



5th September, 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, 12TH SEPTEMBER, 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/Granting of leave of absences

2 Confirmation of the Minutes

CONFIRMATION OF THE MINUTES OF THE ADMINISTRATION & FINANCE COMMITTEE MEETING HELD ON TUESDAY, 8TH AUGUST, 2006.

3 Declaration of Pecuniary & Non-Pecuniary Interests

4 Addressing of Committee by Members of the Public

5 Urgent Business

6 Finance

6.1 DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' 2
REPORT 58/2006 - INVESTMENT REPORT - JULY 2006.

6.2 DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' 7
REPORT 59/2006 - MONTHLY FINANCIAL REPORTS AS AT 31
JULY 2006.

6.3	DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 60/2006 - 2006/07 COUNCIL CONTINGENCY FUND - STATUS AS AT 23 AUGUST 2006.	9
6.4	DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 61/2006 - OUTSTANDING RECEIVABLES – WRITING OFF DEBTS.	12
7	Confidential Items (Closed Session)	
8	Notices of Rescission Motions	

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GENERAL MANAGER



Director, Governance & Financial Services' Report 58/2006

SUBJECT:	INVESTMENT REPORT - JULY 2006
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DATE:	29 August, 2006	FILE NO:	F2004/06527
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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:

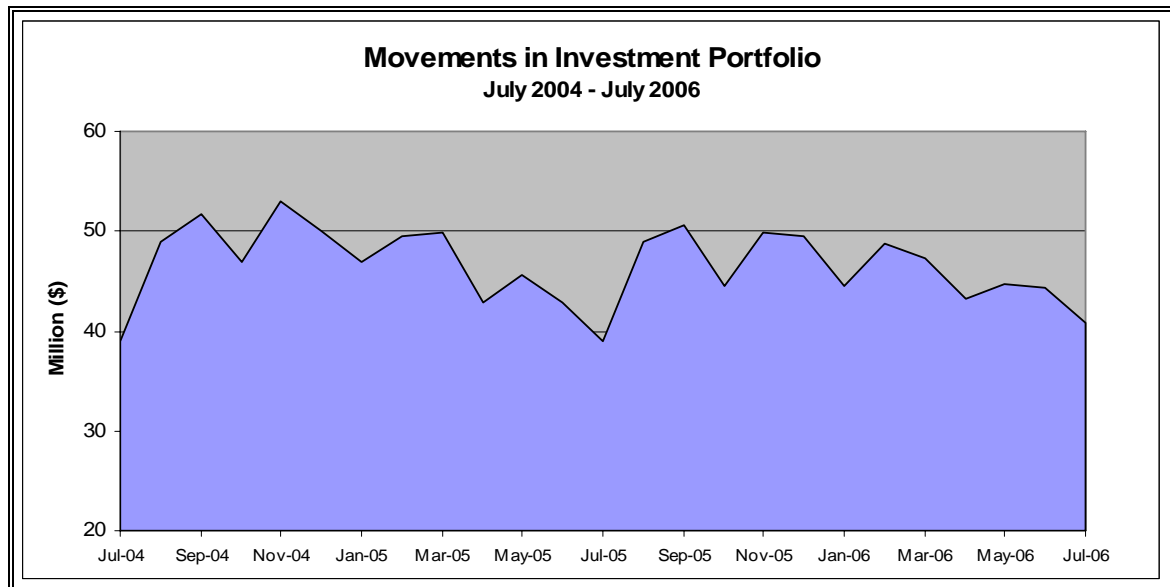
Council is authorised by s625 of the Local Government Act to invest its surplus funds. Funds may only be invested in the form of investment notified by Order of the Minister dated 23 September, 2005. The Local Government (General) Regulation prescribes the records that must be maintained in relation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

