



— City of —
Melville

MINUTES

OF THE

SPECIAL MEETING OF THE COUNCIL

HELD ON

27 OCTOBER 2009

AT 6.30PM IN THE COUNCIL CHAMBERS

MELVILLE CIVIC CENTRE

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MINUTES OF THE SPECIAL MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBERS, MELVILLE CIVIC CENTRE, 10 ALMONDBURY ROAD, BOORAGOON, COMMENCING AT 6.30PM ON TUESDAY, 27 OCTOBER 2009.

1. OFFICIAL OPENING

The Presiding Member welcomed those in attendance to the meeting and declared the meeting open at 6:30 pm. Mr J Clark the Governance and Compliance Program Manager read aloud the Disclaimer and then His Worship the Mayor R Aubrey read aloud the Affirmation of Civic Duty and Responsibility.

Affirmation of Civic Duty and Responsibility

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

2. PRESENT

His Worship the Mayor R Aubrey

COUNCILLORS

Cr N Pazolli, Cr P Reidy
Cr E Nicholson
Cr C Robartson, Cr R Subramaniam
Cr J Barton
Cr C Halton, Cr B Kinnell
Cr N Foxtan

WARD

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

3. IN ATTENDANCE

Ms C Young	A/Chief Executive Officer
Mr M Tieleman	Director Corporate Services
Mr S Cope	Director Urban Planning
Mr J Christie	Director Technical Services
Mr L Hitchcock	Executive Manager Legal Services
Mr K Yeoh	A/Manager Financial Services
Mr J Clark	Governance & Compliance Program Manager
Mr P Camilleri	Senior Strategic Urban Planner
Ms D Beilby	Minute Secretary

At the commencement of the Meeting there were no members of the public in the Public Gallery and no members of the Press in the Press Gallery.

4. APOLOGIES AND APPROVED LEAVE OF ABSENCE

4.1 APOLOGIES

Cr Wieland
Cr Reynolds
Dr S Silcox Chief Executive Officer

4.2 APPROVED LEAVE OF ABSENCE

Cr Ceniviva

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

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

Nil.

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

Nil.

6. QUESTION TIME

Mr Christopher Boots, Parkwood

Five questions were submitted in writing to the meeting from Mr Christopher Boots. Mr Boots was not present at the meeting. His Worship the Mayor advised that the questions did not relate to the Business of the Council being that they were directed to Cr Robartson in his capacity of Regional Councillor of the Southern Metropolitan Regional Council (SMRC). His Worship the Mayor advised that the questions would be forwarded to the SMRC.

7. DECLARATIONS OF INTEREST

Nil.

The Members' and Officers' attention is drawn to the following provisions of the Local Government Act 1995 regarding disclosures of interest;

7.1 FINANCIAL INTERESTS

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

7.2 DISCLOSURE OF INTEREST THAT MAY CAUSE A CONFLICT

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making processes.

8. APPLICATIONS FOR NEW LEAVES OF ABSENCE

- Cr Robartson

At 6.36pm Cr Reidy moved, seconded Cr Barton –

That the application for new leave of absence submitted by Cr Robartson on 27 October 2009 be granted.

At 6.36pm the Mayor submitted the motion which was declared

CARRIED (10/0)

9. IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

Nil.

10. BUSINESS

C09/6023 - CITY OF MELVILLE ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT 2008-2009 (AMREC) (ATTACHMENT)

Ward	:	All
Category	:	Operational
Subject Index	:	City of Melville Annual Financial Statements
Customer Index	:	Not Applicable
Disclosure of any Interest	:	No Officer involved in the preparation of this Annual Financial Statements has a declarable interest in this matter.
Works Programme	:	Not Applicable
Funding	:	Not Applicable
Responsible Officers	:	Khris Yeoh Acting Manager Financial Services

AUTHORITY / DISCRETION

DEFINITION

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

**C09/6023 - CITY OF MELVILLE ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORT 2008-2009 (AMREC) (ATTACHMENT)**

KEY ISSUES / SUMMARY

- This report presents the independent auditors report on the 2008-2009 Annual Financial Statements as well as the 2008-2009 Annual Financial Statements for formal acceptance by the council.

BACKGROUND

In accordance with Section 5.53(1) of the Local Government Act 1995, a local government is required to prepare an Annual Report for each financial year. Section 5.54 of the Act requires that the Annual Report (which includes the financial report for the year) be accepted by the Local Government no later than 31 December for the previous financial year. Section 5.27 requires the Annual Report be accepted prior to the Annual Meeting of Electors.

The Council is required to accept the full Annual Financial Statements as per Section 6.4(2) of the Act, and electors will be made aware that the full version, including the complete Annual Financial Statements, is available on request.

