

minutes

Policy Committee

MEETING HELD ON **MONDAY, 2 SEPTEMBER 2013**

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CITY OF JOONDALUP

MINUTES OF THE POLICY COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 2 SEPTEMBER 2013.

ATTENDANCE

Committee Members:

Cr Brian Corr	<i>Presiding Member</i>	
Mayor Troy Pickard		<i>from 6.05pm</i>
Cr Kerry Hollywood		
Cr Teresa Ritchie		
Cr Philippa Taylor		

Observer:

Cr John Chester

Officers:

Mr Mike Tidy	Director Corporate Services	<i>from 6.11pm</i>
Mr Jamie Parry	Director Governance and Strategy	
Ms Dale Page	Director Planning and Community Development	<i>from 6.14pm</i>
Mr John Byrne	Governance Coordinator	
Mrs Deborah Gouges	Governance Officer	

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.01pm.

APOLOGIES/LEAVE OF ABSENCE

Apologies

Cr Christine Hamilton-Prime.

Leave of Absence previously approved

Cr Tom McLean, JP	22 August to 18 September 2013 inclusive.
Cr Liam Gobbert	23 August to 23 September 2013 inclusive.
Cr Brian Corr	8 September to 27 September 2013 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE POLICY COMMITTEE HELD ON 10 JUNE 2013

MOVED Cr Hollywood, **SECONDED** Cr Ritchie that the minutes of the meeting of the Policy Committee held on 10 June 2013 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (4/0)

In favour of the Motion: Crs Corr, Hollywood, Ritchie and Taylor.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTEREST

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

In accordance with Clause 76 of the City's *Standing Orders Local Law 2005*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS**ITEM 1 ELECTED MEMBERS' ENTITLEMENTS POLICY - REVIEW**

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Governance and Strategy
FILE NUMBER	27122, 101515
ATTACHMENTS	Attachment 1 Amended <i>Elected Members' Entitlements Policy</i> (marked-up) Attachment 2 Salaries and Allowances Tribunal Determination on Local Government Elected Council Members
AUTHORITY / DISCRETION	Legislative - includes the adoption of local laws, planning schemes and policies.

PURPOSE

For Council to amend the *Elected Members' Entitlements Policy* due to recent changes to the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*.

EXECUTIVE SUMMARY

From 1 July 2013 various amendments to the *Local Government Act 1995* (the Act) and the *Local Government (Administration) Regulations 1996* (the Regulations) came into effect which changed the legislative landscape in which Elected Members could be paid allowances and fees, and claim reimbursement for expenses incurred while performing their statutory role.

The change has given the Salaries and Allowances Tribunal (the Tribunal) the statutory power to set levels and ranges for allowances and fees, as well as prescribe the type of mandatory and discretionary expenses that can be reimbursed to Elected Members and their rate or level. As a result various amendments to the *Elected Members' Entitlements Policy* (the policy) are required to put into effect the legislative changes.

It is recommended that Council ADOPTS the amended Elected Members' Entitlements Policy as detailed in Attachment 1 to this Report.

BACKGROUND

In accordance with the Act, Elected Members are entitled to claim fees, expenses and allowances and these levels were set within the Regulations prior to 1 July 2013. Under the City's existing policy and in accordance with the levels specified in the Regulations up to that date, Council adopted the maximum amount that could be paid to Elected Members under that structure of fees, allowances and expenses.

With the relevant sections of the *Local Government Amendment Act 2012* and the *Local Government (Administration) Amendment Regulations 2012* coming into effect from 1 July 2013, the Tribunal now has the role of determining certain payments that are to be made or reimbursed to Elected Members.

The Act now provides the Tribunal with the authority to determine either particular amounts for these payments or determine a range within which local governments can set as the amount that can be paid. The fees, expenses and allowances which are legislated as entitlements of an Elected Member cannot be taken away by any decision or action of Council.

As a result of the determination handed down by the Tribunal, Council at its meeting held on 16 July 2013 (Item CJ128-07/13 refers) resolved the following:

“That Council:

- 1 *NOTES under the Elected Members’ Entitlements Policy, Council has adopted the maximum amount that can be paid to Elected Members under the structure of fees, allowances and expenses;*
- 2 *BY AN ABSOLUTE MAJORITY under sections 5.98(5)(b), 5.98A(1), 5.99(b) and 5.99A(b) of the Local Government Act 1995 sets the maximum amount for the Mayoral Allowance, Deputy Mayoral Allowance, Annual Meeting Fee Allowance and ICT Allowance for City of Joondalup Elected Members that can be paid within the range as determined by the Salaries and Allowances Tribunal from time to time;*
- 3 *NOTES a further report will be submitted on the required changes to the Elected Members’ Entitlements Policy as a result of legislative amendments and the determination of the Salaries and Allowances Tribunal.”*

Not only have the changes to the legislation given the Tribunal power to determine certain allowance levels, certain allowance types have been removed and certain provisions relating to discretionary expense reimbursements have changed. While Council has already set the payments for allowances in accordance with the Tribunal’s determination, there are provisions within the current policy that now require amendment.

DETAILS

Legislative framework

In considering the amendments to the policy, the legislative framework in which payments to Elected Members can be lawfully made need to be highlighted and in particular Division 8 of Part 5 of the Act and Part 8 of the Regulations. In this regard, and further to Mayoral Allowances and Deputy Mayor Allowances that can be paid under the Act and Regulations, all Elected Members are entitled:

- (a) to be paid a fee for attending a council or committee meeting (section 5.98(1)) or an annual fee in lieu of a meeting fee (section 5.99)
- (b) to be reimbursed an expense for a type of expense that:
 - i. is to be reimbursed (mandatory) by all local governments (section 5.98(2)(a)) or paid an annual allowance for that type of expense (section 5.99A)
 - ii. may be reimbursed (discretionary) by a local government as determined by the local government (section 5.98(2)(b)) or be paid an annual allowance for that type of expense (section 5.99A).

In accordance with the Regulations:

- (a) the kind of (mandatory) expenses that are to be reimbursed by all local governments (Regulation 31) are:
 - i. rental charges incurred by an Elected Member in relation to one telephone and one facsimile machine (Regulation 31(1)(a))
 - ii. child care and travel costs incurred by an Elected Member because of their attendance at a Council meeting or a meeting of a committee of which he or she is a member (Regulation 31(1)(b)).
- (b) the kind of (discretionary) expenses that may be approved by a local government for reimbursement of the local government (Regulation 32) are:
 - i. expenses incurred by an Elected Member in performing a function under the express authority of the local government (Regulation 32(1)(a))
 - ii. expenses incurred by an Elected Member to whom (i) applies by reason of the Elected Member being accompanied by not more than one other person while performing the function if, having regard to the nature of the function, the local government considers that it is appropriate for the Elected Member to be accompanied by that other person (Regulation 32(1)(b))
 - iii. expenses incurred by an Elected Member in performing a function in his or her capacity as an Elected Member (Regulation 32(1)(c)).

