



1st August, 2006

ADMINISTRATION AND FINANCE COMMITTEE MEETING

NOTICE IS HEREBY GIVEN THAT AN ADMINISTRATION AND FINANCE COMMITTEE MEETING OF THE COUNCIL OF THE CITY OF RANDWICK WILL BE HELD IN THE COUNCIL CHAMBER, TOWN HALL, 90 AVOCA STREET, RANDWICK, ON TUESDAY, 8TH AUGUST, 2006 AT 6:00 P.M.

Committee Members: His Worship the Mayor, Cr T. Seng, Andrews, Hughes (Chairperson), Matson, Nash (Deputy Chairperson), Sullivan, Tracey & Woodsmith.

Quorum: Five (5) members.

NOTE: AT THE EXTRAORDINARY MEETING HELD ON 28TH SEPTEMBER, 2004, THE COUNCIL RESOLVED THAT THE ADMINISTRATION AND FINANCE COMMITTEE BE CONSTITUTED AS A COMMITTEE WITH FULL DELEGATION TO DETERMINE MATTERS ON THE AGENDA.

1 Apologies

2 Minutes

CONFIRMATION OF THE MINUTES OF THE ADMINISTRATION & FINANCE COMMITTEE MEETING HELD ON 11TH JULY, 2006.

3 Declaration of Pecuniary & Non-Pecuniary Interests

4 Addresses to Committee by the Public

5 Finance

- | | | |
|-----|---|----|
| 5.1 | DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 48/2006 - INVESTMENT REPORT - JUNE 2006. | 2 |
| 5.2 | DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 49/2006 - MONTHLY FINANCIAL REPORT AS AT 30 JUNE 2006 (UNAUDITED). | 7 |
| 5.3 | DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 50/2006 - 2006/07 COUNCIL CONTINGENCY FUND - STATUS AS AT 31 JULY 2006. | 10 |

6 Notice of Rescission Motions

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GENERAL MANAGER

***Director, Governance & Financial Services
Report 48/2006***



| | |
|-----------------|-------------------------------|
| SUBJECT: | INVESTMENT REPORT - JUNE 2006 |
|-----------------|-------------------------------|

| | | | |
|--------------|---------------|-----------------|-------------|
| DATE: | 27 July, 2006 | FILE NO: | F2004/06527 |
|--------------|---------------|-----------------|-------------|

REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

The Local Government (General) Regulation requires that the responsible accounting officer provide a written report to the ordinary meeting of the Council giving details of all monies invested and a certificate as to whether or not the investments have been made in accordance with the Act, the regulations and Council's Investment Policy No: 3.02.07.

ISSUES:

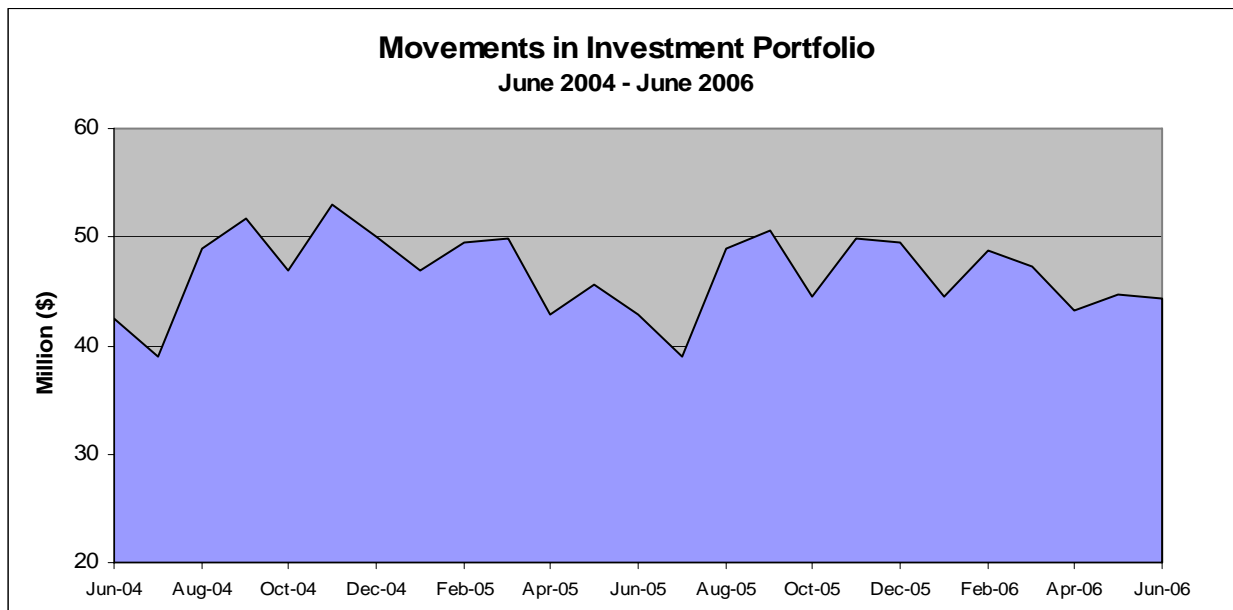
Council is authorised by s625 of the Local Government Act to invest its surplus funds. Funds may only be invested in the form of investment notified by Order of the Minister dated 23 September, 2005. The Local Government (General) Regulation prescribes the records that must be maintained in relation to Council's investments.

