependent on 2016-2017 budget approval by Council.

BACKGROUND

As per the asset renewal program and due to inefficiencies of existing systems, irrigation systems at eight of the City’s reserves are identified in need of replacement.

Irrigation works planned for the 2015-2016 and 2016-2017 financial years were combined into one tender to negate the need to go to tender twice but also to potentially increase the quality of submissions by making the tender more appealing to tenderers. This tender is proposed to begin during the 2015-2016 financial year and end during the 2016-2017 financial year.

Price Schedule

The Pricing Schedule forms part of the attachments to the Agenda, which was distributed to the members of the Contract and Tender Advisory Unit (CTAU) on Friday 15 April 2016 and to Elected Members on Friday 29 April 2016 under confidential cover.

Tender Evaluation Process

Qualitative scores were achieved by joint agreement of the panel members at the evaluation meeting after each panel member had scored the submission individually. Stage 1 was a weighted comparison against the following qualitative criteria – Relevant Experience, Capacity to Deliver and Methodology. Stage 2 was a weighted comparison against price.

The shortlisted tenderers have demonstrated experience to the satisfaction of the Evaluation Panel. The shortlisted tenderers were assessed as detailed in the attached Confidential Attachment - Evaluation Panel Report.

The Evaluation Panel Report forms part of the Attachments to the Agenda, which was distributed to the Members of the Contract and Tender Advisory Unit on Friday 15 April 2016 and to Elected Members on Friday 29 April 2016 under confidential cover.

DETAIL

| | |
|---------------------------------------|------|
| Number of Tender Documents Issued | 22 |
| Number of Tender Submissions Received | Five |
| Addendums issued | Two |

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE (C017/15) (REC) (CONFIDENTIAL ATTACHMENT)

Details of the tender process and comparative assessment process are detailed in the attached Confidential Attachment – Evaluation Panel Report and Appendix 1 - Evaluation Sheets.

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

The City has liaised with the sporting clubs and seasonal hirers at the affected reserves through the Recreation Services. Sporting clubs will temporarily reallocate at alternate reserves so the proposed works can be conducted in active reserves within the timeframes stated. For works scheduled in passive reserves, the Contractor will liaise with adjacent residents and book out the reserves prior to works occurring. Unscheduled users of the reserves will not be significantly affected as the reserves will remain open during the construction process.

II. OTHER AGENCIES / CONSULTANTS

No consultation with other agencies was required for this tender.

STATUTORY AND LEGAL IMPLICATIONS

Section 3.57 of the *Local Government Act 1995* states “A Local Government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods or services”.

FINANCIAL IMPLICATIONS

In the 2015-2016 budget, funds of \$422,000 are allocated for irrigation system replacement. In the 2016-2017 budget, funds of \$492,000 are allocated for irrigation system replacement, dependant on budget approval by Council.

The total budget for all projects, dependant on 2016-2017 budget approval by Council, is \$914,000.

Hydroquip lump sum price for WN Malcolm Reserve, Anthony Dodd Reserve, Wireless Hill Upper and Lower Reserve (scheduled for 2015-2016), Len Shearer Reserve and Winnacott Reserve (scheduled for 2016-2017) proved most advantageous to the City. The tendered amount by Hydroquip for those projects is \$501,399.

Horizon West lump sum price for Blue Gum Reserve (scheduled for 2015-2016) and Bicton Quarantine Park (scheduled for 2016-2017) proved most advantageous to the City. The tendered amount by Horizon West for those projects is \$196,900.

The total cost for Hydroquip and Horizon West to carry out the works is \$698,299.

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE (C017/15) (REC) (CONFIDENTIAL ATTACHMENT)

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Reputation

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|--|--|--|
| Decline in the appearance and condition of the City's Public Open Space due to poor quality or a delay in supplying irrigation products. | Moderate and unlikely resulting in a medium risk. | Timeframes for installation indicated in the tender. Quality of products covered under warranty and specifications in the tender. Contractor to maintain the condition of the reserve whilst the new irrigation system is being installed. |

Service Interruption

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|---|--|--|
| Contractor conflicts with underground services when installing irrigation | Moderate and likely resulting in a high risk. | Contractor to mark and locate all underground services prior to installing new irrigation system |

Environmental Risk

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|--|--|--|
| Asbestos is present when conducting excavation | Moderate and unlikely resulting in a medium risk. | Contractor provided Asbestos Management Plan as part of the tender submission. |

POLICY IMPLICATIONS

There are no implications identified against the Procurement of Goods or Services Policy CP-023.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The City could choose not to replace its irrigation systems at its eight reserves. This would result in a decline in the condition of the City's active and passive reserves which could lead to service interruption for scheduled sports and potential public liability claims. The City would also not benefit from the significant reduction in water use expected from a new and more efficient system.

Due to the scope and number of scheduled irrigation projects the City does not have adequate resources internally to deliver the projects within the set timeframes and would conflict with the proposed critical timeframe for active reserves.

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE (C017/15) (REC) (CONFIDENTIAL ATTACHMENT)**CONCLUSION**

The Evaluation Committee has reviewed and evaluated all tenders and presented a recommendation to the CTAU to appoint a contractor to complete the required works. As the value of the contract exceeds the \$500,000 per tender per annum limit delegated to the Chief Executive Officer under Delegated Authority DA-027, the Council is now required to consider this tender and the recommendation from the CTAU.

EVALUATION PANEL RECOMMENDATION C017/15**APPROVAL****That:**

- a) The tender submitted by Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for C07/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums, as specified, for WN Malcolm Reserve, Anthony Dodd Reserve, Wireless Hill Upper and Lower Reserve be accepted as the most advantageous.
- b) The Chief Executive Officer be authorised to execute the contract for C07/15 Supply and Installation of Irrigation Systems within the City of Melville with Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for WN Malcolm Reserve, Anthony Dodd Reserve, Wireless Hill Upper and Lower Reserve.
- c) The tender submitted by Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for C07/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums, as specified, for Len Shearer Reserve and Winnacott Reserve be accepted as the most advantageous subject to 2016/17 budget approval by Council.
- d) The Chief Executive Officer be authorised to execute the contract for C07/15 Supply and Installation of Irrigation Systems within the City of Melville with Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for Len Shearer Reserve and Winnacott Reserve subject to 2016/17 budget approval by Council.
- e) The tender submitted by Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for C07/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums, as specified, for Blue Gum Reserve be accepted as the most advantageous.
- f) The Chief Executive Officer be authorised to execute the contract for C07/15 Supply and Installation of Irrigation Systems within the City of Melville with Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for Blue Gum Reserve.
- g) The tender submitted by Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for C07/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums, as specified, for Bicton Quarantine Park be accepted as the most advantageous subject to 2016/17 budget approval by Council.

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE (CO17/15) (REC) (CONFIDENTIAL ATTACHMENT)

- h) The Chief Executive Officer be authorised to execute the contract for C07/15 Supply and Installation of Irrigation Systems within the City of Melville with Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for Bicton Quarantine Park subject to 2016/17 budget approval by Council.

Note: The CTAU Members noted an omission in the evaluation panel recommendation of the lump sum figures for the reserves. The CTAU Resolution has been amended to include these details.

CONTRACT AND TENDER ADVISORY UNIT RECOMMENDATION AND COUNCIL RESOLUTION (6096) (CO17/15) APPROVAL

That the Council:

- a) Accepts the tender submitted by Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums \$99,990 excluding GST, as specified, for WN Malcolm Reserve and Anthony Dodd Reserve and \$126,950 excluding GST, as specified, for Wireless Hill Upper and Lower Reserve, as the most advantageous.
- b) Authorises the Chief Executive Officer to execute the contract CO17/15 Supply and Installation of Irrigation Systems within the City of Melville with Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for WN Malcolm Reserve and Anthony Dodd Reserve \$99,990 excluding GST and Wireless Hill Upper and Lower Reserve \$126,950 excluding GST.
- c) Accepts the tender submitted by Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums, \$120,492 excluding GST, as specified, for Len Shearer Reserve Stage 1, \$11,459 excluding GST, as specified, for Len Shearer Reserve Stage 2 and \$142,508 excluding GST, as specified, for Winnacott Reserve, as the most advantageous subject to 2016-2017 budget approval by the Council.
- d) Authorises the Chief Executive Officer to execute the contract for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville with Acemark Investments Pty Ltd ATF The McFadden Trust T/A Hydroquip Pumps & Irrigation ABN 39 381 609 619 for Len Shearer Reserve Stage 1 \$120,492 excluding GST, Len Shearer Reserve Stage 2 \$11,459 excluding GST and Winnacott Reserve \$142,508 excluding GST subject to 2016-2017 budget approval by the Council.
- e) Accepts the tender submitted by Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sum \$81,000 excluding GST, as specified, for Blue Gum Reserve, as the most advantageous.

C16/6096 – SUPPLY AND INSTALLATION OF IRRIGATION SYSTEMS IN THE CITY OF MELVILLE (C017/15) (REC) (CONFIDENTIAL ATTACHMENT)

- f) Authorises the Chief Executive Officer to execute the contract for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville with Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for Blue Gum Reserve \$81,000 excluding GST be accepted.
- g) Accepts the tender submitted by Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville for the lump sums, as specified, for Bicton Quarantine Park \$115,900 excluding GST, as the most advantageous subject to 2016-2017 budget approval by the Council.
- h) Authorises the Chief Executive Officer to execute the contract for CO17/15 Supply and Installation of Irrigation Systems within the City of Melville with Horizon West Landscape & Irrigation Pty Ltd ABN 75 158 437 355 for Bicton Quarantine Park \$115,900 excluding GST be accepted subject to 2016-2017 budget approval by the Council.