Where the expense has been prescribed (as per Regulations 31 and 32 detailed above), the extent of the reimbursement for the expense is now as per the level determined by the Tribunal or within the range as determined by the Tribunal for that type of expense (section 5.98(3) of the Act).

In accordance with the section 5.99A of the Act, where a local government has decided to pay an allowance as determined by the Tribunal it can only reimburse expenses of that type in excess of the amount of the allowance.

Notwithstanding the above, a local government can make a cash advance to an Elected Member for an expense in which that person can be reimbursed (section 5.102 of the Act). Any cash advance is provided 'on account' and would be brought 'to account' through the production of sufficient evidence or information to acquit the advanced funds.

Determination of the Salaries and Allowances Tribunal (the Tribunal)

The determination of the Tribunal, published in the *Government Gazette* on 3 July 2013, established a banding model for Elected Member allowance and fee payments for all local governments as well determined the level and range for certain mandatory and discretionary expense types (see Attachment 2). The Tribunal determined that:

- (a) the extent to which an Elected Member can be paid an annual allowance in relation to one telephone and one facsimile machine or other expenses relating to information and communication technology, is between \$500 and \$3,500 (called ICT expenses)
- (b) the extent to which an Elected Member can be reimbursed for child care costs incurred because of attending a meeting is the actual cost per hour or \$25 per hour, whichever is the lesser amount

- (c) the extent to which an Elected Member can be reimbursed travel costs, being the distance between the Elected Member's place of work or residence and back, multiplied by the rate as prescribed by the *Public Service Award 1992*
- (d) the extent to which an Elected Member can be reimbursed for intrastate or interstate travel and accommodation costs is the same rate applicable to the reimbursement of travel and accommodation costs in the same or similar circumstances described under the *Public Service Award 1992*.

Required amendments to the policy

In view of the changes to the legislation, the determination made by the Tribunal and the resolution of Council made at its meeting held on 16 July 2013 (CJ128-07/13 refers), the policy requires a series of amendments.

The policy will need to reflect the decision of Council made at its meeting held on 16 July 2013 (CJ128-07/13 refers) indicating that the City will pay Elected Members the maximum amount within the range determined by the Tribunal for Meeting Allowances, Mayoral Allowance and Deputy Mayoral Allowance. The decision of Council at its meeting held on 16 July 2013 was that the City would also pay to Elected Members the maximum allowance for ICT expenses.

In this regard clauses 5.2 and 5.3 of the policy have been amended. Subject to further determinations made by the Tribunal in the future, the levels for these allowances are as follows from 1 July 2013:

Allowance or Fee Type	Maximum
Councillor Annual Meeting Fee (in lieu of per meeting fee)	\$30,000
Mayoral Annual Meeting Fee (in lieu of per meeting fee)	\$45,000
Annual Mayoral Allowance	\$85,000
Annual Deputy Mayoral Allowance (25% of Mayoral Allowance)	\$21,250
ICT Allowance (replaces Telecommunications and Information Technology allowances)	\$3,500

As the ICT Allowance replaces both the Telecommunications Allowance (clause 5.4) and the Information Technology Allowance (clause 5.5) these two clauses have been deleted from the amended policy and a new ICT expense clause inserted (see new clause 5.4). This new clause provides the annual allowance for ICT expenses will be paid at the commencement of the financial year, to align with the commencement date of Tribunal determinations. In a financial year where local government elections occur, an Elected Member whose term of office expires at the election will be paid a pro-rata amount up until the date of the election. Returning Elected Members or new Elected Members will be paid the remaining pro-rata payment for the financial year following the local government election date.

Another change to the Regulations is the removal of the provision that allows a local government to pay an allowance to an Elected Member in lieu of reimbursement of travelling and accommodation expenses (Regulation 34AB). It is necessary therefore to delete clause 6.6.8 from the policy as it no longer has legislative effect. Rather, a new clause 6.6.7 has been inserted that reflects the determination in respect to reimbursement of intrastate and interstate travel and accommodation costs (being rates and under the similar circumstances prescribed under the *Public Service Award 1992*). The circumstances prescribed under the *Public Service Award 1992* allow payments to be made above those rates on the provision of sufficient information and this has been reflected in the new clause.

The determination made by the Tribunal for child care expenses and travel expenses has also been reflected in the amended policy (see clause 9.2 and 9.3 respectively). A table to calculate part day percentages for cash advances for interstate and overseas conferences has also been inserted (see clause 6.6.8). This is a result of recent changes to the legislation (through the deletion of Regulation 34AB) and offers clarity around the current practice in respect to the calculation of part day payments for cash advances.

Issues and options considered

Council can either:

- adopt the amended policy as presented
or
- adopt the amended policy as presented with further amendments as required.

Legislation / Strategic Community Plan / policy implications

Legislation

Local Government Act 1995.
Local Government (Administration) Regulations 1996.
Salaries and Allowances Determination on Local Government Elected Council Members.

Strategic Community Plan

Key theme

Governance and Leadership.

Objective

Effective representation.

Strategic initiative

Attract a diverse elected body that represents, promotes and reflects the composition of the community.

Policy

Elected Members' Entitlements Policy.

The Act confers entitlements to claim fees, expenses and allowances for individual Elected Members and these levels are now set by the Tribunal or prescribed by the City. The payments that can be lawfully made by the City to Elected Members are limited to:

- (a) a fee for attending Council or committee meetings (which may be either a fee per meeting up to an annual amount)
- (b) a reimbursement of an expense of a kind that is prescribed by the Regulations and that has been incurred by an Elected Member
- (c) in lieu of reimbursement for certain types of prescribed expenses, an allowance for that type of expense

or
- (d) a cash advance to an Elected Member in respect of an expense for which the Elected Member can be reimbursed.

The Act allows expense reimbursement payments to be made over and above allowances that are set by a local government.

Risk management considerations

Not applicable.

Financial/budget implications

Sufficient budget provisions have been made in the 2013-14 Budget to cover the Elected Member allowances, expenses and entitlements that are detailed under the policy.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Various aspects of the recent determination were clarified with tribunal staff.

COMMENT

Fees, expenses and allowances for Elected Members were set by regulation in 1996 following the introduction of the Act. Adjustments to fees, expenses and allowances have been made twice since then – in 1999 and most recently in 2005. This is the first independent determination of fees, allowances and expenses and brings levels of remuneration for Elected Members into line with other states and also with the fees paid to government board and committee members in Western Australia. In accordance with the *Salaries and Allowances Act 1975*, the Tribunal will review determinations made on an annual basis, and publish new determinations where any increases in fees or levels are warranted.

VOTING REQUIREMENTS

Simple Majority.

Mayor Pickard entered the room, the time being 6.05pm.

The Director Corporate Services entered the room, the time being 6.11pm.

The Director Planning and Community Development entered the room, the time being 6.14pm.