The report requires acceptance by the Council prior to the Annual General Meeting of Electors to be held on Wednesday, 25 November 2009.

The balance of the Annual Report, ie the text, was adopted by the Council at the Ordinary Meeting held on Tuesday, 13 October 2009.

DETAIL

Section 5.53 of the Act requires the Annual Report to contain, among other things, the financial report for the financial year under review.

This financial report which is titled The City of Melville 2008-2009 Annual Financial Statements has been prepared and includes the following:

1. Statement by the Chief Executive Officer
2. Independent Auditor's Report
3. Management Representation Letter
4. Audited Annual Financial Statements
5. Variance Analysis

[6023 Annual Financial Report 2009](#)

[6023 Variance Analysis 2009](#)

The Financial outcomes of the year are specified in the Audited Annual Financial Statements and are summarised in the Financial Implications section of this report.

The Independent Auditors Report provides an unqualified audit opinion in respect to the 2008-2009 Annual Financial Statements.

**C09/6023 - CITY OF MELVILLE ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORT 2008-2009 (AMREC) (ATTACHMENT)**

PUBLIC CONSULTATION/COMMUNICATION

No external public consultation has been carried out.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

The Council's independent external auditors Macri Partners have audited the 2008-2009 financial report.

STATUTORY AND LEGAL IMPLICATIONS

Section 5.53 of the Local Government Act 1995 (the Act) headed "Annual reports" specifies that:-

- (1) The local government is to prepare an annual report for each financial year and that.
- (2) The annual report is to contain... (f) the financial report for the financial year; ...

Section 5.54 of the Local Government Act 1995 (the Act) headed "Acceptance of annual reports" specifies that the Annual Report for the financial year is to be accepted by the Local Government no later than 31 December after that financial year.

Section 5.27 of the Act specifies that a General Meeting of Electors is to be held within fifty-six (56) days after the local government accepts the Annual Report for the previous financial year.

Section 6.4 of the Act headed "Financial report" specifies that:-

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
 - (a) be prepared and presented in the manner and form prescribed; and
 - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
 - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
 - (b) the annual financial report of the local government for the preceding financial year.

The Annual Financial Statements has been prepared in accordance with all relevant legal requirements and accounting standards.

**C09/6023 - CITY OF MELVILLE ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORT 2008-2009 (AMREC) (ATTACHMENT)**

FINANCIAL IMPLICATIONS

The net result for the 2008-2009 financial year was an operating deficit of \$734,063 on total operating revenues of \$85.2 million, operating expenses of \$78.7 million, non operating revenues of \$3.5 million and write down of investment values by \$10.8 million.

Net equity fell by \$8,388,529 as a result of the \$734,063 loss and adjustments to the non-cash Asset Revaluation Reserve following a net devaluation of the value of assets.

The value of cash backed reserves (i.e. after deducting the impaired value of investments) increased by \$943,204 however the unexpended capital works and grants reserve increased by \$2,159,603 which will be expended in 2008-2009. The net effect is that the cash backed value of longer term reserve accounts has decreased by \$1,216,399.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Nil.

POLICY IMPLICATIONS

13-PL-007 Accounting Policy – defines the policy relating to the preparation of the Annual Financial Statements.

14-PL-001 – relating to the Annual Meeting of Electors was deleted at the October 2008 Ordinary Meeting of Council so that the date of the meeting will now be set by the Chief Executive Officer each year in accordance with section 5.29(1) of the Local Government Act 1995. The date set for the meeting this year is still the last Wednesday in November being 25 November 2009.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil.

CONCLUSION

The 2008-2009 Annual Financial Statements have been completed and a short form version will be included in the Community Annual Report for 2008-2009, with a full set of financial statements being made available on Councils web-site, at the Councils five libraries, the Civic Centre and in printed form upon request.

An unqualified auditor's report was received following the final audit, and the 2008-2009 Annual Financial Statements will be presented to the Council for acceptance.

C09/6023 - CITY OF MELVILLE ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT 2008-2009 (AMREC) (ATTACHMENT)

This report was presented to the meeting of the Financial Management, Audit, Risk & Compliance committee held on 21st October 2009 for noting and the Council now need to accept the Annual Financial Statements and the Audit Report. At the Committee meeting the following resolution was carried unanimously.

OFFICER RECOMMENDATION & FINANCIAL MANAGEMENT, AUDIT, RISK & COMPLIANCE COMMITTEE RESOLUTION (6023)

NOTING

At 8.45pm Mr Woodgate moved, seconded Cr Subramaniam -

That the Financial Management, Audit, Risk and Compliance Committee note the 2008-2009 Annual Financial Statements, including the unqualified independent external auditors report which will be accepted by Council at the Special Meeting of Council to be held on Tuesday 27 October 2009.