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (13/0)

**C16/6097 - ENDORSEMENT OF DIFFERENTIAL GENERAL RATING ADVERTISEMENT
(REC) (ATTACHMENT)**

| | | |
|----------------------------|---|---|
| Ward | : | All |
| Category | : | Operational |
| Subject Index | : | Budget - Operational |
| 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 | : | Nil |
| Works Programme | : | Not Applicable |
| Funding | : | Not Applicable |
| Responsible Officer | : | Wayne Nicholls Senior Management Accountant |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

**C16/6097 - ENDORSEMENT OF DIFFERENTIAL GENERAL RATING ADVERTISEMENT
(REC) (ATTACHMENT)****KEY ISSUES / SUMMARY**

- The purpose of this report is to gain the Council's endorsement for the advertising of the estimated differential general rates as per attachment 6097A_Objects of, and Reasons for, Differential General Rates 2016-2017;
- The notice of estimated differential general rates is to be published in a newspaper circulating generally within the district, exhibited to the public on the community information notice boards at the City of Melville Civic Centre and each library in the City;
- A document describing the objects of, and reasons for differential general rates is to be made available for inspection at the City of Melville Civic Centre, libraries, and the community consultation page on the City's website.

BACKGROUND

The *Local Government Act 1995* requires local governments to give local public notice before imposing a differential general rate. A time period of at least 21 days is to be allowed to receive submissions from the public. The notice may be given two months preceding the commencement of the financial year. A document describing the objects of, and reasons for, each proposed differential rate and minimum payment is to be prepared and advertised as above and made available for inspection by the public. Local governments are required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification i.e. the actual rates levels adopted by the Council may differ to those previously advertised. If this occurs, whether a lower or higher rate is adopted, the City must provide an explanation of the reasons for the variation in or accompanying the rate notice.

DETAIL

Rates are levied on all rateable properties within the boundaries of the City of Melville, in accordance with the *Local Government Act 1995*.

The overall objective of the proposed rates and charges in the City's proposed 2016-2017 Budget will be to provide for the net (i.e. after taking into account all other forms of revenue) funding requirements of the City's services, activities, financing costs and the current and future capital requirements of the City as outlined in the City's corporate plan and long term financial plan.

The Department of Local Government and Communities issued a guiding policy in February 2015 in respect of the imposition of differential rates and the matters to be considered by local governments in doing so. A suggestion made in the document was that the decision to advertise the Council's Intention to levy a differential general rate be endorsed by the Council before advertising.

**C16/6097 - ENDORSEMENT OF DIFFERENTIAL RATING ADVERTISEMENT (REC)
(ATTACHMENT)**

As in past years the City intends to establish the following differential general rate categories:

- Residential Land - incorporates residential single dwellings, duplex, multi unit, strata and Homeswest improved properties;
- A minimum rate in respect to residential land;
- Residential unimproved land – incorporates all vacant residential land;
- A minimum rate in respect to residential unimproved Land;
- Commercial/industrial Land - incorporates industrial, commercial, service station, hotel / tavern, TAB and hospitals.
- A minimum rate in respect to all commercial/industrial land.

The following rates in the \$ and minimum amounts are based on a rate increase of 1.5%. This is based on the Consumer Price Index for Perth, for the period ended 31 December 2015.

As noted earlier, the Council is not bound to adopt the level of the differential rates advertised. Should there be a variation between the advertised and adopted differential rates, the reason for the variation will need to be explained on the rate notice or in documentation accompanying the rate notice.

Rates in Respect to Residential Improved Land

The rate classification Residential Improved Land incorporates: Residential and Homeswest, Strata, Duplex and multi unit improved properties that are zoned for residential purposes.

The estimated rate in the dollar and minimum rates advertised for this category will be 6.19759 cents in the dollar and \$1,222 respectively.

Basis for Differential General Rates and Minimum Rates in Respect to Residential Unimproved Land

The rate classification Residential Unimproved Land incorporates: Residential and Homeswest unimproved properties zoned for residential purposes.

The estimated rate in the dollar and minimum rates advertised for this category will be 6.98117 cents in the dollar and \$780 respectively. This is less than the minimum rate set for the rate classification Residential Improved Land by the calculated amount of what would be the estimated standard domestic refuse charge if a separate refuse charge were to be raised i.e. if the cost of domestic refuse collection was not recovered via General Rates.

The positive differential rate for the rate classification Residential Unimproved Land is proposed in order to ensure that residential unimproved rates are similar to those of residential improved properties developed to their highest and best use and to offset the impact of the need to fund any additional costs of servicing these types of properties which would normally be carried out by owners or occupiers of improved residential properties. Vacant properties are more likely to be the sites of illegal dumping and in some cases can become overgrown and unkempt, or become places of antisocial behaviour. Additional street cleaning and maintenance of drainage infrastructure is also required due to sand and debris originating from vacant land spreading onto the roads and gutters. The above requires the allocation of City resources over and above that required for Residential Improved properties.

**C16/6097 - ENDORSEMENT OF DIFFERENTIAL GENERAL RATING ADVERTISEMENT
(REC) (ATTACHMENT)****Basis for Differential General Rates and Minimum Rates in Respect to All Commercial/Industrial Land**

The rate classification Commercial Improved Land incorporates industrial, commercial, service station, hotel / tavern, TAB and hospitals.

The estimated rate in the dollar and minimum rates advertised for this category will be 6.44119 cents in the dollar \$948 respectively.

The positive differential general rate for the rate classification commercial/industrial improved land is proposed in order to fund the additional costs of servicing these types of properties. Commercial premises generate higher volumes of pedestrian and traffic movements than residential properties. This results in increased road and streetscape maintenance requirements, additional on-street parking needs, parking enforcement and the requirement to install additional traffic treatments. Due to the increased presence of litter surrounding commercial and industrial land the City is also required to provide additional litter collection services to these areas. Patrons and employees of commercial and industrial premises are consumers of municipal services but unless they are also property owners within the City, are not contributing to the cost of services used by them in the City of Melville.

STAKEHOLDER ENGAGEMENT**I. COMMUNITY**

A Statement of Objects and Reasons for the Council adopting these differential general and minimum rates has been prepared and will be made available for inspection at the Civic Centre, 10 Almondbury Road, Booragoon between 8.30am and 5.00pm and at City's public libraries during normal library opening hours and the City's website.

Submissions will be invited from any elector or ratepayer with respect to the proposed rates and any related matters. These are to be received within twenty one days of the date of advertisement of the notice.

II. OTHER AGENCIES / CONSULTANTS

Approval of the Minister for Local Government is not required unless the Council adopted a differential general rate that is twice the lowest differential general rate imposed.

STATUTORY AND LEGAL IMPLICATIONS

The *Local Government Act 1995* sets out the basis on which differential general rates may be imposed. When setting the differential general rates City officers will ensure that the following statutory requirements are met.

**C16/6097 - ENDORSEMENT OF DIFFERENTIAL RATING ADVERTISEMENT (REC)
(ATTACHMENT)**

6.33. *Differential general rates*

(1) *A local government may impose differential general rates according to any, or a combination, of the following characteristics —*

- (a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005; or*
- (b) a purpose for which the land is held or used as determined by the local government; or*
- (c) whether or not the land is vacant land; or*
- (d) any other characteristic or combination of characteristics prescribed.*

(2) *Regulations may —*

- (a) specify the characteristics under subsection (1) which a local government is to use; or*
- (b) limit the characteristics under subsection (1) which a local government is permitted to use.*

(3) *In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.*

(4) *If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1)(a) applies.*

FINANCIAL IMPLICATIONS

Should differential rates not be applied, the City would experience a loss of revenue equivalent to the percentage that the differential rates exceed the base residential improved rate. To make up this loss of revenue would require the base residential improved rate in the \$ to be increased by a minimum of 0.76% before the application of any other rate increases applied to recover the increased costs of service delivery in the 2016-2017 financial year.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|--|--|---|
| As a result of advertising a differential rate without the Council's endorsement, the differential rate may be disallowed by the Department of Local Government and Communities. | Moderate reputational consequences which are possible, resulting in a Moderate level of risk. | Seek endorsement of the Council prior to advertising a differential rate. |

**C16/6097 - ENDORSEMENT OF DIFFERENTIAL RATING ADVERTISEMENT (REC)
(ATTACHMENT)****POLICY IMPLICATIONS**

There is no Council Policy that relates to the advertising of differential general rates.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council may choose not to impose any differential general rates with the effect being that the shortfall would be required to be met by increasing residential improved rates by a minimum of an additional 0.76% prior to the application of any other increases required to generate sufficient revenue to ensure that total revenue equals total expenditure.

CONCLUSION

It is recommended that the application of differential general rates continues in the same manner and proportions as previous years. The City will give local public notice of its intention to impose differential general rates, make available a document outlining the objects of, and reasons for, each differential rate and provide sufficient time for public submissions to be received, in accordance with the provisions of the *Local Government Act 1995*.

This report recommends that the Council continues the practice of applying differential general rates and approve the advertising of the required Local Public Notice of its intention to do so.

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6097)**APPROVAL**

That the Council endorse the advertisement of the proposed differential general rates and the objects of, and reasons for the differential rates as documented in attachment [6097a Objects of, and Reasons for, Differential General Rates 2016 2017](#).

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (13/0)

C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)

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

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|----------------|--|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input checked="" type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

KEY ISSUES / SUMMARY

This report presents the investment statements for the period ending 31 March 2016 for the Council's information and noting.

C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)

BACKGROUND

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

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

DETAIL

Summary details of investments held as at 31 March 2016 are shown in the tables below.

