



4th September, 2007

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, 11TH SEPTEMBER, 2007 AT 6:00 P.M.

Committee Members: The Mayor, Cr P. Tracey, Andrews (Chairperson), Hughes, Kenny, Matson, Nash (Deputy Chairperson), Seng & 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, 14TH AUGUST, 2007.

3 Declaration of Pecuniary & Non-Pecuniary Interests

4 Addressing of Committee by Members of the Public

5 Urgent Business

6 Finance

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8 Confidential Items (Closed Session)

9 Notices of Rescission Motions

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GENERAL MANAGER

Director, Governance & Financial Services' Report 51/2007



SUBJECT:	INVESTMENT REPORT - JULY 2007
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DATE:	22 August, 2007	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 2007" outlines the investment portfolio held by Council as at the end of July 2007. All investments have been made in accordance with the Act, Regulations and Council's Investment Policy.

Investment Commentary

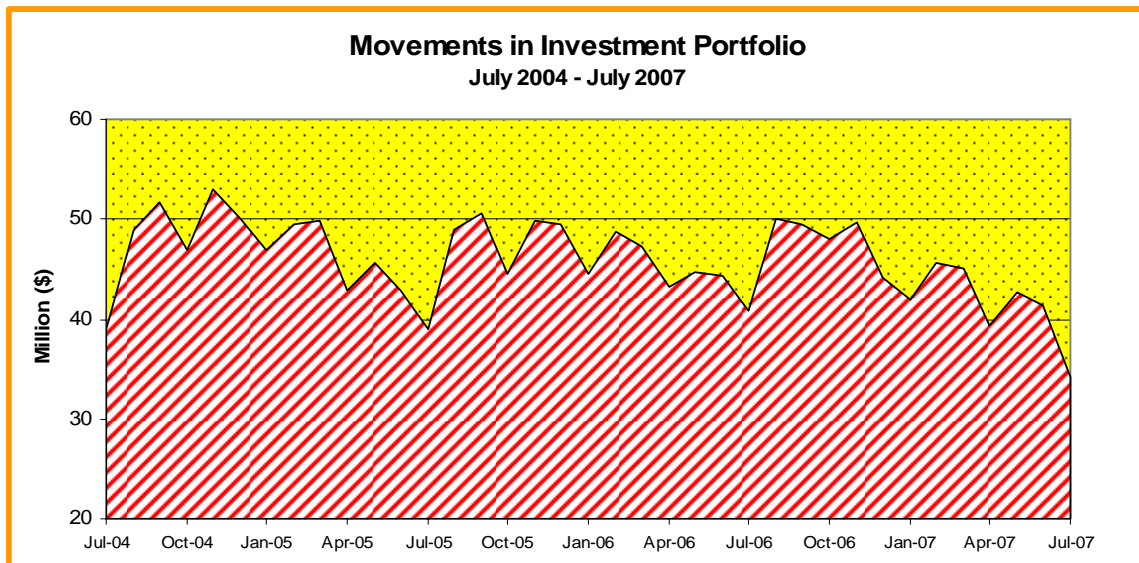
The size of the investment portfolio may vary significantly from month to month as a result of cash flows for the period. Cash outflows (expenditure) are typically relatively stable from one month to another. Cash inflows (income) are cyclical and are largely dependent on the rates instalment due dates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

The balance of the investment portfolio as at 31 July 2007 was \$34.23 million. During July 2007 the portfolio decreased by \$7.21 million.

There was capital works expenditure of \$365 thousand during July 2007. There were two payroll periods during the month and payroll related expenditure during July 2007 amounted to \$2.88 million. Other operating expenses for the month amounted to \$6.27 million.