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

Investment Commentary

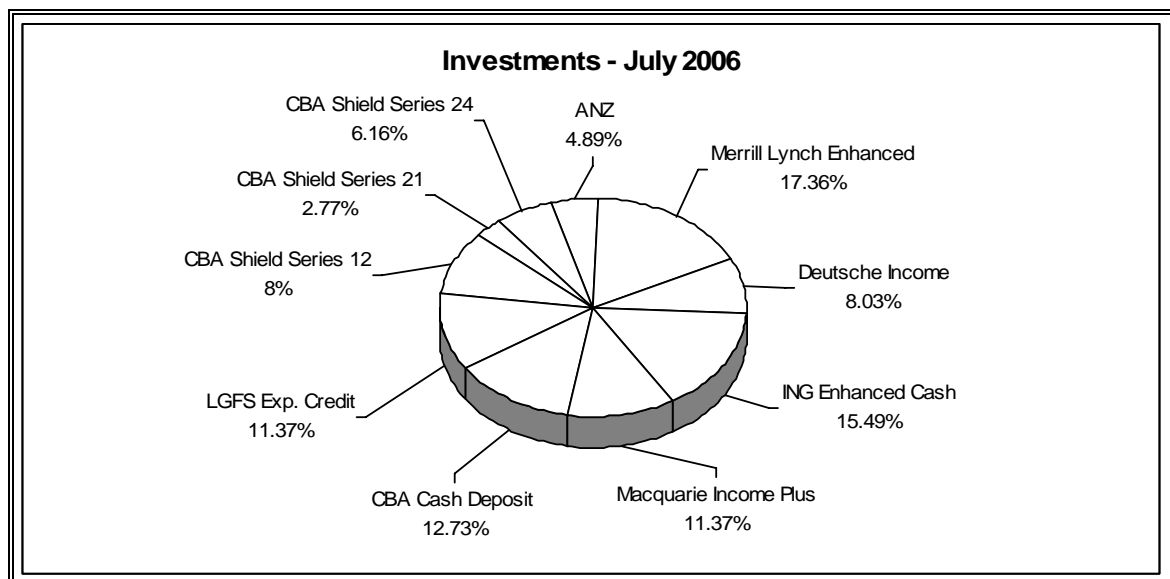
The size of the investment portfolio may vary significantly from month to month as a result of cash flows for the period. Cash outflows (expenditure) are typically relatively stable from one month to another. Cash inflows (income) are cyclical and are largely dependent on the rates instalment due dates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

The investment portfolio decreased by \$3.552 million during June 2006. The decrease is representative of the negative cash flow for the month as expenditure exceeded revenue. The first instalment of 2006/2007 rates and charges will be due on 31 August 2006.

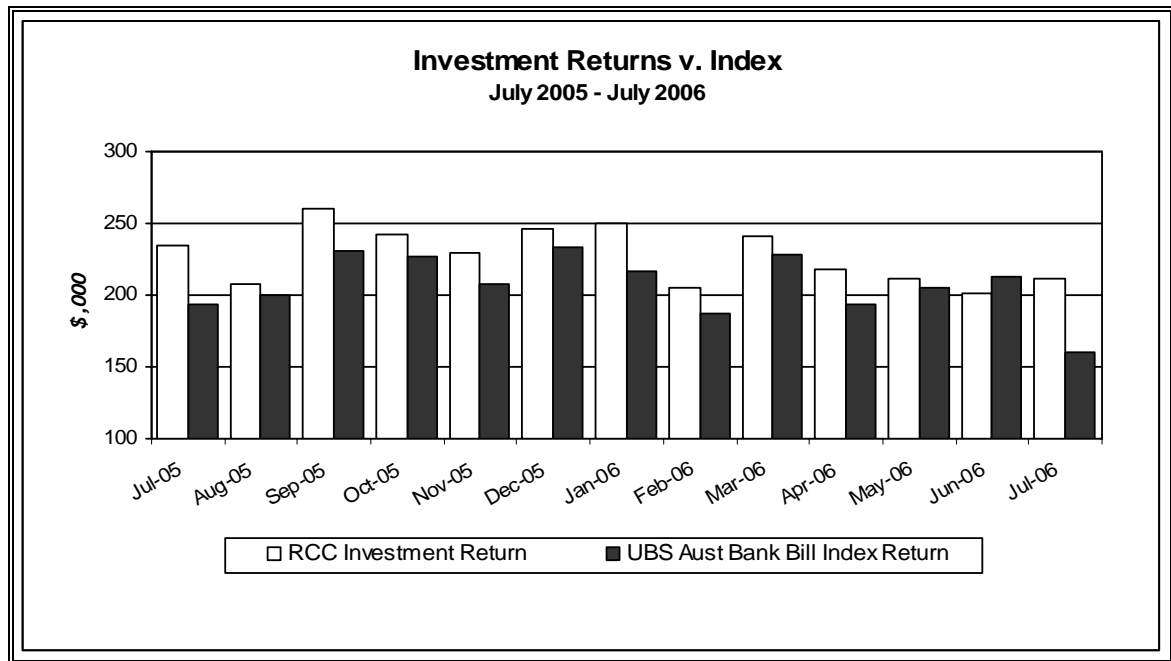


The above graph illustrates the movement in the investment portfolio since July 2004. The peaks are representative of the rates instalment periods.