The attached table titled "Investment Performance Report – June 2006" outlines the investment portfolio held by Council as at the end of June 2006. All investments have been made in accordance with the Act, Regulations and Council's Investment Policy.

Investment Commentary

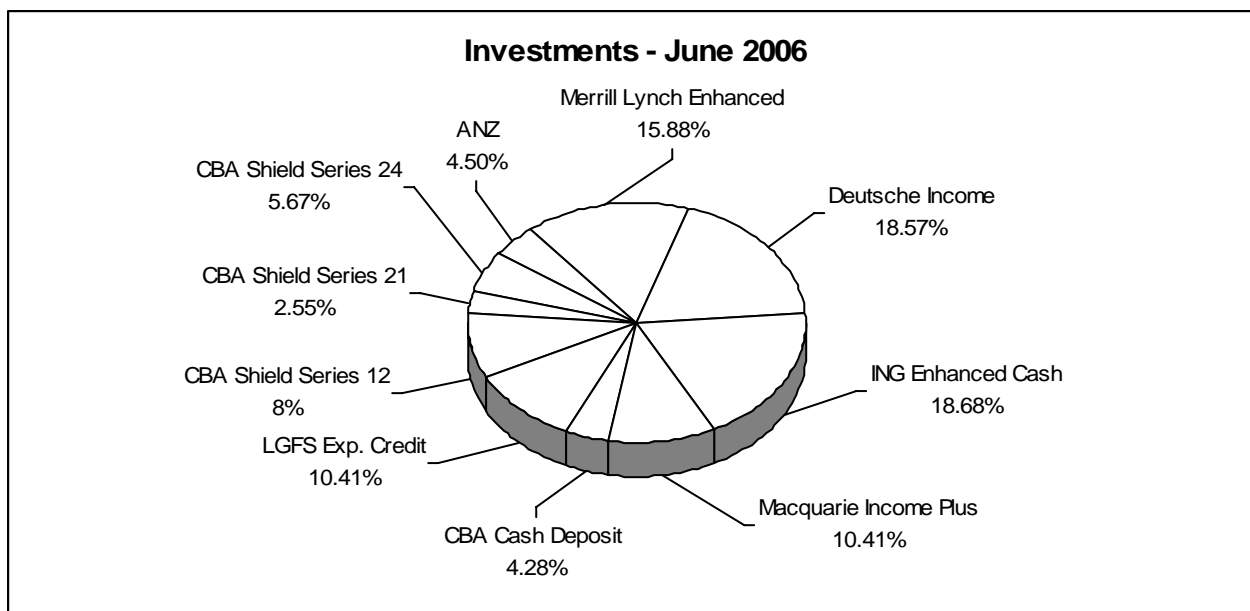
The size of the investment portfolio may vary significantly from month to month as a result of cash flows for the period. Cash outflows (expenditure) are typically relatively stable from one month to another. Cash inflows (income) are cyclical and are largely dependent on the rates instalment due dates and the timing of grant payments including receipt of the Financial Assistance Grant.