MOVED Cr Ritchie, SECONDED Cr Corr that Council ADOPTS the amended *Elected Members' Entitlements Policy* as detailed in Attachment 1 to this Report.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Cr Corr, Mayor Pickard, Crs Hollywood, Ritchie and Taylor.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnPolicy020913.pdf](#)

ITEM 2 DRAFT RISK MANAGEMENT POLICY

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	49586, 101515
ATTACHMENTS	Attachment 1 Draft Risk Management Policy
AUTHORITY / DISCRETION	Executive – The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to adopt the City's draft *Risk Management Policy*.

EXECUTIVE SUMMARY

The City has for the past 12 months been undertaking a review of its risk profile in order to identify areas where awareness of risk can be enhanced and a positive risk culture promoted that helps embed risk management throughout the City's operations. As part of this review the City has developed a draft *Risk Management Policy*.

It is recommended that Council ADOPTS the Risk Management Policy forming Attachment 1 to this Report.

BACKGROUND

In January 2009 a *Risk Management Framework* was finalised and the Chief Executive Officer approved its deployment within the City. The framework was later updated through the City's Risk Management Taskforce to comply with the new standard *AS/NZS ISO 31000:2009 – Risk management – Principles and guidelines*.

On 12 August 2013 the Audit Committee reviewed the updated *Risk Management Framework* and the draft *Risk Management Policy* prior to being presented to Council.

The draft *Risk Management Policy* aligns with the Australian Standard and the Department of Local Government and Communities *Model Risk Management Policy*.

DETAILS

Australian Standard *AS/NZS ISO 31000:2009* recommends that an organisation develops a *Risk Management Policy* which should “clearly state the organisation's objectives for, and commitment to, risk management.” The draft *Risk Management Policy* is designed to align with this and make a statement on the City's objectives, approach and commitment to effective risk management across all its operations.

The policy includes:

1 Application

The *Risk Management Policy* and any associated frameworks, guidelines and protocols will apply across all operations of the City. All employees within the City are encouraged to develop an understanding and awareness of risk and contribute to the risk management process.

2 Definitions

- Risk.
- Risk Management.
- Risk Management Framework.

3 Statement

The City is committed to ensuring that effective risk management remains central to all its operations while delivering a wide and diverse range of services to its residents and visitors. The management of risk is the responsibility of everyone and should be an integral part of organisational culture and be reflected in the various policies, protocols, systems and processes used to ensure efficient and effective service delivery. The *Risk Management Framework* will reflect good practice and sound corporate governance and be consistent with *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*.

4 Details

4.1 Risk Management Outcomes

Five key outcomes and eight benefits have been identified in the policy.

4.2 Risk Appetite

Resources available to control risks are limited and the cost of any controls should be considered along with the value of expected benefits. The City's risk appetite will be risk prudent. The City will accept the taking of controlled risks, the use of innovative approaches and the development of new opportunities to improve service delivery provided that the risks are properly identified, analysed and evaluated to ensure that exposures are acceptable and managed accordingly.

Issues and options considered

The recently updated *Risk Management Framework* is intended to provide a sound foundation for embedding risk management across the City through the design, implementation, monitoring and review and continual improving of risk management in a systematic and consistent manner. The introduction of the draft *Risk Management Policy* will strengthen the City's commitment and approach to risk mitigation and ensure the City is able to achieve its objectives and provide the services that the community expect.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government (Audit) Regulations 1996.*

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Continuously strive to improve performance and service delivery across all corporate functions.

Policy Not applicable.

Risk management considerations

The introduction of a *Risk Management Policy* will make a statement on the City's commitment and approach to risk management principles, systems and processes which can be made visible to the community.

Financial/budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The on-going review of the City's risk management profile is intended to raise the profile of risk, improve the City's approach to risk and embed risk management across all its systems and processes. The updating of the *Risk Management Framework* and the development of a *Risk Management Policy* will assist the City in achieving this.

As part of the on-going review, in May 2013 the City tested its *Business Continuity Plan* via a desktop scenario facilitated by LGIS Risk Management. This scenario was Phase 6 of the Business Continuity Management Project that commenced in October 2012 by LGIS Risk Management.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hollywood, **SECONDED** Cr Ritchie that Council **ADOPTS** the *Risk Management Policy* forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Cr Corr, Mayor Pickard, Crs Hollywood, Ritchie and Taylor.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnPolicy020913.pdf](#)

ITEM 3 SUSTAINABILITY STATEMENT POLICY – CONSIDERATION FOLLOWING ADVERTISING

WARD:	All	
RESPONSIBLE DIRECTOR:	Mr Jamie Parry Governance and Strategy	
FILE NUMBER:	101288, 101515	
ATTACHMENTS:	Attachment 1	Revised Sustainability Policy
	Attachment 2	Current Sustainability Statement Policy
	Attachment 3	Sustainability Policy (revoked)

PURPOSE

For Council to adopt the revised *Sustainability Statement Policy* (renamed *Sustainability Policy*) following public advertising.

EXECUTIVE SUMMARY

The City's *Sustainability Statement Policy* was reviewed in 2013 in line with the new standard policy template and to modernise the policy content to reflect the City's current approach to integrating sustainability into service delivery.

At its meeting held on 25 June 2013 (CJ115-06/13 refers), Council resolved to advertise the revised *Sustainability Statement Policy* for public comment and revoke the existing *Sustainability Policy*, due to their duplication. The revised *Sustainability Statement Policy* was advertised for 21 days, closing on 1 August 2013. No submissions were received.

As a result of the public advertising process revealing no opposition to the proposed amendments, it is recommended that Council adopt the *Sustainability Statement Policy* (renamed *Sustainability Policy*), as provided in Attachment 1.

BACKGROUND

A review of the Policy Manual was conducted in 2011 to assess all current policies. As a result of the review process, a standardised policy format was developed and current policies were categorised as requiring either minor or major amendments.

The *Sustainability Statement Policy* and *Sustainability Policy* were identified as requiring major amendments, based on a preliminary review of their relevance and last review date. During the review process it was noted that significant duplication existed between the policies and an attempt was made to consolidate and update the documents.

Council agreed to this approach (CJ115-06/13 refers) by resolving to revoke the existing *Sustainability Policy* and amending the *Sustainability Statement Policy* to reflect the City's current approach to sustainable practices and service delivery.

This report recommends adoption of the revised *Sustainability Statement Policy* (renamed *Sustainability Policy*) following public advertising on the proposed amendments.

DETAILS

At its meeting held on 25 June 2013 (CJ115-06/13 refers), Council supported the following amendments to the *Sustainability Statement Policy* as outlined in Attachment 1:

- Remove references to specific principles contained within the *2002 Johannesburg World Summit of Local Governments*.
- Modify the statement to succinctly describe the City's commitment to:
 - lead the community through improved sustainable practices
 - working and engaging with its community and stakeholders to deliver sustainable outcomes
 - achieving a thriving business environment and community well being
 - ensuring long term protection of the environment by applying the "Precautionary Principle".
- Incorporate references to governance in the statement, to reflect a quadruple-bottom line approach to sustainability, rather than the previous triple-bottom line approach.
- Remove the sustainability statement contained at the end of the policy due to its duplication of details discussed in the opening statement. This was also in accordance with the decision made by Council at its meeting held on 15 May 2012 (CJ093-05/12 refers) to remove all sustainability statements within all policies.
- Reorder the structure of the policy to reflect the standardised policy template.