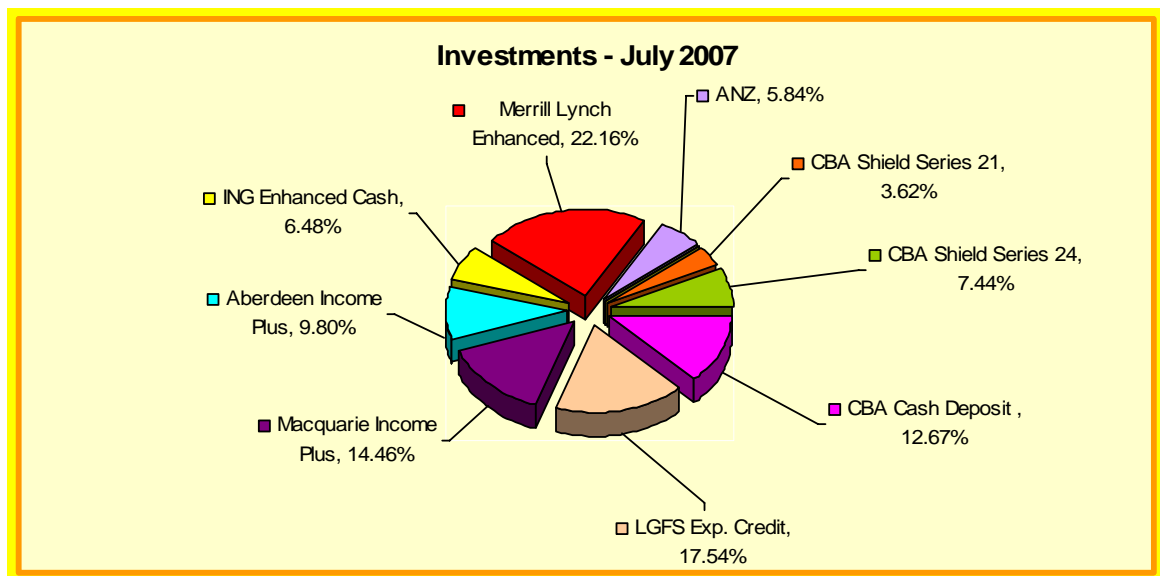
The main source of revenue during the month was from rate collections which amounted to \$1.88 million. Other major revenue during July 2007 was \$136,574 investment interest; \$44,250 Disability and Aged Grant from the Department of Home Care and the June 2007 GST refund of \$358,005.

The first rate instalment is due 31 August 2007.



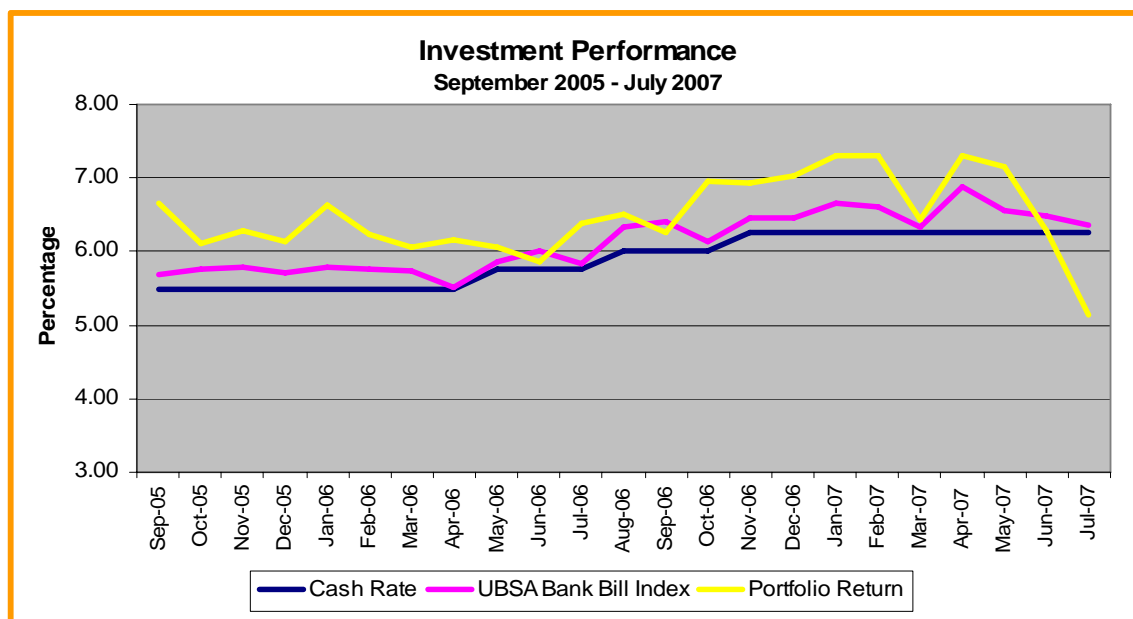
The above graph illustrates the movement in the investment portfolio since July 2004. The peaks are representative of the rates instalment periods.