The investment portfolio decreased by \$265,000 during June 2006. The decrease is representative of the negative cash flow for the month as expenditure exceeded revenue. Revenue in June included a grant from the Department of Transport of \$387,619 and some final instalment payments of 2005/2006 rates and charges which were due on 31 May 2006. The first instalment of 2006/2007 rates and charges will be due on 31 August 2006.

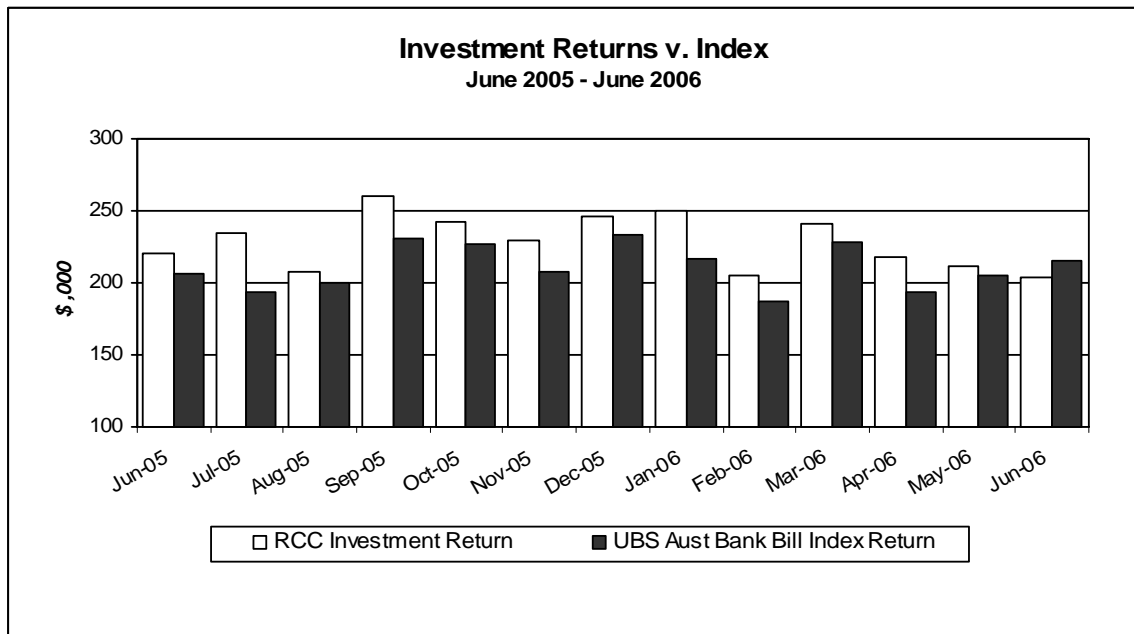


The above graph illustrates the movement in the investment portfolio since June 2004. The peaks are representative of the rates instalment periods.

The investment portfolio is diversified across a number of investment types and is spread across a number of financial institutions. The various investment types may include managed funds, term deposits, rolling rate investments, floating rate notes and on-call accounts. The following graph indicates the various investments held during June 2006.



The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk. Comparisons are made between existing investments with available products that are not part of Council's portfolio. Independent advice is sought on new investment opportunities.



Investment performance did not exceed the industry benchmark UBS Australia Bank Bill Index in June 2006 with an average return after fees of 5.86%, compared with the benchmark index of 6.01%.

Official Reserve Bank of Australia (RBA) cash interest rate remained unchanged at 5.75%.

RELATIONSHIP TO CITY PLAN:

The relationship with the City Plan is as follows:

Outcome 1: Leadership in Sustainability.

Direction 1c: Long term financial viability is achieved.

Key Action: Investment Policy of Procedures.