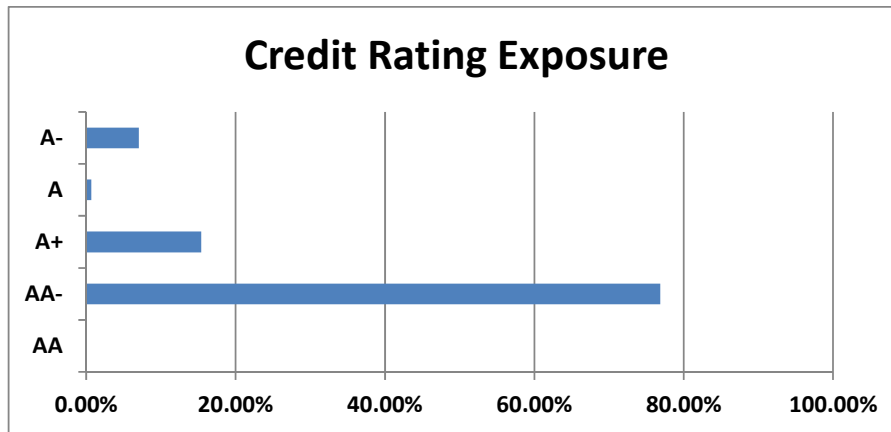
| CITY OF MELVILLE | |
|--|-----------------------|
| STATEMENT OF INVESTMENTS | |
| FOR THE PERIOD ENDING 31 MARCH 2016 | |
| SUMMARY BY FUND | |
| | AMOUNT |
| | \$ |
| MUNICIPAL | \$ 38,372,836 |
| RESERVE | \$ 102,977,064 |
| TRUST | \$ 446,006 |
| CITIZEN RELIEF | \$ 200,625 |
| | \$ 141,996,530 |
| SUMMARY BY INVESTMENT TYPE | |
| | AMOUNT |
| | \$ |
| 11AM | \$ 9,055,409 |
| 31DAYS AT CALL | \$ 1,000,000 |
| 60DAYS AT CALL | \$ 2,000,000 |
| 90DAYS AT CALL | \$ 5,000,000 |
| TERM DEPOSIT | \$ 121,710,477 |
| BOND | \$ - |
| FRTD | \$ 3,000,000 |
| UNITS (Local Govt Hse) | \$ 230,645 |
| | \$ 141,996,530 |
| SUMMARY BY CREDIT RATING | |
| | AMOUNT |
| | \$ |
| AA | \$ - |
| AA- | \$ 108,965,885 |
| A+ | \$ 21,800,000 |
| A | \$ 1,000,000 |
| A- | \$ 10,000,000 |
| BBB+ | \$ - |
| UNITS (Local Govt Hse) | \$ 230,645 |
| | \$ 141,996,530 |

C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)

The following statements detail the investments held by the City for the period ending 31 March 2016.

| STATEMENT OF INVESTMENTS FOR THE PERIOD ENDING 31 MARCH 2016 | | | | | |
|---|--------------------|-------------------|----------------------------------|----------------------|------------------|
| INSTITUTION / INVESTMENT | INVESTMENT TYPE | Interest Rate % | S & P RATING | AMOUNT \$ | MATURITY DATE |
| BANKWEST (11AM) | 11AM | 2.50% | AA- | \$0 | On call |
| WESTPAC (MAXI DIRECT) | 11AM | 1.70% | AA- | \$5,700,000 | On call |
| WESTPAC (MAXI BONUS 1) | 11AM | 1.95% | AA- | \$2,331,016 | On call |
| WESTPAC (MAXI BONUS 2) | 11AM | 1.95% | AA- | \$1,024,393 | On call |
| | | | | \$9,055,409 | |
| WESTPAC (31DAYS AT CALL) | 31DAYS AT CALL | 2.15% | AA- | \$1,000,000 | On call |
| | | | | \$1,000,000 | |
| WESTPAC (60DAYS AT CALL) | 60DAYS AT CALL | 2.95% | AA- | \$2,000,000 | On call |
| | | | | \$2,000,000 | |
| WESTPAC (90DAYS AT CALL) | 90DAYS AT CALL | 3.05% | AA- | \$5,000,000 | On call |
| | | | | \$5,000,000 | |
| BANK OF QUEENSLAND (TERM) | TERM | Various | A- | \$2,000,000 | Various |
| BANKWEST (TERM) | TERM | Various | AA- | \$12,000,000 | Various |
| BENDIGO AND ADELAIDE BANK (TERM) | TERM | Various | A- | \$4,000,000 | Various |
| CITIBANK (TERM) | TERM | Various | AA- | \$0 | Various |
| COMMONWEALTH BANK (TERM) | TERM | Various | AA- | \$18,500,000 | Various |
| AMP BANK (TERM) | TERM | Various | A+ | \$5,000,000 | Various |
| ANZ BANK (TERM) | TERM | Various | AA- | \$21,500,000 | Various |
| ING BANK (TERM) | TERM | Various | A- | \$2,000,000 | Various |
| MACQUARIE BANK (TERM) | TERM | Various | A | \$1,000,000 | Various |
| NAB (TERM) | TERM | Various | AA- | \$27,500,625 | Various |
| RABODIRECT (TERM) | TERM | Various | AA | \$0 | Various |
| ST GEORGE BANK (TERM) | TERM | Various | AA- | \$2,400,000 | Various |
| SUNCORP METWAY LTD (TERM) | TERM | Various | A+ | \$15,800,000 | Various |
| WESTPAC (TERM) | TERM | Various | AA- | \$10,009,852 | Various |
| | | | | \$121,710,477 | |
| WESTPAC (FRTD) | FRTD | 2.80% | AA- | \$1,000,000 | 5-May-16 |
| ING BANK (FRTD) | FRTD | 3.27% | A- | \$2,000,000 | 7-Mar-17 |
| | | | | \$3,000,000 | |
| UNITS IN LOCAL GOVT HOUSE | NA | NA | NA | \$230,645 | NA |
| TOTAL FUNDS INVESTED | | | | \$141,996,530 | |
| CREDIT RISK COMPARISON | | | | | |
| CREDIT RISK | AMOUNT \$ | ACTUAL PROPORTION | MAX. % AMOUNT IN TOTAL PORTFOLIO | Comments | |
| AA | \$0 | 0% | 80% | | |
| AA- | \$109,965,885 | 77% | 80% | | |
| A+ | \$20,800,000 | 15% | 50% | | |
| A | \$1,000,000 | 1% | 50% | | |
| A- | \$10,000,000 | 7% | 50% | | |
| BBB+ | \$0 | 0% | 20% | | |
| UNITS IN LOCAL GOVT: HOUSE | \$230,645 | 0% | 0.1% | | Council Decision |
| TOTAL | 141,996,530 | 100% | | | |

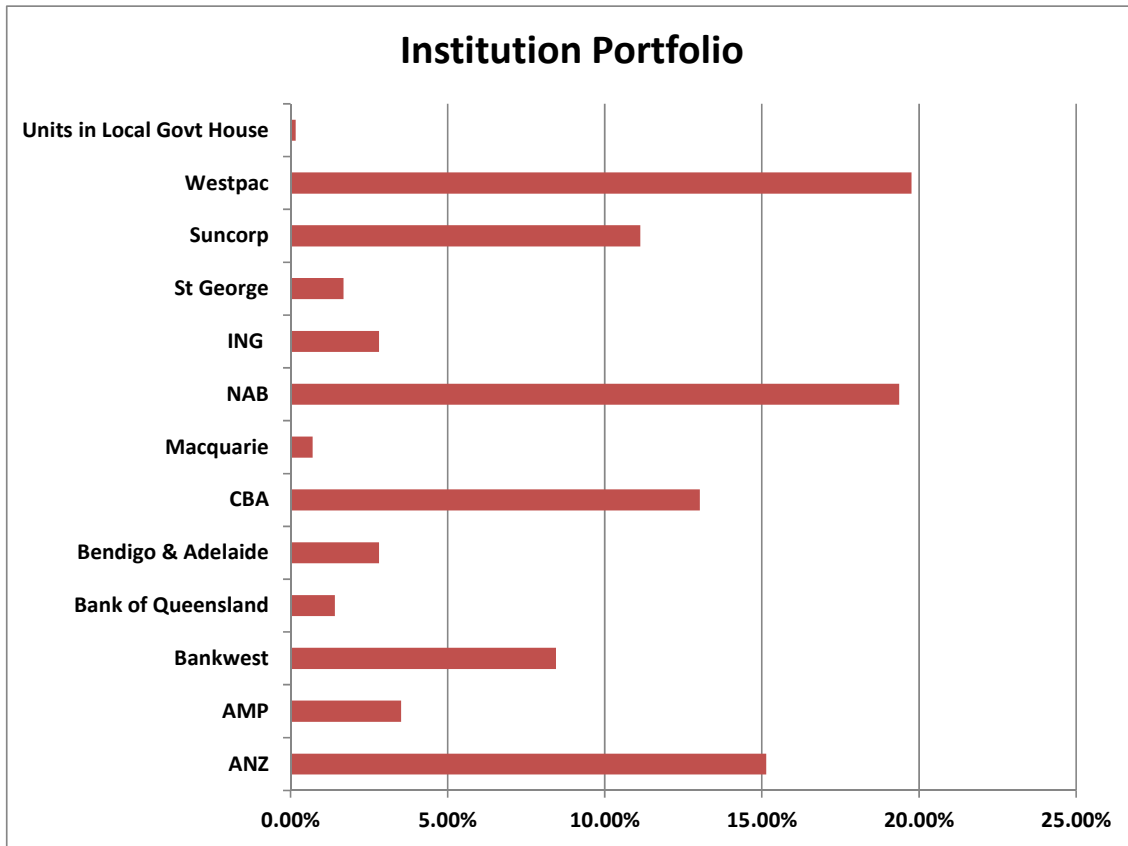
C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)