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 2007.



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.

The graph below shows the investment return achieved against the USB Bank Bill Index and the official Reserve Bank of Australia (RBA) cash interest rate for the period September 2005 to July 2007.



Investment performance was lower than the industry benchmark UBS Australian Bank Bill Index in July 2007 with an average return after fees of 5.15%, compared with the benchmark index of 6.36%. Official Reserve Bank of Australia (RBA) cash interest rate remained at 6.25% during July 2007.

Month in Review

The Reserve Bank of Australia (RBA) kept the cash rate unchanged at 6.25% at its July meeting. However at the time of writing this report it is known that at the meeting in early August, the cash rate was increased by 25 basis points to 6.50%.

During July economic growth remained strong threatening to push annual inflation above 3% in 2008 prompting the RBA to take corrective action by increasing the cash rate. Economists believe that there is still a high likelihood of a further cash interest rate increase, taking the cash rate up to 6.75% early in 2008.

July also saw considerable media attention regarding local government investments and in particular, CDO investments that are exposed to the US sub-prime mortgage market.

Confirmation has been received that the CDOs held by Council do not have any direct US sub-prime mortgage exposure. In fact, they have very limited exposure even to companies that are affected by the fallout, such as US home builders, although they do have significant exposure to highly rated US financial institutions.

The rating of the investments held by Council has been maintained at their initial high investment-grade levels, and accordingly the security of interest and principal if held to maturity have not deteriorated. There would be an impact on credit quality if the current market upheaval resulted in material downgrades or default in the portfolios, but to date none has occurred.

The global credit market reaction to the US sub-prime mortgage collapse has seen a relative widening in credit spreads that would indicate that there has been a significant drop in the market valuation of the CDOs held by Council since 30 June 2007. However, the CDOs in question are relatively short-dated (2009 and 2010 respectively) without sub-prime mortgage-backed securities content, and will have performed relatively better than most structured credit investments.

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 2007/2008 and outperforming the USB Australian Bank Bill Index over a 12 month period. The budget provision for income from this source is \$2,995,000. Income to 31 July 2007 amounted to \$136,574.

CONCLUSION:

All investments as at 31 July 2007 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 investment report for July 2007 be received and noted.

ATTACHMENT/S:

Investment Performance Report – July 2007.

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GEOFF BANTING
DIRECTOR, GOVERNANCE & FINANCIAL
SERVICES

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GREG BYRNE
MANAGER FINANCIAL OPERATIONS