FINANCIAL IMPACT STATEMENT:

Funds are invested with the aim of outperforming the USB Australian Bank Bill Index over a 12 month period. The investment portfolio has achieved a return for 2005/2006 of 6.29%. This compares favourably with the USB Australian Bank Bill Index of 5.76% for the corresponding period. This represents an out performance of the benchmark by 0.53% for the 2005/2006 financial year.

CONCLUSION:

All investments as at 30 June 2006 have been made in accordance with Policy No: 3.02.07 and the provisions of s625 of the Local Government Act and the Local Government (General) Regulation have been complied with.

RECOMMENDATION:

That the report be received and noted.

ATTACHMENT/S:

Investment Performance Report – June 2006

.....
GEOFF BANTING
DIRECTOR, GOVERNANCE &
FINANCIAL SERVICES

.....
GREG BYRNE
MANAGER FINANCIAL
OPERATIONS

Investment Performance Report - June 2006

| Investment | Credit Rating | Amount Invested | Interest Earned | | Investment Performance | | |
|--|----------------------|-------------------|-----------------|------------------|--|-------------|----------------|
| | | | Period | FYTD | Period | FYTD | Past 12 Months |
| | | | \$ | \$ | % | % | % |
| CBA Cash Deposit (CDA) | AA | 1,902,250 | 19,150 | 31,400 | 5.70 | 5.49 | 5.49 |
| Local Govt Financial Serv (LGFS) 11am call | AA | 0 | 272 | 143,249 | 5.65 | 5.40 | 5.40 |
| LGFS Expanded Credit Facility | Af | 4,626,999 | 19,885 | 385,139 | 5.38 | 6.06 | 6.06 |
| Macquarie Income Plus Enhanced Income Fund | Af | 4,627,132 | 21,521 | 283,122 | 5.84 | 5.89 | 5.89 |
| Deutsche Income Enhanced Income Fund | Af | 8,251,714 | 32,923 | 462,030 | 5.04 | 6.30 | 6.30 |
| ING Enhanced Cash Fund | Af | 8,303,374 | 36,635 | 442,927 | 5.59 | 6.16 | 6.16 |
| Merrill Lynch Diversified Credit Fund | Af | 7,060,353 | 24,539 | 423,823 | 4.33 | 6.49 | 6.49 |
| ANZ Bank - Three Pillars | AA- | 2,000,000 | 11,227 | 136,393 | 6.83 | 6.84 | 6.84 |
| Commonwealth Bank Shield Series 12 | AA | 4,023,240 | 18,568 | 261,235 | 6.86 | 6.64 | 6.64 |
| | | | | | 3 month BBSW + 1.00% | | |
| Commonwealth Bank Shield Series 21 | AA | 1,133,530 | 90,169 | 90,169 | Purchased in April 2004. Capital is guaranteed and interest is paid at maturity. Investment value as at 30 June 2006 is \$1,133,530 which equates to return since inception of 5.93% | | |
| Commonwealth Bank Shield Series 24 | A- Negative watch | 2,518,475 | 17,132 | 180,263 | 7.37 | 7.14 | 7.14 |
| | | | | | 3 month BBSW + 1.50% | | |
| Interest earned from matured investments | - | - | 15,749 | 45,165 | - | - | - |
| General Fund Bank Account | - | - | 767 | 10,046 | - | - | - |
| Total | | 44,447,067 | 308,537 | 2,894,962 | 5.86 | 6.24 | 6.29 |
| Official (Reserve Bank of Australia) Cash Rate | | | | | 5.75 | 5.54 | 5.54 |
| UBS Australian Bank Bill Index | | | | | 6.01 | 5.76 | 5.76 |

G:\ACCTS\Financial Operations\Investments\Investment Report\TABLES



Director, Governance & Financial Services' Report 49/2006

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|-----------------|--|
| SUBJECT: | MONTHLY FINANCIAL REPORT AS AT 30 JUNE 2006 (Unaudited) |
|-----------------|--|

| | | | |
|--------------|---------------|-----------------|-------------|
| DATE: | 26 July, 2006 | FILE NO: | F2004/06527 |
|--------------|---------------|-----------------|-------------|

REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

Section 202 of the Local Government (General) Regulation 2005 requires that the responsible accounting officer of a council must:

- (a) establish and maintain a system of budgetary control that will enable the council's actual income and expenditure to be monitored each month and to be compared with the estimate of the council's income and expenditure, and
- (b) if any instance arises where the actual income or expenditure of the council is materially different from its estimated income or expenditure, report the instance to the next meeting of the council.