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 July 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 exceeded the industry benchmark UBS Australia Bank Bill Index in July 2006 with an average return after fees of 6.39%, compared with the benchmark index of 5.83%.

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 and Procedures.

FINANCIAL IMPACT STATEMENT:

Funds are invested with the aim of achieving budgeted income in 2006/2007 and outperforming the USB Australian Bank Bill Index over a 12 month period. The budget provision for income from this source is \$2.702 million. Income to 31 July 2006 amounted to \$211,654.

CONCLUSION:

All investments as at 31 July 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 – July 2006

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GEOFF BANTING
DIRECTOR, GOVERNANCE &
FINANCIAL SERVICES

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GREG BYRNE
MANAGER FINANCIAL
OPERATIONS

Investment Performance Report - July 2006

Investment	Credit Rating	Amount Invested	Interest Earned		Investment Performance		
			Period	FYTD	Period	FYTD	Past 12 Months
			\$	\$	%	%	%
CBA Cash Deposit (CDA)	AA	5,206,399	15,817	15,817	5.70	5.70	5.51
LGFS Expanded Credit Facility	Af	4,649,444	22,445	22,445	5.86	5.86	5.98
Macquarie Income Plus Enhanced Income Fund	Af	4,649,059	21,927	21,927	5.72	5.72	6.07
Deutsche Income Enhanced Income Fund	Af	3,282,098	30,384	30,384	7.18	7.18	6.27
ING Enhanced Cash Fund	Af	6,335,204	31,831	31,831	6.11	6.11	6.16
Merrill Lynch Diversified Credit Fund	Af	7,097,447	37,094	37,094	6.36	6.36	6.27
ANZ Bank - Three Pillars	AA-	2,000,000	12,083	12,083	7.11	7.11	6.85
					3 month BBSW + 1.20%		
Commonwealth Bank Shield Series 12	AA	4,023,240	23,458	23,458	6.09	6.09	6.59
					3 month BBSW + 1.00%		
Commonwealth Bank Shield Series 21	AA	1,133,530	Purchased in April 2004. Capital is guaranteed and interest is paid at maturity. Investment value as at 31 July 2006 is \$1,129,510.00 which equates to return since inception of 5.55%				
Commonwealth Bank Shield Series 24	A- Negative watch	2,518,475	15,723	15,723	7.41	7.41	7.16
					3 month BBSW + 1.50%		
Interest earned from matured investments	-	-	0	0	-	-	-
General Fund Bank Account	-	-	892	892	-	-	-
Total		40,894,896	211,654	211,654	6.39	6.39	6.32
Official (Reserve Bank of Australia) Cash Rate					5.75	5.75	5.56
UBS Australian Bank Bill Index					5.83	5.83	5.77

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

Director, Governance & Financial Services' Report 59/2006



SUBJECT:	MONTHLY FINANCIAL REPORTS AS AT 31 JULY 2006
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DATE:	29 August, 2006	FILE NO:	F2004/0656 27
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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 31 July 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 31 July 2006.

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

FINANCIAL IMPACT STATEMENT:

There is no direct financial impact for this matter.

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 as at 31 July 2006 be noted.

ATTACHMENT/S:

1. INCOME STATEMENT AND SOURCE & APPLICATION OF FUNDS
2. BALANCE SHEET - ALL UNDER SEPARATE COVER

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GEOFF BANTING
DIRECTOR, GOVERNANCE &
FINANCIAL SERVICES



Director, Governance & Financial Services' Report 60/2006

SUBJECT:	2006/07 COUNCIL CONTINGENCY FUND - STATUS AS AT 23 AUGUST 2006
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DATE:	14 August, 2006	FILE NO:	F2004/07369 xr F2005/00182
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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 fifteen (14) allocations totalling \$40,345.70 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	Financial assistance – installation & dismantling of Learning Links banner	\$645.30
Ordinary Council – 25 July 2006	<u>Annual contribution</u> (3 years) - SSROC East Timor Partnership	\$4,000.00
Ordinary Council – 22 August 2006	Use of Des Renford Aquatic Centre - Des Renford Chair of Heart Research Swim Challenge and Charity Day	\$5,700.00
Ordinary Council – 22 August 2006	Waiving of fees for Fun Run/Oktoberfest/Market Day - Maroubra Chamber of Commerce	\$4,741.75
Ordinary Council – 22 August 2006	Donation of Plants - Coogee Public School.	\$500.00
Ordinary Council – 22 August 2006	Contribution - two (2) joint display banners for use at business related functions - Eastern Suburbs Business Enterprise Centre & Randwick City Combined Chambers of Commerce	\$1,200.00
Ordinary Council – 22 August 2006	Sponsorship - Annual Sydney Body Art Ride (SBAR) Fundraising Event.	\$3,000.00
TOTAL:		\$40,345.70

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



Director, Governance & Financial Services' Report 61/2006

SUBJECT:	OUTSTANDING RECEIVABLES – WRITING OFF DEBTS
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DATE:	31 August, 2006	FILE NO:	F2004/06519 xr F2004/06522
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REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

Section 213 of the Local Government (General) Regulation 2005 specifies restrictions on writing off debts to a council. This report provides information on outstanding debts that require a resolution of Council to write off. Also provided is a summary of debts that have been written off in 2005/2006 under delegated authority.

ISSUES:

Council has previously resolved that an amount of \$2,500 be fixed, above which, debts to the Council may only be written off by resolution of Council. A debt below this amount can be written off by the General Manager or by the Responsible Accounting Officer under delegated authority.

The Regulations (Section 213, Cl.5) require that a debt can only be written off if it satisfies one of the following criteria:

- If the debt is not lawfully recoverable.
- As a result of a decision of a court.
- If the Council or the General Manager believes on reasonable grounds that an attempt to recover the debt would not be cost effective.

Debts requiring resolution of Council

The following two debts require a resolution of Council to be written off.

Debtor Account	Debtor Name	Amount
706807	John Burnett (Golds Gym)	\$292,478.73
71038	Benpave Pty Ltd	\$50,963.27
	Total:	\$343,442.00

Debtor 706807: John Burnett – Gold’s Gym

This debt has been subject to ongoing legal action for a number of years. This matter was the subject of a memorandum to Councillors dated 8 August 2006 from the Manager Organisational Policy & Performance. The memorandum provided a detailed explanation of the legal proceedings associated with this matter. The outstanding debt relates to back rent which the Supreme Court has ruled is not recoverable from John Burnett

Debtor 71038: Benpave Pty Ltd

This debt relates to the purchase of concrete from Council’s batch plant and the purchase of recycling materials. A director of the company passed away in 2004. The company went under administration in December 2004 and a liquidator was subsequently appointed in January 2005. The liquidator has advised that a return to creditors is not expected. Accordingly it is recommended that the debt be written off.

Debts written off under Delegated Authority

In addition to the above two debts requiring resolution of Council to be written off, seven other debts with a combined total value of \$438.70 (four hundred and thirty eight dollars and seventy cents) were written off under delegated authority in 2005/2006.

It is important to note that the fact that a debt is written off, does not prevent the council concerned from taking legal proceedings to recover the debt. Any written off amount will be adjusted if part or all of the debt is subsequently recovered.

RELATIONSHIP TO CITY PLAN:

The relationship with the City Plan is as follows:

Outcome: 1. Leadership in Sustainability
Direction: 1 c. Long term financial viability is achieved

FINANCIAL IMPACT STATEMENT:

A provision for doubtful debts was recognised in previous years when these amounts were first considered doubtful. The writing off of these debts will reduce the provision for doubtful debts that has been previously recognised. There will be no impact on the 2006/2007 budget.

CONCLUSION:

The recommended write off of the amounts outlined in this report are in accordance with the provisions of the Local Government (General) Regulation 2005.

RECOMMENDATION:

That outstanding receivables totalling \$343,442.00 (three hundred and forty three thousand, four hundred and forty two dollars) requiring a resolution of Council be written off in accordance with the Local Government (General) Regulation 2005.

ATTACHMENT/S:

Nil

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GEOFF BANTING
DIRECTOR, GOVERNANCE &
FINANCIAL SERVICES

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GREG BYRNE
MANAGER FINANCIAL
OPERATIONS