| DIVERSIFICATION RISK | | | | | | |
|----------------------------------|-----------------|--------------|--------------------|-------------------|------------------------|---------------------------------|
| INSTITUTION | INVESTMENT TYPE | S & P RATING | AMOUNT \$ | ACTUAL PROPORTION | INSTITUTION PROPORTION | MAX. % WITH ANY ONE INSTITUTION |
| ANZ BANK (TERM) | TERM | AA- | 21,500,000 | 15.14% | 15.14% | 20% |
| AMP BANK (TERM) | TERM | A+ | 5,000,000 | 3.52% | 3.52% | 15% |
| BANKWEST (11AM) | 11AM | AA- | - | 0.00% | | |
| BANKWEST (TERM) | TERM | AA- | 12,000,000 | 8.45% | 8.45% | 20% |
| BANK OF QUEENSLAND (TERM) | TERM | A- | 2,000,000 | 1.41% | 1.41% | 15% |
| BENDIGO AND ADELAIDE BANK (TERM) | TERM | A- | 4,000,000 | 2.82% | 2.82% | 15% |
| CITIBANK (TERM) | TERM | AA- | - | 0.00% | 0.00% | 20% |
| COMMONWEALTH BANK (TERM) | TERM | AA- | 18,500,000 | 13.03% | | |
| COMMONWEALTH BANK (COVERED BOND) | BOND | AAA | - | 0.00% | | |
| COMMONWEALTH BANK (RETAIL BOND) | BOND | AA | - | 0.00% | | |
| COMMONWEALTH BANK (FRN) | FRN | AA | - | 0.00% | 13.03% | 20% |
| ING BANK (TERM) | TERM | A- | 2,000,000 | 1.41% | | 15% |
| ING BANK (FRTD) | FRTD | A- | 2,000,000 | 1.41% | 2.82% | 15% |
| MACQUARIE BANK (TERM) | TERM | A | 1,000,000 | 0.70% | 0.70% | 15% |
| NAB (TERM) | TERM | AA- | 27,500,625 | 19.37% | 19.37% | 20% |
| RABODIRECT (TERM) | TERM | AA | - | 0.00% | 0.00% | 15% |
| ST GEORGE BANK (TERM) | TERM | AA- | 2,400,000 | 1.69% | 1.69% | 20% |
| SUNCORP METWAY LTD (TERM) | TERM | A+ | 15,800,000 | 11.13% | 11.13% | 15% |
| WESTPAC (MAXI BONUS 1) | 11AM | AA- | 2,331,016 | 1.64% | | |
| WESTPAC (MAXI BONUS 2) | 11AM | AA- | 1,024,393 | 0.72% | | |
| WESTPAC (MAXI DIRECT) | 11AM | AA- | 5,700,000 | 4.01% | | |
| WESTPAC (31DAYS AT CALL) | 31DAYS AT CALL | AA- | 1,000,000 | 0.70% | | |
| WESTPAC (60DAYS AT CALL) | 60DAYS AT CALL | AA- | 2,000,000 | 1.41% | | |
| WESTPAC (90DAYS AT CALL) | 90DAYS AT CALL | AA- | 5,000,000 | 3.52% | | |
| WESTPAC (FRTD) | FRTD | AA- | 1,000,000 | 0.70% | | |
| WESTPAC (TERM) | TERM | AA- | 10,009,852 | 7.05% | 19.76% | 20% |
| UNITS IN LOCAL GOVT HOUSE | NA | NA | 230,645 | 0.16% | 0.16% | |
| | | | 141,996,530 | 100% | 100% | |

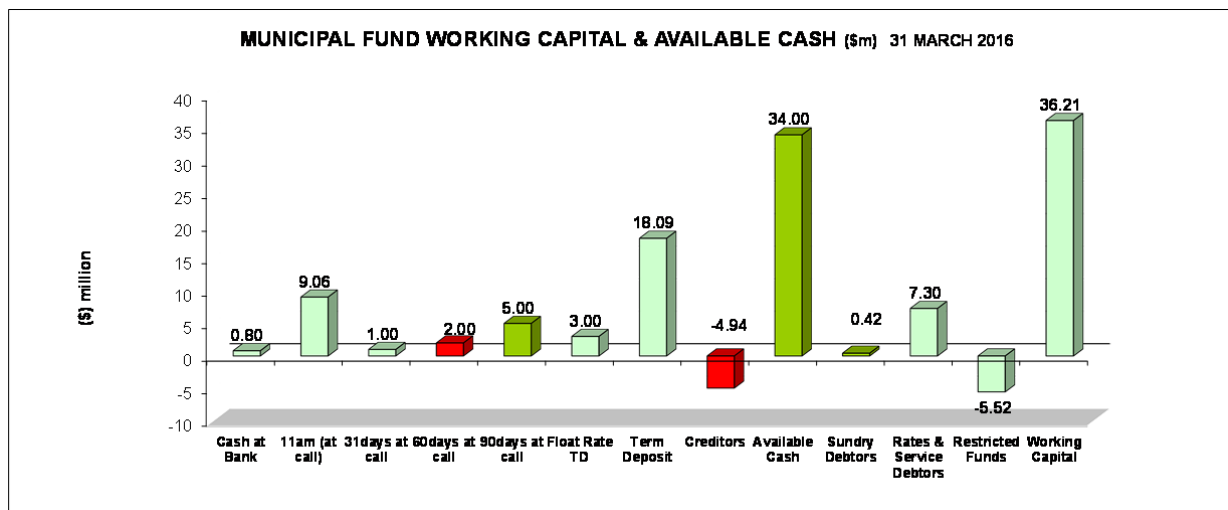
| MATURITY COMPARISON | | | | |
|------------------------------------|--------------------|-------------------|------------------------|----------|
| TERM to MATURITY | AMOUNT \$ | ACTUAL PROPORTION | MAX. % IN ANY ONE YEAR | Comments |
| MUNICIPAL & TRUST FUNDS | | | | |
| < 1 year | 38,588,197 | 100% | 100% | |
| | 38,588,197 | 100% | | |
| RESERVE FUNDS | | | | |
| < 1 year | 102,977,064 | 100% | 100% | |
| | 102,977,064 | 100% | | |

C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)

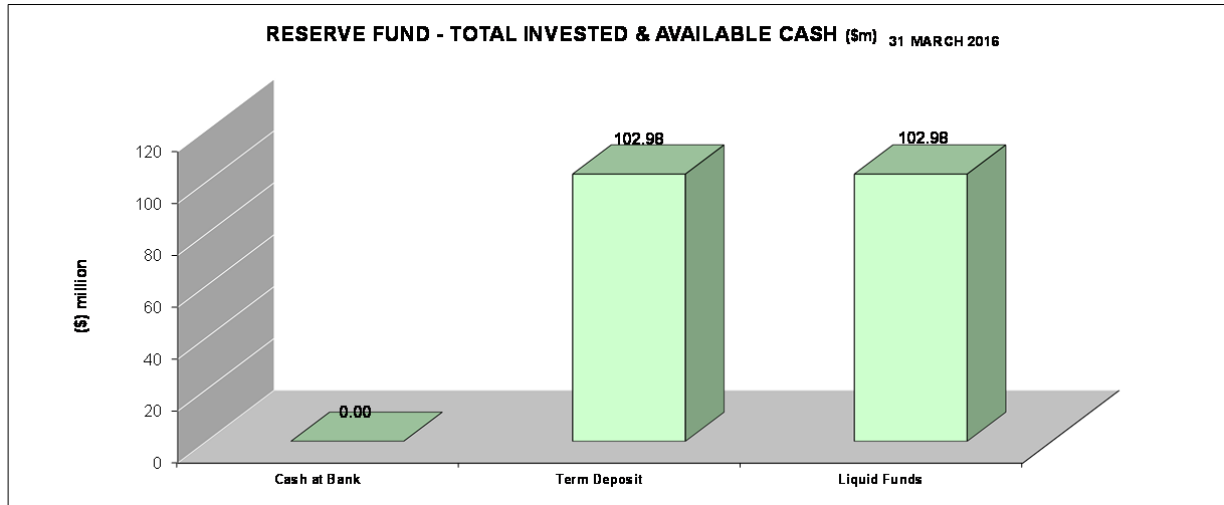


Net Funds Held

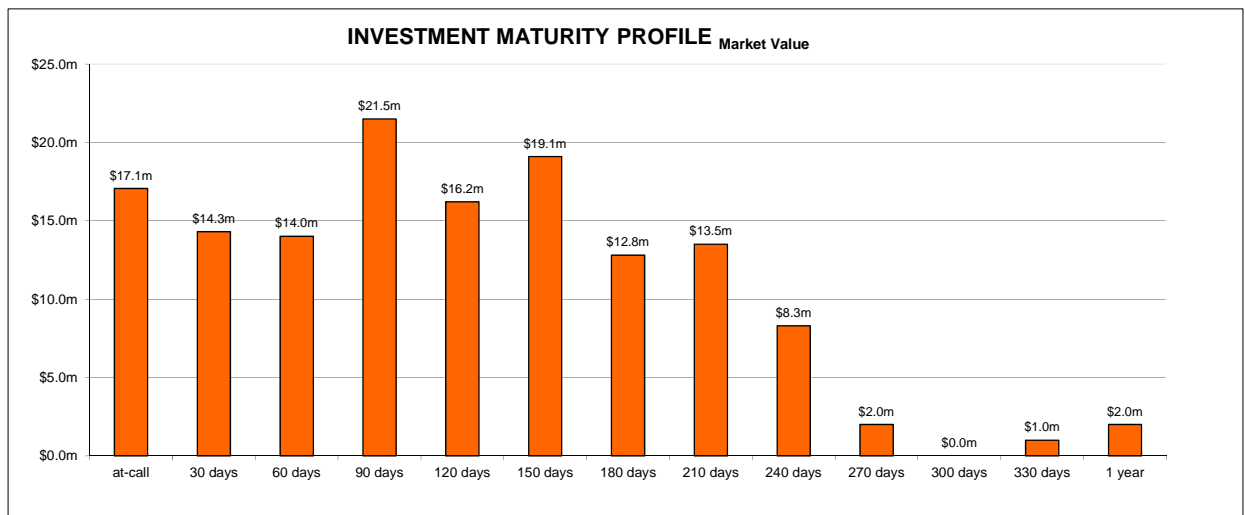
The graphs below summarise the Municipal Fund working capital and available cash and the funds held in the Reserve Fund as at 31 March 2016.



C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)



The graph below summarises the maturity profile of the City's investments at market value as at 31 March 2016.



STAKEHOLDER ENGAGEMENT

I. COMMUNITY

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.

II. OTHER AGENCIES / CONSULTANTS

A wide range of suitably credit rated Authorised Deposit-taking Institutions (ADI's) were engaged with during the course of the month in respect to the placement and renewal of investments.