At its meeting held on 25 June 2013 (CJ115-06/13 refers), Council resolved to advertise the *Sustainability Statement Policy* for public comment subject to the inclusion of a definition of the "Precautionary Principle", namely:

"the avoidance of the risk of serious or irreversible environmental damage will not be postponed because of a lack of full, scientific knowledge."

The *Sustainability Statement Policy* was advertised for 21 days, closing on 1 August 2013. No submissions were received.

Issues and Options Considered

Council can either:

- adopt the proposed amendments to the *Sustainability Statement Policy* (renamed *Sustainability Policy*), as outlined in Attachment 1
- further modify the *Sustainability Statement Policy*
or
- retain the *Sustainability Statement Policy* in its current format.

It is recommended that option 1 be adopted.

Legislation / Strategic Community Plan/ policy implications

Legislation *Local Government Act 1995.*

Strategic Community Plan

Key Theme Sustainability is covered across all areas of *Joondalup 2022.*

Objective: Refer above.

Strategic initiative Refer above.

Policy This report outlines the outcome of a review of the current *Sustainability Statement Policy.*

Risk Management Considerations

In order to remain transparent and to facilitate appropriate decision-making processes, it is imperative that policies reflect the current positions of Council and work practices at the City. If not effectively maintained there are risks associated with potentially misleading the community through publicly available, unreviewed policies.

Financial/Budget Implications

Not applicable.

Regional Significance

Not applicable.

Sustainability Implications

Achieving sustainability is an important element of good governance. It recognises the need for local governments to consider the wider environmental, social and economic implications of decisions and actions on the community. As such, it is considered important that the City has a statement through a policy mechanism to demonstrate its on-going commitment to applying and integrating sustainable practices.

Consultation

The *Sustainability Statement Policy* was advertised for public comment for a period of 21 days, through the following mechanisms:

- A notice published in the Joondalup Voice for two consecutive weeks (11 July 2013 – 1 August 2013).
- A notice and documents placed on the City's website.

No submissions were received throughout the consultation period.

COMMENT

Not applicable.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Corr, SECONDED Mayor Pickard that Council ADOPTS the proposed amendments to the *Sustainability Statement Policy* (renamed *Sustainability Policy*) as outlined in Attachment 1 to this Report.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Cr Corr, Mayor Pickard, Crs Hollywood, Ritchie and Taylor.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnPolicy020913.pdf](#)

ITEM 4 HOME BUSINESS POLICY - REVIEW

WARD	All	
RESPONSIBLE DIRECTOR	Ms Dale Page Planning and Community Development	
FILE NUMBER	03170, 101515	
ATTACHMENTS	Attachment 1	Draft <i>Home Business Policy</i>
	Attachment 2	Comparison of Local Government Home Business Policies
AUTHORITY / DISCRETION	Legislative - includes the adoption of local laws, planning schemes and policies.	

PURPOSE

For Council to consider advertising proposed amendments to the *Home Business Policy* for public comment.

EXECUTIVE SUMMARY

A review of the *Home Business Policy* was undertaken in early 2013. The review indicated that improvements to the policy could be made with regard to textual and formatting changes and identified the possibility of extending the home business operating hours currently permitted to allow for greater flexibility. The policy review also proposed to incorporate the change in area permitted for 'home business category 1', from 20m² to 30m², which is included in Omnibus Scheme Amendment No. 65 (Amendment No. 65) that was adopted by Council at its meeting held on 25 June 2013 (CJ088-06/13 refers) and referred to the Western Australian Planning Commission (WAPC) for consideration.

The Policy Committee, at its meeting held on 11 March 2013, considered the outcomes of the review of the policy and resolved to defer the item to allow for a further review of various items within the policy.

Those items have been reviewed in the context of state government regulation and other local government policies and further amendments to the *Home Business Policy* are now proposed. These include restricting the placement of signage for home businesses to the facade of the dwelling only; including provisions clarifying and setting further standards for car parking associated with a home business; and removing the requirement for an annual renewal of category 2 businesses where no complaints are received or changes made within the initial 12 month approval period. The review also found that the proposed extension in the permitted operating hours of home businesses is not unreasonable considering state government regulation, the practices of other local governments and the potential such an extension would likely have on residential areas.

The *Home Business Policy* covers the whole of the City of Joondalup and it is considered that the draft amended policy will provide clearer guidelines for those wishing to operate a business from their place of residence while at the same time further protecting the amenity of residential areas. It is recommended that the draft amended policy be advertised for a period of 21 days.

BACKGROUND

The *Home Business Policy* applies to the whole of the City of Joondalup and ensures that residential areas remain primarily a place to live while recognising that working from home is an expanding area of employment.

The policy was last updated by Council at its meeting held on 1 November 2005 (CJ238-11/05 refers) and has generally been working well since that time. The policy provides guidance on the requirements for home business applications for each category as defined within the City's *District Planning Scheme No. 2 (DPS2)*. In addition the policy identifies elements which are taken into consideration during the assessment process to ensure that the amenity of residential neighbourhoods is maintained.

The City has recently undertaken a review of the existing Policy Manual. As part of this review, it was noted that the existing *Home Business Policy* was required to be amended in line with recent policy updates in respect to formatting and textual changes. As a result, the Policy Committee, at its meeting held on 11 March 2013, considered a review of the existing *Home Business Policy*. That review indicated that improvements to the policy could be made with regard through textual and formatting changes and recommended a number of changes to the policy's provisions, including the following:

- Incorporating the change in the operating area for 'home business category 1', from 20m² to 30m², as proposed as a part of the Omnibus Scheme Amendment No. 65 which has now been adopted by Council at its meeting held on 25 June 2013 (CJ088-06/13 refers) and currently with the WAPC for consideration.
- Removing those elements of the policy which are currently covered under separate legislation.
- Extending the hours of operation permitted for home businesses within the policy from until 5.00pm weekdays as is currently permitted, to until 6.00pm to allow for greater flexibility.

The reviewed policy was presented to the Policy Committee meeting held on 11 March 2013 (Item 4 refers), with the item deferred to allow the administration to review:

- 1 the maximum and type of employees permitted under the home business categories
- 2 the maximum number of vehicles permitted for employees and customers under the home business categories
- 3 the reduction of hours of operation for category 2 and 3 home businesses
- 4 the placement of signage for home businesses
- 5 the occupancy area for category 1 home businesses.

The above items have subsequently been reviewed in conjunction with the state government's *Model Scheme Text*, the City of Joondalup *Local Planning Strategy* and with due regard to other local government local planning policies and schemes.