At 8.45pm the Presiding Member submitted the motion which was declared

CARRIED UNANAMOUSLY (8/0)

COUNCIL RESOLUTION (6023)

ACCEPT

At 6.37pm Cr Subramaniam moved, seconded Cr Halton -

That the 2008-2009 Annual Financial Statements, including the Unqualified Independent External Auditors Report be accepted.

At 6.49pm the Mayor submitted the motion which was declared

CARRIED UNANAMOUSLY (10/0)

Cr Pazolli requested that his questions and the responses given by the Director Corporate Services, Marten Tieleman be recorded in the Minutes.

Question 1

I refer to the last sentence of the last paragraph of the Financial Implications section of the Officer's Report which reads "The net effect is that the cash backed value of longer term reserve accounts has decreased by \$1,216,319". Could the Director Corporate Services confirm that, given the write-off of \$10.8 million in the CDO investment values, that the value of cash backed funds in the Reserve Accounts has increased by about \$12 million?

Director Corporate Services Response

The \$1,216,319 referred to in the officers report relates to the cash backed value i.e. real value of the longer term reserve accounts. This excludes those reserves that are shorter term in nature such as the Unexpended Capital Works and Specific Purpose Grants Reserve.

If the impairment of investments totaling \$21.1m is ignored the total face value of reserves has increased by about \$12 million. The actual value of reserves will however depend on the outcome of the values that will ultimately be derived from the impaired investments which may be anywhere between the book loss of \$21.1m and ultimately full recovery.

Question 2

In the 08/9 financial year result we have seen the Cash Backed Reserves rise from \$33 million to \$45 million. This is an increase of \$12 million over the 08/9 financial year. Of this increase about \$6.5 million can be accounted for by carry forwards or timing issues or specific Federal Government funding grants that must be spent on specific projects. Can it be confirmed that balance of the \$12 million increase in the Reserves, amounting to \$5.5 million, is largely as a result of specific decisions of the Council requiring funds to be placed in specific Reserve Account?

Director Corporate Services Response

Yes

Note for the purposes of the accuracy of the minutes the correct numbers are.

Increase in Reserves as a result of carry forward projects and grants received in advance or timing differences of expenditure \$6.75 million

Increase in Reserves as a result of specific Council decisions \$ 3.28 million

Transfers to the Plant Replacement Reserve of \$2.14 million, Refuse Bins Reserve of \$170,000 and the IT Reserve of \$308,570 have been excluded due to the short term nature of those Reserve i.e. they will be spent on acquisitions in the near

Question 3

Can it be confirmed that the \$2.3 million Local Government Federal Assistance Grants deposited in the Land & Property Reserve, consisting of \$1.7 million of 08/9 untied and an additional \$0.6 million of pre-paid 09/10 FAG, have been placed in that Reserve due to a specific decision of Council?

Director Corporate Services Response

Yes

Note the correct figures for the Land & Property Reserve are \$1.873 million of 08/09 funds plus \$480,735 in advance FAG's grant payment.

Question 4

Can it be confirmed that:

\$0.45 million representing 1% of 08/9 Rates collection has been deposited in Public Open Space Reserve as per a specific decision of Council;

\$0.6 million deposited into Risk Management Reserve that includes the differential interest earned on the CDOs above the average cash rate as per a specific decision of Council; and

\$0.7 million deposited in Community Facilities reserve as a result of a Council decision to place any surplus funds from the 08/9 operations in this Reserve fund?

Director Corporate Services Response

Yes

Note subsequent to the meeting the figures quoted by Cr Pazolli were checked and for the purposes of accuracy of the minutes following are the correct figures.

Public Open Space Reserve - \$406,102 being the Council decision of 1% of rate revenue transferred to save for the purchase or development of POS + the \$1,343,221 Federal Grant for the development of Melville Primary School which will be spent in 2009/2010.

Risk Management Reserve - \$450,000 being the additional interest earned on CDO and ADI investments over and above the bank bill rate + \$172,028 to fund future workers compensation premiums that will fall due if claims experience exceeds the deposit premium paid.

Community Facilities Reserve \$678,659 which is the cash surplus over and above the \$1,842,681 cash surplus.

COUNCIL RESOLUTION (6023)

ABSOLUTE MAJORITY

At 6.50pm Cr Robartson moved, seconded Cr Barton -

That the 2008-2009 Annual Report as per the requirements of the Local Government Act 1995 Section 5.53 be accepted.

At 6.50pm the Mayor submitted the motion which was declared

CARRIED BY ABSOLUTE MAJORITY (10/0)

11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

12. MOTIONS WITHOUT NOTICE BY ABSOLUTE MAJORITY OF THE COUNCIL

Nil.

13. CLOSURE

There being no further business to discuss the His Worship the Mayor declared the meeting closed at 6.50 pm.