C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)

STATUTORY AND LEGAL IMPLICATIONS

The following legislation is relevant to this report:

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

Authorised Deposit-taking Institutions are authorised under the *Banking Act 1959* and are subject to Prudential Standards oversight by the Australian Prudential Regulation Authority (APRA).

FINANCIAL IMPLICATIONS

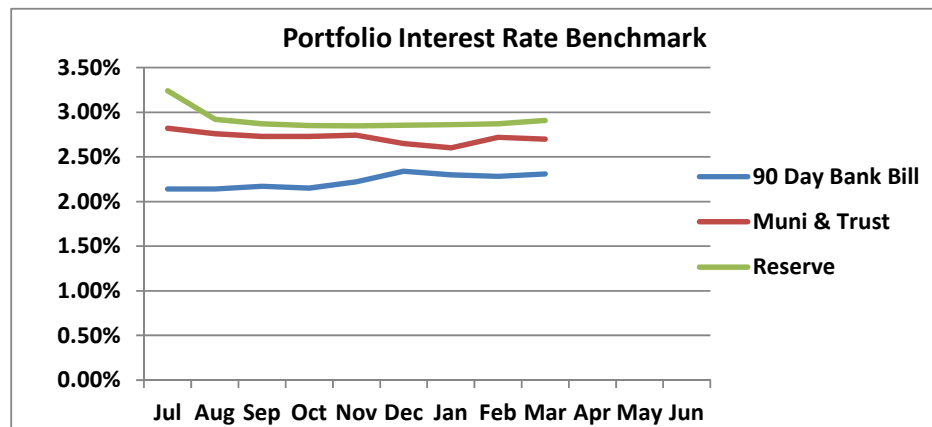
For the period ending 31 March 2016:

- Investment earnings on Municipal and Trust Funds were \$710,200 against a year to date budget of \$611,250 representing a \$98,950 positive variance.

The weighted average interest rate for Municipal and Trust Fund investments as at 31 March 2016 was 2.70% which compares favourably to the benchmark three month bank bill swap (BBSW) reference rate of 2.31%.

- Investment earnings on Reserve accounts were \$2,316,022 against a year to date budget of \$1,875,000 representing a \$441,022 positive variance.

The weighted average interest rate for Reserve account investments as at 31 March 2016 was 2.91% which compares favourably to the benchmark three month bank bill swap (BBSW) reference rate of 2.31%.



STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Legislation and the Council's Investment of Funds Policy CP-009 is drafted in such a way as to ensure that credit risk is minimised. This is achieved by investing in highly rated securities, maintaining diversification amongst ADI's and imposing short terms to maturity.

C16/6000 - INVESTMENT STATEMENTS FOR MARCH 2016 (REC)**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS Contd.**

The Policy also incorporates mechanisms that protect the City's investments from undue volatility risk as well as the risk to reputation as a result of investments that may be perceived as unsuitable by the Community.

The interest rate risk is however high due to the short-term nature of the City's investments and the inability, due to legislative restrictions, to lock into longer dated investments which attract higher interest rates and may help reduce exposure to reductions in interest rates.

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

POLICY IMPLICATIONS

Council Policy CP-009 – Investment of Funds, provides guidelines with respect to the investment of City of Melville (the City) funds by defining levels of risk considered prudent for public monies. Liquidity requirements are determined to ensure the funds are available as and when required and take account of appropriate benchmarks for rates of return commensurate with the low levels of risk and liquidity requirements. The types of investments that the City has the power to invest in is limited by prescriptive legislative provisions governed by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Part III of the Trustees Act 1962.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable.

CONCLUSION

The City's investment portfolio is invested in highly secure investments that are returning low investment returns that are however commensurate with the low level of risk of the portfolio.

Future investment earnings are expected to continue to decrease when compared to previous years as interest rates continue to stay low and the effect of tighter Basel III based banking implemented by the Australia Prudential Regulation Authority (APRA) is experienced. Furthermore legislative restrictions that have been implemented by the Western Australian State Government limiting term deposits to a maximum term of 12 months, has resulted in the City not being able to invest in longer term deposits which, depending on the interest rate yield curve, can at times attract higher interest rates than shorter term investments.

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

That the Investment Report for the month of March 2016 be noted.

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (13/0)

C16/6001 – SCHEDULE OF ACCOUNTS PAID FOR MARCH 2016 (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 | : Annual Budget |
| Responsible Officer | Bruce Taylor – Manager Financial Services |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|----------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input checked="" type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

KEY ISSUES / SUMMARY

This report presents the details of payments made under delegated authority to suppliers for the month of March 2016 and recommends that the Schedule of Accounts Paid be noted.

C16/6001 – SCHEDULE OF ACCOUNTS PAID FOR MARCH 2016 (REC) (ATTACHMENT)
BACKGROUND

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

DETAIL

The Schedule of Accounts Paid for the period ending 31 March 2016 ([6001 March 2016](#)), including Payment Registers numbers, Cheques 507 to 511 and Electronic Funds Transfers batches 391 to 393, Trust Payments, Card Payments and Payroll was distributed to the Elected Members of the Council on 17 May 2016.

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

| Supplier Name | Remittance Number | Remittance Details | Amount |
|--|----------------------|--|--------------|
| Action Glass & Aluminium | E048865 | Replace 7 louvres at Bicton Boy Scouts Hall | \$32,340.00 |
| Australian Taxation Office (ATO) | Direct Bank transfer | Pay-as-You-Go taxation and other deductions from employee payroll for pays 19 and 20 | \$635,699.00 |
| Axiis Contracting | E048645 & E048858 | Concrete footpath works & repairs at various locations | \$143,876.98 |
| Building & Construction Industry Training Fund (BCITF) | 007140 | Remittance of the building construction training levy collected by the City with building licence applications | \$32,703.90 |
| Cam Management Solutions | E048569 | Annual licence | \$30,037.04 |
| City of Cockburn | E048719 | Tip fees for February 2016 | \$91,952.41 |
| Department of Commerce | E048481 | Remittance of Building Service Levy collected on building licence applications | \$33,049.75 |
| Department of Fire and Emergency Services | E048619 | ESL Remittance for February 2016 | \$575,067.96 |
| Dickies Tree Service | E048486 & E048721 | Tree pruning, lopping, chipping services at various locations | \$115,379.08 |
| DVG Mountway Melville Hyundai | E048510 & E048737 | Peugeot 4008 2.OL Active Auto | \$25,038.19 |
| Emso Maintenance T/A Crabclaw Holdings P/L | E048552 & E048776 | Building maintenance at various locations | \$45,745.86 |
| Flexi Staff | E048517 & E048738 | Temporary employment | \$38,464.28 |
| Fredon Air Pty Ltd | E048658 & E048874 | Air conditioning services at various locations | \$78,524.31 |
| Fuji Xerox Australia Pty Ltd | E048547 & E048772 | Purchase 7 Photocopier machines | \$39,651.61 |
| Hydroquip Pumps | E048524 & E048744 | Irrigation parts & pump repairs at various locations | \$29,997.30 |
| Melville Mazda | E048685 | Purchase of Mazda CX-3 & service to Mazda | \$27,118.70 |
| Natural Area Management & Services | E048701 & E048910 | Point Walter Foreshore Restoration Project variation & weeding at Wireless Hill | \$36,767.23 |
| Reece Pty Ltd | E048583 & E048806 | Irrigation & reticulation supplies | \$26,467.11 |
| Rhysco Electrical Services | E048594 & E048812 | Electrical services at various locations | \$25,888.28 |

C16/6001 – SCHEDULE OF ACCOUNTS PAID for March 2016 (REC) (ATTACHMENT)

| | | | |
|--|-----------------------|---|----------------|
| Roads 2000 Pty Ltd | E048628 & E048838 | Road resurfacing at Camm, Parry & Karel Avenues | \$529,868.21 |
| Roadsafe Traffic Management | E048882 & E048668 | Traffic management services at various locations | \$36,002.73 |
| Southern Metropolitan Regional Council | E048567 & E048793 | SMRC Strategic waste management, Green waste fees & MSW Gate fees for February 2016, mixed recyclable gate fees for February 2016 & RRRC Loan repayment for March 2016. | \$891,720.44 |
| Synergy | E048516 & E048737 | Electricity charges at various locations | \$316,357.90 |
| Titan Ford | E048535 & E048757 | Ford ranger Crew Cab PU XL 4X2 & filters | \$35,074.36 |
| Water Corporation | Chq's 064088 & 064213 | Water charges at various locations | \$33,400.51 |
| Westpac Bank | Direct Bank Transfer | Payment of salaries and wages to City employees net of tax and deduction for pays 19 and 20. | \$2,113,717.42 |
| Young's Plumbing Service Pty Ltd | E048581 & E048805 | Cleared roof and downpipes at various locations | \$30,367.67 |

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

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

POLICY IMPLICATIONS

Procurement of Products and Services is conducted in accordance with Council Policy CP-023 and Systems Procedure 019 Purchasing and Procurement.

C16/6001 – SCHEDULE OF ACCOUNTS PAID FOR MARCH 2016 (REC) (ATTACHMENT)**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Not applicable.

CONCLUSION

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

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6001) NOTING

That the Council notes the Schedule of Accounts paid for the period ending 31 March 2016 as approved by the Director Corporate Services in accordance with delegated authority DA-035, and detailed in attachment [6001 March 2016](#)

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY EN BLOC (13/0)

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)**

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

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

KEY ISSUES / SUMMARY

This report presents:

- The Statements of Financial Activity by Program, Sub-Program and Nature and Type, for the period ending 31 March 2016 and recommends that they be noted by the Council.
- The variances for the month of March 2016 and recommends that they be noted by the Council.
- Budget amendments for the period ending 31 March 2016 and recommends that they be adopted by Absolute Majority decision of the Council.

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)**
BACKGROUND

The Statements of Financial Activity for the period ending 31 March 2016 have been prepared and tabled in accordance with the *Local Government (Financial Management) Regulations 1996*.