DETAILS

The amendments to the *Home Business Policy* that were previously presented to the Policy Committee were as follows:

- Text and format changes in line with the current policy manual review.
- Removal of commentary and irrelevant wording from policy.
- Reorganisation of the criteria applying to home businesses for ease of reading.

- Removal of references to other legislation.
- Inclusion of the definitions of “amenity” and each category of home business in line with *District Planning Scheme No. 2 (DPS2)*.
- Increase in the operating hours from 8.00am to 5.00pm to 8.00am to 6.00pm Monday-Friday.
- Increase in the maximum size of a ‘home business - category 1’ from 20m² to 30m² in line with Omnibus Amendment No. 65.

These amendments are highlighted in red (additions) and strikethrough (deletions) within Attachment 1.

In response to the request to review the issues raised by the Policy Committee, a sample of other local government local planning policies and planning scheme provisions, as well as the standards in the state government’s *Model Scheme Text*, have been considered. Attachment 2 provides a comparison of how these issues are addressed by a selection of local governments as well as by the *Model Scheme Text*, for each home business category. Not all of the local government policies and planning schemes have been included in this table, with those who did not have any further policy or scheme provisions beyond those within the *Model Scheme Text* being omitted.

It should be noted that while the *Model Scheme Text* and most local governments utilise three levels of home business, they are not always directly comparable to the three levels established under DPS2 and the *Home Business Policy*.

In addition to the above amendments, the City has since considered the requirement for annual renewals of home business applications. As a result, the *Home Business Policy* is proposed to be modified to grant an initial approval period of 12 months for category 2 applications. Should no complaints be received or changes to the operation of the business be made within the initial 12 month period, the need for further renewals is removed.

Issues and options considered

Council has the option to:

- advertise the amended policy for public comment
- advertise the amended policy for public comment with further amendments
or
- not support the advertising of the amended policy for public comment.

Legislation / Strategic Community Plan / policy implications

Legislation

City of Joondalup *District Planning Scheme No. 2*.

Clause 8.11 of DPS2 enables Council to prepare, amend and add to local planning policies that relate to any planning and development matter within the Scheme area.

If Council decides to adopt a draft amended policy, Council shall advertise the draft amended policy for not less than 21 days and published a notice in a local newspaper circulating within the Scheme Area once a week for two consecutive weeks.

Following advertising Council is required to review the draft amended policy in light of any submissions received and resolve to finally adopt the draft amended policy with or without modifications or not to proceed with the draft amended policy.

Strategic Community Plan

Key theme Quality Urban Environment.

Objective Quality built outcomes.

Strategic initiative Buildings and landscaping is suitable for the immediate environment and reflect community values.

Policy *Home Business Policy.*

Risk management considerations

Should the policy remain unchanged it is considered that there will be minimal risk given that the majority of amendments sought relate to improving wording and formatting of the policy.

Financial/budget implications

The costs associated with advertising the amended policy in the local newspaper and notice of any final adoption of the amended policy, will be approximately \$810.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Clause 8.11 of DPS2 requires a new policy or amendment to a policy to be advertised for public comment for a period of 21 days. The proposed amendment would be advertised as follows:

- A notice will be published once a week for two consecutive weeks in the local newspaper.
- A notice and documents will be placed on the City's website.

COMMENT

Each of the items the Policy Committee requested the administration to review are discussed below, in the context of the standards set out in the state government's *Model Scheme Text* and the provisions of other local government policies and schemes. A set of tables, one for each home business category, is included as Attachment 2 and compares the items raised by the Policy Committee between various local governments as well as the *Model Scheme Text*. In addition, the proposed modification to the approval period is discussed.

The type and maximum number of employees permitted under the home business categories

The type and maximum number of employees permitted under the various home business categories is controlled by DPS2 and not the *Home Business Policy*. DPS2 states that 'home business - category 1' does not permit the employment of anyone that is not a resident of the dwelling. Category 2 permits an additional employee who is not a member of the household, and category 3 permits an additional two employees who are not members of the household or up to four employees with community consultation.

DPS2 aligns with the state government's *Model Scheme Text* in this regard, with the exception that category 2 in DPS2 has no equivalent use class under the *Model Scheme Text* and category 3 in DPS2 allows up to four employees who are not members of the household, while the *Model Scheme Text* only allows up to two.

The 'home business – category 2' use class under DPS2 sits between the 'home office'/'home occupation' and 'home business' land uses of the *Model Scheme Text*. Both the City of Wanneroo and the City of Mandurah's planning framework include a use class or provision that allows an additional employee not a member of the household. It is considered that the 'home business - category 2' use class is essential as it provides an appropriate transition from the exempt 'home business - category 1' use classes by allowing the potential for one external employees which does not result in an intensity of home business that is incompatible with the residential area before getting to the more intense 'home business - category 3' use classes that require greater restrictions and should be treated differently.

The *Home Business Policy* cannot vary the requirements of DPS2 and as such it is recommended that no amendments be made to the policy in relation to the number and type of employees permitted in any of the categories.

Maximum number of vehicles permitted for employees and customers under the home business categories

DPS2 sets broad standards around parking for each home business category as follows:

'home business – category 1'

“will not result in the requirement for a greater number of parking facilities than normally reserved for a single dwelling, and will not result in any increase in the amount of vehicular traffic in the vicinity; does not entail the presence, parking and garaging of a vehicle of more than 1.5 tonnes tare weight”

'home business – category 2'

“will not result in the requirement for a greater number of parking facilities than normally reserved for a single dwelling, and will not result in a substantial increase in the amount of vehicular traffic in the vicinity; and does not entail the presence, parking and garaging of a vehicle of more than 3.5 tonnes tare weight”

'home business – category 3'

“will not result in the requirement for a greater number of parking facilities than those provided on the site so as to cause an unacceptable inconvenience for adjoining residents and road users; will not result in a substantial increase in the amount of vehicular traffic in the vicinity; and does not entail the presence, parking and garaging of a vehicle of more than 3.5 tonnes tare weight”

The City's current policy provides further parameters around car parking by specifically requiring two bays for the residents of the dwelling, plus one bay per customer and one bay per non resident employee (if any). This requirement has been modified in the amended policy to reflect that the car parking for residents must be in accordance with the *Residential Design Codes of Western Australia* (R-Codes), with the need for one bay per customer and one bay per employee to be retained. In addition, the current and proposed policy requires all parking bays to be provided within the lot boundary; no verge parking is permissible; and that the required car parking bays should not detract from the residential appearance of the dwelling or dominate the streetscape.

The review of other local government policies as well as the *Model Scheme Text*, found no equivalent provisions to those currently included or proposed to be included in the *Home Business Policy*. All policies relied on broad scheme standards similar to those included in DPS2 and the *Model Scheme Text*.