ISSUES:

This report provides the financial results of Council as at 30 June 2006. Attachment 1 summarises Council's Financial Performance, and its Source and Application of Funds. It also summarises the operating result for each of Council's principal activities. Attachment 2 details the financial position of Council as at 30 June 2006.

The attached Financial Reports for 30 June 2006 is unaudited and year end adjustments are currently being undertaken.

In the audited Financial Statements for 2004/2005, deposits, retentions and bonds collected amounted to \$4.397 million. As at 30 June 2006 the amount increased to \$5.155 million and the table below categorises each type and the corresponding amount.

| | Amount \$ |
|----------------------------------|-------------------------|
| Miscellaneous deposits | 586,372 |
| Building Security Deposits | 717,808 |
| Bonds & Deposits | 1,883,976 |
| Vehicle Crossings Deposits | 425,522 |
| Hall Hire Deposits | 8,093 |
| Unclaimed Monies/Remittances | 169 |
| Contractors Deposits | 13,570 |
| Contract Retention Sums | 61,345 |
| Bulk Bins On Roads | 4,000 |
| Overpayments | 12 |
| Stale Cheques Written Back | 70,009 |
| Moverly Child Care Deposits | 10,600 |
| Vehicular Access Bonds | 498,870 |
| Landscaping Bonds | 854,463 |
| Community Drug Action Team | 7,887 |
| Builders Deposits Prior to Stowe | 8,647 |
| Election – Candidates Deposits | 4,153 |
| <u>TOTAL</u> | <u>5,155,496</u> |

As per the Auditors Report for 2004/2005, the reserve balance of \$2 million accounts for 45.5% of total liability and adequately provided for repayments which were expected to be repaid during the 2005/2006 year.

Prior to 1993, bonds and deposits were held in trust on behalf of constituents as required by Council's various policies for bonds and deposits. The Local Government Act 1993 and associated accounting standards recognised bonds and deposits as a liability and therefore it would be prudent to make provision against such liability. However the Unclaimed Monies Act requires enterprises to "make all reasonable efforts within six years to contact their clients to return the money to the rightful owner and lodge a return with the Chief Commissioner of State Revenue for any unclaimed money it holds on the 30th June each year by 31st October of that year". Council has not complied with these requirements.

Bonds and Deposits held by Council are currently under investigation as many are long term and in accordance with the Unclaimed Monies Act, refundable to constituents or payable to the Office of State Revenue.

The financial position of Council provides the opportunity to address this breach and it would be prudent to increase the funding available for compliance to the part of the liability which is "non-current" as at the 30 June 2006 which equates to the liability as at 30 June 2005. This would require setting aside an additional \$2.397m.

Any remaining surplus following the completion of the 2005/2006 Audit is recommended to be transferred to the Infrastructure Reserve. The remaining surplus unaudited is \$102,989.

RELATIONSHIP TO CITY PLAN:

Outcome 1: Leadership in Sustainability

Direction: Long term financial viability is achieved

Action: Implement a range of strategies to support improved budget and financial management across the organisation

FINANCIAL IMPACT STATEMENT:

The organisation has provided sound financial management during the 2005/2006. A Long Term Financial Plan has been adopted, Monthly Financial Reporting established and a comprehensive Budgeting and Executive Information System implemented.

The opportunity exists to comply with legislative requirements by increasing the Provision for the Bonds and Deposits liability to a satisfactory level. Any remaining surplus is recommended to be aside for Infrastructure improvements.

CONCLUSION:

Council's Director Governance & Financial Services as the responsible accounting officer, advises that the projected financial position is satisfactory.

RECOMMENDATION:

The attached monthly financial reports including the increase in Provision for Bonds and Deposits of \$2.397m as at 30 June 2006 be noted. The remaining surplus unaudited is \$102,989.