DETAIL

The attached reports have been prepared in compliance with the requirements of the legislation and Council policy. The three monthly reports that are presented are the:-

1. Rate Setting Statement by Program, which provides details on the Program classifications,
2. Rate Setting Statement by Sub-Program, which provides further details on the Program classifications and,
3. Statement of Financial Activity by Nature and Type which provides details on the various categories of income and expenditure.

For the period ending 31 March 2016, net (i.e. incomes less expenditure) operating positive variances of \$8.7 million and net capital positive variances of \$2.1 million were recorded.

Variations

| CITY OF MELVILLE STATEMENT OF VARIANCES IN EXCESS OF \$50,000 by Program for the Period Ended 31 March 2016 | | | | | | | |
|---|-----------------------|--------------------------|---------------------|----------------|---------------|------------------------|-----------------------------|
| | March Actual \$ | YTD Rev. Budget \$ | YTD Actual \$ | Variance \$ | Variance % | Annual Budget \$ | Annual Rev. Budget \$ |
| Revenue | | | | | | | |
| Governance | 1,448 | 750 | 51,099 | 50,349 | 6713% | 1,000 | 1,000 |
| General Purpose Funding | 359,403 | 6,628,000 | 7,837,752 | 1,209,752 | 18% | 9,904,000 | 8,304,000 |
| Law, Order, Public Safety | 16,295 | 2,464,154 | 2,528,266 | 64,112 | 3% | 2,503,484 | 2,536,084 |
| Community Amenities | 85,846 | 2,728,126 | 2,864,722 | 136,596 | 5% | 3,205,507 | 3,156,624 |
| Recreation and Culture | 745,984 | 6,020,912 | 6,094,589 | 73,677 | 1% | 8,286,606 | 8,073,371 |
| Transport | 89,208 | 2,518,705 | 2,782,140 | 263,435 | 10% | 3,124,779 | 4,480,154 |
| | 1,517,270 | 24,091,417 | 26,252,084 | 2,294,882 | 9% | 31,022,213 | 31,104,933 |
| Expenses | | | | | | | |
| Governance | (315,799) | (3,281,330) | (2,618,882) | 662,448 | -20% | (4,195,642) | (4,559,508) |
| General Purpose Funding | (75,554) | (3,933,948) | (4,016,704) | (82,756) | 2% | (4,243,834) | (5,206,429) |
| Law, Order, Public Safety | (290,954) | (2,817,120) | (2,688,693) | 128,427 | -5% | (3,807,299) | (3,841,474) |
| Health | (101,478) | (803,979) | (741,170) | 62,809 | -8% | (1,071,022) | (1,079,270) |
| Education & Welfare | (222,889) | (2,074,859) | (1,919,269) | 155,590 | -7% | (2,899,612) | (2,848,454) |
| Community Amenities | (1,862,604) | (17,962,880) | (16,055,642) | 1,907,239 | -11% | (24,390,165) | (24,188,809) |
| Recreation and Culture | (2,365,908) | (21,240,752) | (19,505,242) | 1,735,510 | -8% | (29,594,045) | (28,926,722) |
| Transport | (679,017) | (6,783,505) | (6,011,730) | 771,775 | -11% | (8,903,681) | (9,153,032) |
| Economic Services | (240,452) | (1,620,511) | (1,944,887) | (324,376) | 20% | (2,142,783) | (2,159,367) |
| Other Property and Services | (1,461,894) | (14,847,613) | (14,039,268) | 808,345 | -5% | (20,130,413) | (19,990,320) |
| | (7,620,604) | (75,397,117) | (69,574,720) | 8,945,944 | -8% | (101,412,725) | (101,992,134) |
| Capital Revenue & Expenditure | | | | | | | |
| Purchase of Furniture & Equipment | (57,457) | (1,934,833) | (1,120,357) | 814,476 | -42% | (1,476,120) | (2,612,491) |
| Purchase of Plant & Equipment | (98,727) | (3,062,193) | (1,615,718) | 1,446,475 | -47% | (4,496,368) | (5,572,900) |
| Purchase of Land & Buildings | (199,290) | (2,801,590) | (5,139,966) | (2,338,376) | 83% | (5,153,700) | (6,534,179) |
| Purchase of Infrastructure Assets | (819,558) | (9,443,605) | (7,252,073) | 2,191,532 | -23% | (16,644,956) | (21,363,606) |

A more detailed summary of variances and comments based on the Rate Setting Statement by Sub-Program ([6002A Sub Program March 2016](#)) is provided in attachment [6002H March 2016](#)

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)****Revenue**

\$81.647 million in Rates was raised to 31 March 2016. This is compared with a revised year to date budget of \$81.479 million, resulting in a positive variance of \$168k.

Money Expended in an Emergency and Unbudgeted Expenditure

Not applicable for March 2016.

Budget Amendments

Details of Budget Amendments requested for the month of March 2016 are shown in attachment [6002J March 2016](#). Highlighted are five budget amendment journals greater than \$50,000 that were processed in March 2016.

- \$1,490,189 – Budget adjustments in the Capital Works Management Module originating from Cost Ledger and Projects arising from the Mid Year Budget Review.
- \$400,000 – Transfer from Infrastructure Asset Management Reserve to Shirley Strickland Reserve Verge Parking, as per Council Item C15/6088 on 17 November 2015.
- \$300,000 – Budget adjustments in Fleet Fuel and Insurance arising from the Mid Year Budget Review.
- \$157,776 – Allocations to Service Areas were amended to match savings in fuel and insurance identified in the Mid Year Budget Review.
- \$525,000 - Reflects a reduction in the amount transferred to the Infrastructure Asset Management Reserve as a result of the reduction in Federal Assistance Grant funding identified in the Mid Year Review. This adjustment also reflects an increase to the mid year budget surplus identified in the Mid Year Review.

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 and Underground Power payments totalling \$7,380,733 were collected over the course of the month. Rates collection progress for the month of March is 0.5% above target which represents a dollar value of \$424,046. As at 31 March 94.5% of 2015/2016 rates had been collected. This is 1.1% less than collected for the same time last year.

Total sundry debtor balances decreased by \$48,112 over the course of the month from \$476,623 to \$428,511. The 90+ day's debtor balance increased by \$32,151 from \$129,388 to \$161,539.

Granting of concession or writing off debts owed to the City

Delegation DA-032 empowers the Chief Executive Officer (CEO) to grant concessions and write off monies owing to the City to a limit of \$10,000 for any one item. The CEO has partially on-delegated this to the Director Corporate Services to write off debts or grant concessions to a value of \$5,000.

No Debts were written off under delegated authority in the month of March 2016.

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)**

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

| DESCRIPTION | LINK |
|---|--|
| Rate Setting Statement by Program – March 2016 | 6002A Program March 2016 |
| Rate Setting Statement by Sub-Program – March 2016 | 6002A Sub Program March 2016 |
| Statement of Financial Activity – March 2016 | 6002B March 2016 |
| Representation of Net Working Capital – March 2016 | 6002E March 2016 |
| Reconciliation of Net Working Capital – March 2016 | 6002F March 2016 |
| Notes on Rate Setting Statement reporting on variances of 10% or \$50,000 whichever is greater – March 2016 | 6002H March 2016 |
| Details of Budget Amendments requested – March 2016 | 6002J March 2016 |
| Summary of Rates Debtors – March 2016 | 6002L March 2016 |
| Graph Showing Rates Collections – March 2016 | 6002M March 2016 |
| Summary of General Debtors aged 90 Days Old or Greater – March 2016 | 6002N March 2016 |

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

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

Local Government (Financial Management) Regulation 1996 Part 4 – Financial Reports Regulation 34 requires that:

34. Financial activity statement report — s. 6.4

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

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)**

(1) A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail —

- (a) annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);
- (b) budget estimates to the end of the month to which the statement relates;
- (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
- (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and
- (e) the net current assets at the end of the month to which the statement relates.

(2) Each statement of financial activity is to be accompanied by documents containing —

- (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
- (b) an explanation of each of the material variances referred to in subregulation (1)(d); and
- (c) such other supporting information as is considered relevant by the local government.

(3) The information in a statement of financial activity may be shown —

- (a) according to nature and type classification; or
- (b) by program; or
- (c) by business unit.

(4) A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be —

- (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
- (b) recorded in the minutes of the meeting at which it is presented.

(5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

The variance adopted by the Council is 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_March 2016](#) (Notes on Statement of Variances in excess of \$50,000 by Sub-Program).

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)****STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

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

POLICY IMPLICATIONS

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

CONCLUSION

The attached financial reports reflect a positive financial position of the City of Melville as at 31 March 2016.

**C16/6002 – STATEMENTS OF FINANCIAL ACTIVITY FOR MARCH 2016 (AMREC)
(ATTACHMENTS)**

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (6002)

ABSOLUTE MAJORITY

At 9.31pm Cr Barling moved, seconded Cr Aubrey–

That the Council:

- Note the Rate Setting Statement and Statements of Financial Activity for the month ending 31 March 2016 as detailed in the following attachments:**

| DESCRIPTION | LINK |
|---|--|
| Rate Setting Statement by Program – March 2016 | 6002A Program March 2016 |
| Rate Setting Statement by Sub-Program – March 2016 | 6002A Sub Program March 2016 |
| Statement of Financial Activity – March 2016 | 6002B March 2016 |
| Representation of Net Working Capital – March 2016 | 6002E March 2016 |
| Reconciliation of Net Working Capital – March 2016 | 6002F March 2016 |
| Notes on Rate Setting Statement reporting on variances of 10% or \$50,000 whichever is greater – March 2016 | 6002H March 2016 |
| Details of Budget Amendments requested – March 2016 | 6002J March 2016 |
| Summary of Rates Debtors – March 2016 | 6002L March 2016 |
| Graph Showing Rates Collections – March 2016 | 6002M March 2016 |
| Summary of General Debtors aged 90 Days Old or Greater – March 2016 | 6002N March 2016 |

- By Absolute Majority Decision adopt the budget amendments, as listed in the Budget Amendment Reports for March 2016, as detailed in attachment [6002J March 2016](#).**

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED BY ABSOLUTE MAJORITY (13/0)

15. EN BLOC ITEMS

At 9.31pm Cr Schuster moved, seconded Cr Phelan–

That the recommendations for items M16/5478, M16/5481, M16/5482, C16/5484, C16/6096, C16/6097, M16/5000, C16/6000 and C16/6001 be carried En Bloc.