The current provisions of the *Home Business Policy*, requiring one parking bay per customer and employee (non resident) will ensure adequate parking is provided for home businesses. The policy requirements stating that all parking is to be contained within the lot, no parking is permitted on the verge, and that the parking will not detract from the appearance of the dwelling, are considered appropriate to ensure parking associated with a home business does not have an impact on the amenity of the residential area. There are already specific requirements in DPS2 restricting large commercial vehicle parking in association with home businesses and in residential areas generally.

It is proposed to further amend the policy to again include the requirements pertaining to car parking and customers for a 'home business - category 1'. Inclusion of these provisions will ensure that the City's requirements in respect to car parking and customers are clear for all categories. It is also proposed to include a provision requiring that the design of car parking bays associated with a home business is provided in accordance with the standards of the R-Codes. This will ensure that the design of parking is appropriate for a residential area and also provides certainty for applicants.

The reduction of hours of operation for category 2 and 3 home businesses

The state government's *Model Scheme Text* does not set requirements around the operating hours for home businesses. The review of other local government policies found that only a few placed restrictions on home business operating hours across the board, with most assessing the appropriate operating hours for a business on a case by case basis via the development application process. Of those who do restrict operating hours broadly through policy, the Town of Cambridge restricts operating hours to between 7.00am and 7.00pm Monday to Friday, while the City of Mandurah restricts operating hours to between 8.00am and 5.00pm Monday to Friday.

The *Home Business Policy* currently restricts operating hours to between 8.00am and 5.00pm on weekdays and between 9.00am – 5.00pm on Saturdays. Considering the extensive restrictions around parking outlined above, as well as the case by case basis most local governments use, it is not considered unreasonable for the operating hours to be increased to 6.00pm week nights, as it is often requested by home business applicants and enables clientele to visit who may be constrained by work commitments.

To reflect this need, the policy is proposed to be amended to extend the operating hours from between 8.00am and 5.00pm Monday to Friday to between 8.00am and 6.00pm Monday to Friday. It is considered that this amendment will allow for slightly more flexibility while ensuring that residential amenity is not detrimentally affected.

However, if Council wishes to further restrict the operating hours for home businesses in the policy, it would be recommended that only the start time be pulled back to 9.00am on the basis that the period from 8.00am to 9.00am has the greatest effect on residents as a result of earlier morning disturbances and potential commute and school traffic impacts.

The placement of signage for home businesses

In accordance with DPS2 and in line with the state government's *Model Scheme Text*, one advertising sign not exceeding 0.2m² in area is currently permitted for home business - categories 2 and 3, with no signage being permitted for 'home business – category 1'.

While DPS2 and the *Model Scheme Text* set a maximum size, they do not set standards around placement. As a part of the review of other local government policies, no restrictions to home business signage was found. However, the *Home Business Policy* is proposed to be further amended to reflect the general design requirements of the City's *Signs Policy* which states that signage can "*not be affixed to boundary fences or boundary walls.*" Taking this into account, it is proposed that the signage requirements of the *Home Business Policy* be modified to state that signage is permitted to the front facade of the dwelling only, so as to be inconspicuous and ensure the residential character and amenity of the area is retained.

The occupancy area for category 1 home businesses

The occupancy area for 'home business – category 1' is controlled by DPS2 and not by the *Home Business Policy*. DPS2 requires that a 'home business – category 1':

"(e) *does not occupy an area greater than 20m² or where more than one resident is involved not cause the area use for home business within the dwelling to occupy an area greater than 30m².*"

This definition is proposed to be amended through Omnibus Amendment No. 65, which was adopted by Council at its meeting held on 25 June 2013 (CJ088-06/13 refers) and has been forwarded to the WAPC for consideration. The changes to the definition of 'home business – category 1' are proposed to allow a greater area of a dwelling to be used for a home business (30m² instead of 20m²) when only one resident is involved. Currently the definition allows for 20m² of the dwelling to be used for a home business provided only one resident is involved but allows 30m² of dwelling to be used if more than one resident is involved.

The equivalent land uses within the state government's *Model Scheme Text*, along with some other local government schemes, 'home office' and 'home occupation', are not permitted to use more than 20m² of the dwelling for the business. However, it is considered that there would be no impact on the amenity of residential areas should the area of the home business be increased through Amendment No. 65, as the involvement of an extra resident in a home business would be unlikely to have any bearing on the amenity of an area, given that customers and employees (other than those already residing at the premise) are not permitted and no changes to the external appearance of the dwelling are permitted under this category. It will however, increase the flexibility for residents undertaking small scale business activities from home.

The *Home Business Policy* cannot vary the requirements of DPS2 and as such it is recommended that the amendments previously suggested to the policy in relation to the occupancy area of 'home business - category 1' remain as amended within Amendment No. 65.

Approval periods for home business category 2

The current policy requires that home business approvals be issued for a period of 12 months or less, requiring operators to lodge a renewal of the home business every 12 months to enable the continuation of the home business. The proposed amendment to the *Home Business Policy* seeks to grant an initial approval period of 12 months for category 2 home businesses only and where no complaints or changes to the business are made within that period, an ongoing approval may be granted upon application.

In considering the above change, it was noted that the majority of complaints received in relation to home businesses were only where no previous approvals had been granted by the City for the operation of that business. Furthermore, within the previous three years, 182 applications for home businesses or renewals have been determined by the City, with two of those investigated by the City where complaints had been received, equating to 1.09% of the overall number of applications issued.

A review of other local government policies found that of those reviewed, only one other local government authority issued annual renewals of home businesses and that there were no provisions within the *Model Scheme Text* which required time limited approvals.

The proposed amendment does however stipulate the requirement for an annual renewal of a home business category 3 given the general intensity and scale of those businesses granted approval under this category.

General text amendments

The proposed amendments to the *Home Business Policy* consist for the most part of formatting and wording modifications. The inclusion within the policy of the definitions of “amenity,” and “home business - category 1,” “home business - category 2,” and “home business - category 3” will be in line with the definitions currently contained within DPS2 and as proposed within Amendment No. 65. Inclusion of these definitions will ensure that applicants have easy reference to operational requirements without the need for the cross referencing of documents.

All other formatting changes and removal of references to separate legislation do not change the intent of the policy and are in line with recent policy updates undertaken during the review of the City’s Policy Manual.

Conclusion

In response to the Policy Committee’s request, the following additional amendments have been made to the draft amended *Home Business Policy*:

- Re-inclusion of provisions clarifying that customers are prohibited and that parking is therefore not required for ‘home business - category 1’.
- Requiring that the design of car parking bays associated with a home business is provided in accordance with the standards of the R-Codes.
- Restriction of the placement of signage for home business - category 2 and 3 to the facade of the dwelling only.
- Changes have also been made in relation to the requirement for a home business annual renewal to the effect that renewals for category 2 businesses will only be required where complaints have been made or changes to the home business are sought.