ATTACHMENT/S:

1. FINANCIAL PERFORMANCE AND SOURCE & APPLICATION OF FUNDS
2. FINANCIAL POSITION – ALL UNDER SEPARATE COVER

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GEOFF BANTING
DIRECTOR, GOVERNANCE &
FINANCIAL SERVICES



Director, Governance & Financial Services' Report 50/2006

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|-----------------|--|
| SUBJECT: | 2006/07 COUNCIL CONTINGENCY FUND - STATUS AS AT 31 JULY 2006 |
|-----------------|--|

| | | | |
|--------------|---------------|-----------------|-------------------------------|
| DATE: | 19 July, 2006 | FILE NO: | F2004/07369 xr F2005/00182 |
|--------------|---------------|-----------------|-------------------------------|

REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

To detail the progressive amount of donations, allocations, waiving of fees and other similar contributions for the 2006/07 financial year.

ISSUES:

In the 2006/07 financial year there have been ten (10) allocations totalling \$26,170.48 as listed in the table below.

| MEETING | DETAILS | NET COST TO COUNCIL |
|------------------------------------|---|----------------------------|
| Ordinary Council – 27 June 2006 | <u>Annual contribution</u> – Waiving of Greenwaste Disposal Fees or the Guriwal Aboriginal Community at La Perouse | \$6,500.00 |
| Ordinary Council – 27 June 2006 | Waiving of fees for Carols by the Sea – St Paul's Anglican Church Coogee | \$938.65 |
| Ordinary Council – 27 June 2006 | Waiving of fees for the installation of a banner - Our Lady of the Sacred Heart Primary School, Randwick | \$1,080.00 |
| Ordinary Council – 27 June 2006 | Structural maintenance works associated with the lease of 30-32 Waratah Street, Randwick – Randwick Open Care for Kids (ROCK) | \$5,000.00 |
| Ordinary Council – 27 June 2006 | <u>Annual contribution</u> - Waiving of fees for Special Rubbish Pick Up Service – Ronald McDonald House | \$300.00 |
| Ordinary Council – 27 June 2006 | Financial assistance for 2006 Rock Eisteddfod – Randwick Girls & Boys High Schools | \$5,000.00 |

| MEETING | DETAILS | NET COST TO COUNCIL |
|------------------------------------|---|---------------------|
| Ordinary Council – 27 June 2006 | Financial assistance for Sports Coast Flags – Randwick City Tourism | \$1,740.00 |
| Ordinary Council – 25 July 2006 | Waiving of Fees – St Anglican Church – “Carols by the Sea” | \$966.53 |
| Ordinary Council – 25 July 2006 | Request for displaying a banner and waiving of associated Fees by learning links | \$645.30 |
| Ordinary Council – 25 July 2006 | <u>Annual contribution</u> (3 years) - SSROC East Timor Partnership | \$4,000.00 |
| TOTAL: | | \$26,170.48 |

The amounts shown in the table above reflect the net cost to Council in providing the donation, grant or assistance. The GST, where applicable, has not been shown because it will be claimed back from the Australian Taxation Office.

The budget for Council contingencies will be increased in the September review by an amount equivalent to the total voted at the June 2006 Ordinary Council meeting as they do not relate to this financial year.

RELATIONSHIP TO CITY PLAN:

The relationship with the City Plan is as follows:

Outcome 2: A vibrant and diverse community
Our community will be proud to be part of our City and celebrate its range of cultures and people.

Direction 2b: Enrich our range of community services that meet our community’s needs.

Key Action: - Support the provision of services and facilities to meet the needs of our Target Groups.
- Celebrate the range of cultures and people within Randwick City.

FINANCIAL IMPACT STATEMENT:

Council has allocated \$120,000.00 in the 2006/07 budget for contingencies.

RECOMMENDATION:

That the report be received and noted.

ATTACHMENT/S:

Nil

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GEOFF BANTING
DIRECTOR, GOVERNANCE &
FINANCIAL SERVICES

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JULIE HARTSHORN
SENIOR ADMINISTRATIVE
COORDINATOR