At 9.31pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

Late item by permission of Council

**C16/5491 – AUTHORITY TO EXECUTE SETTLEMENT DISTRIBUTION SCHEME DEED
POLL (REC) (CONFIDENTIAL ATTACHMENT)**

Ward : All
 Category : Operational
 Subject Index : Investments
 Customer Index : Squire Patton Boggs
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Nil
 Works Programme : Not Applicable
 Funding : Not Applicable
 Responsible Officer : Marten Tieleman
 Director Corporate Services

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

**C16/5491 – AUTHORITY TO EXECUTE SETTLEMENT DISTRIBUTION SCHEME DEED
POLL (REC) (CONFIDENTIAL ATTACHMENT)****KEY ISSUES / SUMMARY**

- On 19 February 2016, the parties to the Proceeding and IMF Bentham Limited entered into a Settlement Deed. The settlement contained in the Deed was subject to the approval of the Federal Court of Australia.
- On 24 March 2016, the Federal Court approved the Settlement of Proceedings. The Court also approved the terms of a Settlement Distribution Scheme (SDS). The SDS sets out the framework under which the Council will receive the 'Scheme Payment'.
- Further amendments to the loss methodology are being sought and a preliminary Estimate of Claimant's Scheme Payment has been prepared, assuming those amendments are made by the Court.
- Under the terms of the Deed, to be entitled to receive the Scheme Payment, a lawfully executed Covenant is required.
- No Scheme Payment will be made to the Council unless and until the lawfully executed Covenant is provided. If the Covenant is not provided the Council will lose the entitlement to receive the Scheme Payment and the Council will have no further claims in relation to the Claim Synthetic Collateralised Debt Obligations that are the subject of the Proceedings.
- A Council resolution to authorise the Mayor and Chief Executive Officer (CEO) to execute the Covenant is required.

BACKGROUND

In relation to the recovery of Synthetic Collateralised Debt Obligations the City is an Applicant or Group Member of the Standard and Poor's representative proceedings. On 24 March 2016 the Federal Court approved the terms of Settlement Distribution Scheme (Scheme).

The Scheme Administrator is now progressing with making interim and then final distributions.

DETAIL

In accordance with the Scheme, the Scheme Administrator has prepared and forwarded a Claim Data Notice. The Notice contains information relating to the Council's Claim Data and sets out the Scheme Administrator's preliminary estimate of the Scheme Payment. The final amount available for distribution will account for amounts such as interest accrued on the 'Settlement Sum', Scheme Administration Costs and other presently unascertainable costs.

The Scheme Administrator will make interim distributions and a final distribution and may make an interim distribution up to 90 per cent of the anticipated Scheme Payment, subject to the Council providing the lawfully executed Covenant. The final distribution cannot be made until all Covenants are received, or for the time for providing a Covenant has expired.

The Scheme Administrator does not obtain control of the Settlement Sum until after the time for appeals from the Court's order has expired. If an appeal is filed, it will delay the date that the administrator obtains control of the Settlement Sum.

C16/5491 – AUTHORITY TO EXECUTE SETTLEMENT DISTRIBUTION SCHEME DEED POLL (REC) (CONFIDENTIAL ATTACHMENT)

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

No community engagement has been carried out in relation to this item.

II. OTHER AGENCIES / CONSULTANTS

Discussions with Squire Patton Boggs have been held in relation to this matter but no other consultation with other agencies or consultants has occurred.

STATUTORY AND LEGAL IMPLICATIONS

The Council DA-033 relating to Power to Invest does not authorise execution of the Deed by the CEO. The Council must authorise the Mayor and CEO to sign the Deed. A copy of the Council minute authorising the execution will need to be sent with the signed Deed.

FINANCIAL IMPLICATIONS

The Federal Court has approved various legal payments and the total costs to be deducted from the Settlement Sum, prior to any distributions being made. The Scheme Administrator will incur further costs in connection with the administration of the Settlement Scheme and evidence of the estimated costs has been provided to the Court.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|--|---|---|
| As a result of not signing the lawfully executed Covenant to Council loses the entitlement to receive the Scheme Payment and the City has no further claim against S&P in relation to the claim. | Major financial consequences which are almost certain, resulting in a Extreme level of risk. | Delegate Authority to sign, execute and return the Deed of Covenant as a matter of urgency. |

**C16/5491 – AUTHORITY TO EXECUTE SETTLEMENT DISTRIBUTION SCHEME DEED
POLL (REC) (CONFIDENTIAL ATTACHMENT)****POLICY IMPLICATIONS**

There are no policies that relate to this matter.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council may choose not to sign the Covenant. This is not recommended as the consequences of this are outlined in the report.

CONCLUSION

This report recommends that the Council authorises the Mayor and CEO to sign, execute and return the Deed.

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (5491)**APPROVAL**

At 9.34pm Cr Schuster moved, seconded Cr Aubrey –

That the Council Authorises the Mayor and Chief Executive Officer to sign and execute the confidential Deed Poll in the form provided as a confidential attachment to this report.

At 9.35pm the Mayor submitted the motion, which was declared

CARRIED (12/1)

For: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Barton, Cr Foxton, Cr Macphail, Cr O'Malley,
Cr Phelan, Cr Robartson, Cr Schuster, Cr Wieland, Cr Woodall

Against: Cr Pazolli

16. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

17. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL

Nil

18. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

At 9.36pm Cr Schuster moved, seconded Cr Barling–

That the meeting be closed to the public to permit discussion on a confidential matter, Confidential Items

- **C16/5487 – Chief Executive Officer Performance Review and The above matter contains information that is confidential in accordance with Section 5.23(2)(b)(c) and (e) of the *Local Government Act 1995* relating the Chief Executive Officer’s employment contract.**
- **T16/3695 – Review of the City of Melville Commercial Waste Business in accordance with Section 5.23(2)(c) and (e) of the Local Government Act 1995 relating to a contract that the City may enter into and the report contains information of a commercial value to a person.**

At 9.36pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

At 9.40pm Mr Prendergast left the meeting, and did not return.

CONFIDENTIAL ITEM - T16/3695 – REVIEW OF THE CITY OF MELVILLE COMMERCIAL WASTE BUSINESSDisclosure of Interest

| | |
|-------------------------|---|
| Item No. | T16/3695 |
| Member | Cr C Schuster |
| Type of Interest | Interest under the Code of Conduct |
| Nature of Interest | Cr Schuster is the Chair of the Southern Metropolitan Regional Council (SMRC) |
| Request | Not Applicable |
| Decision of the Council | Not Required |

OFFICER RECOMMENDATION AND COUNCIL RESOLUTION (3695)**APPROVAL**

At 9.41pm Cr O’Malley moved, seconded Cr Woodall–

That the Council:

1. **Approves the continuation of the City’s Commercial Waste Collection Service.**
2. **Notes that a further review of the Public Open Space Litter Bin Services will be undertaken as part of standard operational improvements to ensure the provision of this service remains competitive and provides value for money**

At 9.49pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

At 9.50pm Ms Young, Mr Christie, Mr Cope, Mr Taylor, Mr Hitchcock, Ms Newman and Ms Tranchita left the meeting and did not return.

C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)

Disclosure of Interest

| | |
|----------------------------|--|
| Item No. | C16/5487 |
| Member | Dr S Silcox |
| Type of Interest | Financial Interest in accordance with the Act |
| Nature of Interest | Dr Silcox is currently the Chief Executive Officer of the City of Melville |
| Request | To stay and discuss |
| Decision of the Council | Not Required |
| Ward | : All |
| Category | : Operational |
| Subject Index | : Personnel file |
| Customer Index | : Personnel file |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : C16/5471 – Chief Executive Officer Performance Review Process – Governance Committee 31 March 2016 C16/5465 – Chief Executive Officer Performance Review – Ordinary Meeting of Council – March 2016 |
| Works Programme | : Not applicable |
| Funding | : Not applicable |
| Responsible Officer | : Kylie Johnson Executive Manager Organisational Development |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Council/Committee to note.</i> |

C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)**KEY ISSUES / SUMMARY**

- The Governance Committee has been determined through Council to be the reviewers of the Chief Executive Officer (CEO) performance.
- The Governance Committee will discuss the CEO performance, future expectations, performance criteria, performance development and review the salary package, for recommendation to the Council.
- A defined process is followed for the CEO performance review, as detailed in this report.

BACKGROUND

On 20 March 2008 Dr Shayne Silcox commenced in the role of Chief Executive Officer (CEO) at the City of Melville. The last performance review was held in 2015. In 2014 a new five year contract was finalised with the Chief Executive Officer, and made effective from 20 March 2014 in accordance with Council resolution (5358).

Clause 7 of the CEO contract details that there needs to be a review of remuneration on an annual basis at a time that is no later than three months after the anniversary of the commencement date.

A Performance Review Consultant, Ms Helen Hardcastle from Learning Horizons, has been engaged by the City of Melville to facilitate the discussions between Council and the Chief Executive Officer during the Performance and Remuneration Review process. This has included opportunities for all Elected Members to provide individual feedback with the Consultant based on a Council approved survey tool.

DETAIL

The review process endorsed by Council on 15 March 2016 is detailed in attachment: [5487 Chief Executive Officer Performance Review](#), which details estimated dates. Due to availability issues the Governance Committee was re-scheduled to 11 May 2016. As indicated in the process, the Governance Committee is to discuss the CEO performance, future expectations, performance criteria, performance development, and review the salary package, for recommendation to the Council.