The City's *Local Planning Strategy* identifies the need to “encourage home businesses and to remove existing impediments to potential home business incubators.” The extension to the permitted operating hours of home businesses is considered to be a minor change that will provide some additional flexibility in the operation of a home business, but will not have adverse impacts on residential areas, considering the significant requirements proposed to be prescribed around parking associated with home businesses.

It is recommended that the draft amended *Home Business Policy* be advertised for a period of 21 days for public comment.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Taylor, SECONDED Cr Hollywood that Council:

- 1 in accordance with clause 8.11 of the *City of Joondalup District Planning Scheme No. 2*, ADOPTS the draft *Home Business Policy* as detailed in Attachment 1 to this Report, for the purpose of public advertising;
- 2 in accordance with Clause 8.11 of the *City of Joondalup District Planning Scheme No. 2*, ADVERTISES the proposed amendments to the *Home Business Policy* for public comment for a period of 21 days.

PROCEDURAL MOTION – MOTION TO DEFER

MOVED Cr Hollywood, SECONDED Mayor Pickard that the Policy Committee DEFERS consideration of the Home Business Policy - Review to the next meeting of the Policy Committee to allow the administration to investigate the following issues:

- 1 In order to determine the demand for extended operating hours, review how many applications for home businesses have been refused and specifically because of proposed operating hours;**
- 2 Reasons for the removal of the safeguards for category 3 businesses;**
- 3 Operating hours – restriction of hours versus hours on a case by case basis or category basis;**
- 4 Necessity or appropriateness of car parking provisions;**
- 5 Whether the policy is restricting the growth of small businesses in the City of Joondalup.**

The Motion to Defer was Put and

CARRIED (5/0)

In favour of the Motion: Cr Corr, Mayor Pickard, Crs Hollywood, Ritchie and Taylor.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4agnPolicy020913.pdf](#)

ITEM 5 INVESTMENT POLICY - REVIEW

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	101272, 101515
ATTACHMENTS	Attachment 1 Current <i>Investment Policy</i> (with proposed track changes) Attachment 2 Revised <i>Investment Policy</i>
AUTHORITY / DISCRETION	Legislative - includes the adoption of local laws, planning schemes and policies.

PURPOSE

For Council to review and consider proposed amendments to the City's *Investment Policy*.

EXECUTIVE SUMMARY

The *Investment Policy* governs the investment of the City's surplus operational funds that may be available from time to time as well as funds held in the City's trust and reserve accounts. The current policy was developed and subsequently adopted by Council at its meeting held on 15 April 2008 (CJ052-04/08 refers). Although the policy has been reviewed regularly since that time, no major changes have been made.

With the current review a number of changes are proposed that reflect some legislative changes and the experience of the investment climate in recent times to ensure the policy continues to best support and preserve the City's cash holdings.

It is recommended that Council:

- 1 *ACCEPTS the proposed changes to the Investment Policy, shown as track changes in Attachment 1 to this Report;*
- 2 *ADOPTS the revised Investment Policy forming Attachment 2 to this Report.*

BACKGROUND

There has been much uncertainty and turmoil in financial markets in recent times, which have had a significant impact on investment institutions and funds in Australia. Several classes of investments previously considered safe and reliable have been revealed to possess little real underlying value. Banking institutions globally have experienced high losses on the back of such assets and as a consequence have experienced credit rating downgrades, with resultant changes to their risk profiles. Australian banks are no exception and while their losses have not been like those experienced by other international banks it is currently the case that no Australian bank retains the highest Standard and Poor's (S&P) credit rating of AAA.

The current *Investment Policy* was adopted by Council at its meeting held on 15 April 2008 (CJ052-04/08 refers) and incorporated several aspects that underscored the City's commitment to maintaining the value of its cash assets while ensuring a reasonable return on investment without resorting to high risk or speculative activities.

Since then, the credit ratings environment has changed and at present, the only Australian institutions that enjoy the highest credit ratings are the federal government, some state governments and associated Treasury Corporations. In part, this is a reflection of the risky financial climate at present but also a possible reaction by ratings agencies to some of the irrationally high ratings assigned to investment products and institutions alike in the past.

In April 2012 changes were made to the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* to tighten the provisions in relation to the types of investments that local governments may make. The current policy does not reflect these changes although in practice the City has complied with the legislation.

A review is necessary to ensure that the investment objectives set out in the policy continue to be upheld while still enabling its practical application as well as meeting the legislative compliance obligations.

DETAILS

Issues and options considered

The existing *Investment Policy* sets out the:

- investment objectives
- delegated authority to invest
- types of authorised and prohibited investments
- prudential requirements for engagement of investment advisors
- policy guidelines for the management and diversification of risk
- financial reporting.

As part of the policy review process the City considered publically available current investment guidelines employed by other agencies, such as the *Treasurer's Prudential Guidelines for Investments* issued to the Government Employees Superannuation Board and the Department of Local Government and Communities' *Investment Policy Local Government Operational Guidelines*.

The Department of Local Government and Communities developed the *Investment Policy Local Government Operational Guidelines* that was published in February 2008. The primary features of this guideline have already been incorporated in the current policy.

In addition the City provided a draft amended policy to the Western Australian Treasury Corporation for comment and feedback.

The key changes proposed to the current *Investment Policy* as a result of this review are shown in Attachment 1 as track changes. In summary they are as follows:

- 1 Reformatting of the layout of the policy to conform to the current adopted policy structure including changing the numbering.
- 2 Section 1 - Add 'Definitions' as a new section 1, where certain key financial terms and abbreviations are explained for clarity.

- 3 Section 2 - Change the previous section 1, title of 'Objectives' to section 2, 'Statement' and make minor changes to the wording to render the policy clearer and more readable.
- 4 Section 3.1 – Inclusion of reference to regulation 19C of the *Local Government (Financial Management) Regulations 1996* which sets out the restrictions for the types of investments local government may make.
- 5 Section 3.2 - Remove from the 'Delegation of Authority to Invest' those elements that relate simply to process rather than delegation and some minor changes to add clarity.
- 5 Section 3.3 - Some minor changes to the wording of 'Prudent Person Standard' to improve clarity.
- 6 Section 3.4 - The list of Approved Investments has been amended to clarify that State and Commonwealth bonds can be invested in for a maximum of three years, interest bearing deposits are short term and permitted only with Authorised Deposit-taking Institutions, commercial bills are restricted to 12 months and certificates of deposit must be issued or guaranteed by an authorised institution. This reflects regulation 19C of the *Local Government (Financial Management) Regulations 1996* and also the current practice. Additionally, the previous provisions which allowed investments in managed funds and major land transactions have been removed. The City no longer invests in managed funds and investing in land is not relative to temporarily investing surplus funds which is the purpose of this policy.
- 7 Section 3.5 – A further clause has been added to the 'Prohibited Investments' section dealing with those investments that put the initial capital outlay at risk.
- 8 Section 3.6 - The '*Risk Management Guidelines*' have been clarified with the addition of paragraphs at the beginning of 3.6 to emphasise the requirement for investment diversification and to explain the use of ratings for each of the investments. There is also a reference to Appendix 1 which has been inserted at the end of the policy to explain the S&P ratings. At the end of 3.6 a paragraph has been inserted to emphasise the requirement to take account of the city's liquidity requirements when investing.
- 9 Sections 3.6.1 and 3.6.2 - The current policy sets out overall portfolio limits and a counterparty credit framework that in combination set out categories of investment limits to reduce risk. The limits are based on an S&P long term and short term rating.
 - 9.1 For the management of risk the practice under the current policy has been to treat the rating categories as requiring both the long term and the short term rating regardless of the term of the investment although the policy does not specifically state this. The requirement for both the long term and the short term rating has been clarified by making reference to the combination of both in the explanation and by changing the table to a matrix.
 - 9.2 In the current policy the long term rating is expressed in the three categories as simply AAA, AA and A. In practice S&P express the rating as a point within a range and for example AAA can be seen expressed as AAA+, AAA and AAA-. In this example they are all AAA but AAA+ would be a premium very low risk while AAA- would be at the lower end of AAA. The tables in sections 3.6.1 and 3.6.2 have been amended in the long term rating section to describe the full range.