The role of the Performance Review Consultant is to assist in discussions between Elected Members, His Worship the Mayor and the CEO in all aspects of the performance discussion and future performance criteria, as well as the salary package review. They will also seek feedback from external stakeholders on the criteria relating to;

- Represent the City at all times in a professional manner; and ensuring effective verbal and written communication and ensure information is presented in an open and unambiguous manner, measured through stakeholder feedback, as agreed by the CEO.

The Performance Review Consultant will be providing a summary of Elected Member feedback, background salary review information and a proposed CEO Performance Development Plan for the consideration of the Governance Committee.

C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)

The following documents were distributed to Elected Members on Friday 6 May 2016 under confidential cover:

- CEO Performance Review – Consultant Report (Confidential Attachment A)
- Performance Report from the CEO (Confidential Attachment B)
- Employment contract documentation (Confidential Attachment C)

The process for the Governance meeting is as follows:

| <i>Action</i> | <i>Purpose</i> | <i>CEO involvement</i> |
|---|--|------------------------|
| 1. Discussion between Ms Helen Hardcastle and Governance Committee relating to the report from the Performance Review Consultant on survey results, potential changes to performance criteria and relevant remuneration data which forms Confidential Attachment A. | Clarify key comments to be delivered to the CEO on behalf of the Elected Members including -past performance – <i>based on matters relating to specified performance criteria</i> -future performance criteria -performance development | CEO not present |
| 2. CEO to provide comment on performance and future priorities | Discussion on the CEO's Performance Review document which is confidential Attachment B and CEO to detail his perspective of his and the organisation's performance and future priorities | CEO to be present |
| 3. Feedback to CEO from Governance Committee on performance | Ensure CEO understands views of Elected Members on performance and priorities, with reference to the survey response report, which is within confidential Attachment A | CEO to be present |
| 4. Discussion of current performance criteria which are detailed in Attachment A and Attachment C | To ensure contract performance criteria reflect expected desired outcomes – Governance Committee to finalise proposed criteria for 2016/2017 if there are changes from current wording. | CEO to be present |
| 5. Discussion of performance development plan – review of the proposed Plan provided by the Consultant | To ensure performance development areas are discussed. It is noted the Mayor is authorised to approve professional development for the CEO, as specified in the contract of employment. | CEO to be present |
| 6. Remuneration discussion | Review of salary level – refer to confidential Attachment A. | CEO not present |

C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

Not applicable.

II. OTHER AGENCIES/CONSULTANTS

In accordance with the Council endorsed process the Chief Executive Officer nominated a number of individuals to provide responses to a specific question through the approved survey tool. There has been no liaison with any other agencies or Consultants beyond Learning Horizons.

STATUTORY AND LEGAL IMPLICATIONS

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

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

Section 5.39 (7) of the *Local Government Act 1995* requires a report from the Salaries and Allowances Tribunal with a recommendation as to the remuneration to be paid or provided to a CEO to be taken into account by the local government before entering into, or renewing a contract of employment with a CEO. Although this section of the *Local Government Act 1995* does not include salary reviews this information has been included in the comparative salary data for consideration by the Council when assessing salary.

FINANCIAL IMPLICATIONS

The fee for the Performance Review Consultant has been included in the 2015/2016 Operational Budget. Any change to the salary package of the CEO will be reflected in the Operational Budgets for 2015/2016 and 2016/2017.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
|---|---------------|--|
| That the performance criteria for the next twelve months are not determined | Low | Defined process that includes this stage |

POLICY IMPLICATIONS

Not applicable.

C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

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

CONCLUSION

The purpose of the Governance Committee Meeting is to provide recommendations to the Council in relation to the Performance and Salary Review for the Chief Executive Officer.

Specifically the meeting is to provide feedback opportunities to the Council and Chief Executive Officer on performance over the past twelve months, and clarify expectations, which are to be reflected in the Chief Executive Officer Contract performance criteria.

The review of current contract performance criteria is an important opportunity for the Council and the Chief Executive Officer to clarify expectations and desired outcomes to be achieved. The current performance criteria may not be reflecting current priorities and should be an important aspect of this review process.

Mayor Aubrey advised that each recommendation would be considered separately and voted upon individually.

Procedural Motion

At 6.52pm Cr Pazolli moved, seconded Cr Barton, the following Procedural Motion in accordance with Clause 9.5 of Standing Orders Local Law 2003 –

That the Committee suspend Standing Orders Clause 9.5 limiting the number of speeches by Members for the duration of this meeting.

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

LOST (2/6)

For: Cr Barton, Cr Pazolli

Against: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Phelan, Cr Robartson, Cr Schuster

OFFICER RECOMMENDATION AND COMMITTEE RESOLUTION (5487) APPROVAL

At 8.20pm Cr Robartson moved, seconded Cr Phelan –

That the Governance Committee recommends to the Council:

- 1. That the base salary component for the Chief Executive Officer be amended as recommended by the Governance Committee and the revised base salary change be provided under confidential cover to the Council as an attachment entitled “Salary Recommendation 2016” for approval, to take effect from 20 March 2016.**

At 8.31pm the Presiding Member submitted the motion, which was declared

CARRIED (5/2)

For: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Phelan, Cr Robartson

Against: Cr Barton, Cr Pazolli

**C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)**

At 8.35pm Cr Barling moved, seconded Cr Aubrey –

2. **That the Chief Executive Officer Performance Criteria and Key Performance Indicators to be used in 2016/2017 are those detailed in the confidential attachment entitled “Chief Executive Officer Performance Criteria”.**

At 8.36pm the Presiding Member submitted the motion, which was declared
CARRIED UNANIMOUSLY (7/0)

At 8.36pm Cr Aubrey moved, seconded Cr Barling –

3. **That the Performance Development Plan detailed in confidential attachment entitled “Chief Executive Officer Performance Development Plan 2016/2017” is approved.**

At 8.36pm the Presiding Member submitted the motion, which was declared
CARRIED UNANIMOUSLY (7/0)

At 8.36pm Cr Aubrey moved, seconded Cr Barling –

4. **That a new four year Chief Executive Officer Employment Contract be adopted, based on the current terms and conditions provided as Confidential Attachment “C”, with the amendment of the contract term being from 20 March 2016 to 20 March 2020, and the salary being that determined by Council on 17 May 2016.**

At 8.42pm the Presiding Member submitted the motion, which was declared
CARRIED (5/2)

For: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Phelan, Cr Robartson
Against: Cr Barton, Cr Pazolli

Cr Schuster requested Mayor Aubrey approve a motion to correct the report C16/5487 – Chief Executive Officer Performance Review, to remove his name from a voting record past 7.46pm when he left the Governance Meeting.

At 9.50pm Cr Schuster moved, seconded Cr Robartson –

That the report C16/5487 – Chief Executive Officer Performance Review be corrected to remove Cr Schuster from a voting record at the Governance Committee meeting past 7.46pm.

At 9.51pm the Mayor submitted the motion, which was declared
CARRIED UNANIMOUSLY (13/0)

The report has been corrected in these minutes.

**C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)****COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION (5487) APPROVAL**

Mayor Aubrey advised that point 1 would be considered as the last item and each point would be considered separately.

That the Governance Committee recommends to the Council:

At 9.56pm Cr Robartson moved, seconded Cr Aubrey –

- 2. That the Chief Executive Officer Performance Criteria and Key Performance Indicators to be used in 2016/2017 are those detailed in the confidential attachment entitled “Chief Executive Officer Performance Criteria” as amended.**

At 9.56pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

At 9.57pm Cr Aubrey moved, seconded Cr Phelan –

- 3. That the Performance Development Plan detailed in confidential attachment entitled “Chief Executive Officer Performance Development Plan 2016/2017” is approved.**

At 9.58pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

At 9.58pm Dr Silcox left the meeting and did not return.

At 9.58pm Cr Aubrey moved, seconded Cr Phelan –

- 4. That a new four year Chief Executive Officer Employment Contract be adopted, based on the current terms and conditions provided as Confidential Attachment “C”, with the amendment of the contract term being from 20 March 2016 to 20 March 2020, and the salary being that determined by Council on 17 May 2016.**

At 10.00pm the Mayor submitted the motion, which was declared

CARRIED (12/1)

For: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Barton, Cr Foxton, Cr Macphail, Cr O'Malley,
Cr Phelan, Cr Robartson, Cr Schuster, Cr Wieland, Cr Woodall
Against: Cr Pazolli

At 10.01pm Cr Phelan moved, seconded Cr Robartson –

- 1. That the base salary component for the Chief Executive Officer be amended as recommended by the Governance Committee and the revised base salary change be provided under confidential cover to the Council as an attachment entitled “Salary Recommendation 2016” for approval, to take effect from 20 March 2016.**

C16/5487 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (REC)
(CONFIDENTIAL ATTACHMENT)Amendment

At 10.02pm Cr Schuster moved, seconded Cr Pazolli –

That the revised base salary recommended by the Governance Committee be amended as discussed.

At 10.20pm the Mayor submitted the amendment, which was declared

LOST (6/7)

For: Cr Barton, Cr O'Malley, Cr Pazolli, Cr Schuster, Cr Wieland, Cr Woodall

Against: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Foxton, Cr Macphail, Cr Phelan, Cr Robartson

- 1. That the base salary component for the Chief Executive Officer be amended as recommended by the Governance Committee and the revised base salary change be provided under confidential cover to the Council as an attachment entitled "Salary Recommendation 2016" for approval, to take effect from 20 March 2016.**

At 10.22pm the Mayor submitted the substantive motion, which was declared

CARRIED (9/4)

For: Mayor Aubrey, Cr Aubrey, Cr Barling, Cr Foxton, Cr Macphail, Cr O'Malley, Cr Phelan, Cr Robartson, Cr Wieland

Against: Cr Barton, Cr Pazolli, Cr Schuster, Cr Woodall

At 10.22pm Cr Barling, seconded Cr Aubrey -

That the meeting come out from behind closed doors and the public be invited back into the meeting.

At 10.22pm the Mayor submitted the motion, which was declared

CARRIED UNANIMOUSLY (13/0)

19. CLOSURE

There being no further business to discuss, the Mayor declared the meeting closed at 10.24pm.