The effect of this change is that some banks such as Bendigo and AMP which are currently rated short term A-2 which currently meets the short term rating but have a long term rating of A- and technically therefore do not meet the current required long term rating will now be able to be considered for investment.

- 9.3 As noted earlier, the downgrade of bank credit ratings has now resulted in the WA Treasury Corporation (WATC) being the only institution available locally that offers long term AAA rated investments, on the back of the AAA sovereign credit rating currently enjoyed by the State of Western Australia. This creates constraints for the City's investment portfolio and its investment returns as the investment products offered by WATC are limited and its returns are generally very low.

As a result of the review the new policy proposes to increase the investment portfolio limit in the table in section 3.6.1 for AA long term rated assets issued and/or held by all the major Australian banks to 100% to allow the City to hold a larger part of its surplus cash in AA long term rated investments, as may be appropriate. With the extension of the long term ratings to encompass the full range from + to – the maximum portfolio limit for A long term rated investments has been revised to 45% and 10% depending on the short term rating.

Increases have also been made to the counterparty investment limits in the table in section 3.6.2 to increase the maximum limits from 20% to 30% for AAA long term, 20% to 25% for AA long term and 10% to 15% for A long term. Given that there are no non-government institutions in the AAA long term category the bulk of the investments will be in AA long term and some in A long term. The current maximums are not practical given the current financial institution ratings and the changes referred to in 8.1.

- 9.4 With the removal of managed funds from the list of approved investments at 3.4 there is no longer a requirement to specify a managed funds maximum and this column has been removed from the matrix that now appears in 3.6.1 and 3.6.2.
- 10 Section 3.6.3 - Given the need for liquidity and the higher risk associated with investments with longer maturity periods, the minimum level of short term investments is proposed to be raised slightly to 70%. The 13 to 24 month maturity maximum has been reduced slightly from 40% to 30% for the same reason.
- 11 Section 3.7 - In relation to the provisions regarding an investment advisor, the current policy was written in the context of the City having an investment advisor in place. Since the global financial crisis the City's cash investments have only been in term deposits and the services of an investment advisor have not been required for these types of investment. Section 3.7 has been amended to set out the requirements for the appointment of an investment advisor if one is appointed.
- 12 Section 3.8 - The current policy refers to the investment performance as being measured against both the UBS Warburg Bank Bill Index and the average Reserve Bank Cash Rate. Having two benchmarks is confusing and no actual performance level is specified. It is proposed that section 3.8 'Benchmarking' be modified to measure performance of the investment portfolio on a margin of fifty basis points above the current Reserve Bank Cash Rate.

- 13 Section 3.9 - There have been minor changes in regard to Reporting and Review to make the form of the report clear.

The proposed changes are considered necessary to ensure that the policy continues to be relevant to the present financial environment and provides the necessary framework to support the City's commitment to secure and safeguard its investment portfolio.

The proposed revised Investment Policy incorporating the above changes is at Attachment 2.

Legislation / Strategic Community Plan / policy implications

Legislation	<i>Local Government Act 1995. Trustees Act 1962. Local Government (Financial Management) Regulations 1996. Australian Accounting Standards.</i>
Strategic Community Plan	
Key theme	Financial Sustainability.
Objective	Effective management.
Strategic initiative	Manage liabilities and assets through a planned, long-term approach.
Policy	Not applicable.

Risk management considerations

There are significant risks involved in the management of the City's investment portfolio. The *Investment Policy* sets out provisions for compliance and governance that are designed to diversify and mitigate these risks. In addition to the policy there are internal processes and procedures governing investment activities and these are subject to both internal and external audit.

Financial/budget implications

While the proposed changes to the *Investment Policy* involve minor relaxation of the credit rating limitations this reflects the current ratings being applied to financial institutions and economic reality and will assist in securing better return on investments without significant risk to the capital invested.

Regional significance

Not applicable.

Sustainability implications

Financial sustainability is imperative to the future growth and development of the City of Joondalup. The revised policy maintains its conservative approach to the City's investments which is a critical element of the long-term financial sustainability of the City.

Consultation

The City sought comment and feedback from the Western Australian Treasury Corporation on the proposed changes to the policy. The final revised policy at Attachment 2 reflects this comment and feedback although it is proposed to retain a conservative approach to investment in the policy.

COMMENT

The *Investment Policy* has been revised in view of current market conditions and legislative requirements. It preserves the City's conservative approach to investment that is being followed and is considered most appropriate to the needs of the City and provides further clarity and transparency of the City's approach to investment of surplus operational funds that may be available from time to time as well as funds held in the City's trust and reserve accounts.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Hollywood that Council:

- 1 ACCEPTS the proposed changes to the *Investment Policy*, shown as track changes in Attachment 1 to this Report;**
- 2 ADOPTS the revised *Investment Policy* forming Attachment 2 to this Report.**

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Cr Corr, Mayor Pickard, Crs Hollywood, Ritchie and Taylor.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5agnPolicy020913.pdf](#)

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION**Sea Containers**

Cr Hollywood requested a report be presented to the next Policy Committee meeting in relation to the use of sea containers on verges and on private properties for the purposes of storage of construction and other materials.

Purchasing and Procurement

Cr Corr requested a report be presented to the next Policy Committee meeting investigating the following issues in relation to the creation of a Procurement and Purchasing Policy:

- Use of the WALGA e-quotes system and whether that, or something similar, would assist with a buy local strategy and enable local suppliers to gain access to the City's buying.
- Whether a Procurement and Purchasing Policy is required in addition to the City's Purchasing Protocol.

CLOSURE

There being no further business, the Presiding Member declared the Meeting closed at 7.13pm the following Committee Members being present at that time:

Cr Brian Corr
Mayor Troy Pickard
Cr Kerry Hollywood
Cr Teresa Ritchie
Cr Philippa Taylor