Investment Performance Report - July 2007

Investment	Credit Rating	Amount Invested	Interest Earned		Investment Performance		
			Period	FYTD	Period	FYTD	Past 12 Months
			\$	\$	%	%	%
CBA Cash Deposit (CDA)	AA	4,337,698	15,326	15,326	6.20	6.20	6.14
LGFS Expanded Credit Facility	Af	6,002,950	12,639	12,639	2.51	2.51	6.57
Macquarie Income Plus Enhanced Income Fund	A	4,948,990	21,347	21,347	5.26	5.26	6.50
Aberdeen Income Fund	A	3,353,351	18,815	18,815	3.93	3.93	6.52
ING Enhanced Cash Fund	Af	2,217,748	15,837	15,837	4.87	4.87	6.58
Merrill Lynch Diversified Credit Fund	A	7,584,680	18,376	18,376	2.92	2.92	7.01
ANZ Bank - Three Pillars	AA-	2,000,060	12,979	12,979	7.65	7.65	7.47
Commonwealth Bank Shield Series 21	AA	1,239,240	-	-	3 month BBSW + 1.20%		
					Purchased in April 2004. Capital is guaranteed and interest is paid at maturity. Investment estimated value as at 31 July 2007 is \$1,242,070.00 which equates to return since inception of 6.72%		
Commonwealth Bank Shield Series 24	A-Negative watch	2,546,250	16,675	16,675	7.85	7.85	7.80
					3 month BBSW + 1.50%		
Interest earned from matured investments	-	-	3,154	3,154	-	-	-
General Fund Bank Account	-	-	1,426	1,426	-	-	-
Total		34,230,967	136,574	136,574	5.15	5.15	6.82
Official (Reserve Bank of Australia) Cash Rate					6.25	6.25	6.19
UBS Australian Bank Bill Index					6.36	6.36	6.47

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

Credit Rating: * Bank Bills and Term Deposits are not credit rated. The 'f' subscript to the credit rating signifies that it is a Standard & Poors fund rating and that assets are valued at their market value.

Report Author: Aldo Meoli, Financial Accountant - Financial Operations

Director, Governance & Financial Services' Report 52/2007



SUBJECT:	MONTHLY FINANCIAL REPORT AS AT 31 JULY 2007
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DATE:	24 August, 2007	FILE NO:	F2006/00690
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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 2007. 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 2007.

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 2007 be noted.

ATTACHMENT/S:

1. Income Statement & Source and Application of Funds (UNDER SEPARATE COVER)
2. Balance Sheet (UNDER SEPARATE COVER).

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GEOFF BANTING
DIRECTOR, GOVERNANCE & FINANCIAL
SERVICES

Director, Governance & Financial Services' Report 53/2007



SUBJECT:	2007/08 CONTINGENCY FUND - STATUS AS AT 31 AUGUST 2007
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DATE:	30 August, 2007	FILE NO:	F2004/07396
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REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

The purpose of this report is to detail the progressive amount of donations, allocations, waiving of fees and other similar contributions for the 2007/08 financial year.

ISSUES:

In the 2007/08 financial year there have been 18 allocations totalling \$44,688.09 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	<u>Annual contribution</u> - Waiving of fees for Special Rubbish Pick Up Service – Ronald McDonald House	\$650.00
Ordinary Council – 25 July 2006	<u>Annual contribution</u> (3 years from 2006/07) - SSROC East Timor Partnership	\$4,000.00
Ordinary Council – 26 Sept 2006	<u>Annual contribution</u> (7 years from 2006/07) Interest foregone on interest free loan - Coogee Surf Life Saving Club renovations	\$4,500.00
Ordinary Council - 26 June 2007	Coogee Surf Life Saving Club – Centenary Dinner	\$1,200.00
Ordinary Council - 26 June 2007	Financial assistance for 2007 Rock Eisteddfod – Randwick Girls & Boys High Schools	\$5,000.00
Ordinary Council - 26 June 2007	Waiving of fees - installation of banner – Eastern Suburbs Teachers Association	\$1,132.00
Ordinary Council - 26 June 2007	Waiving of fees - World Youth Day - "Journey of the World Youth Day Cross and Icon" event	\$1,371.29
Ordinary Council - 26 June 2007	Sponsorship - S.O.S Preschool	\$1,400.00
Ordinary Council – 24 July 2007	Waiving of fees - St Pauls Anglican Church Coogee - Carols by the Sea	\$1,095.00
Ordinary Council – 24 July 2007	8th Annual Des Renford Chair of Heart Research Family Gala and Charity Day – use of Des Renford Aquatic Centre	\$6,500.00

MEETING	DETAILS	NET COST TO COUNCIL
Ordinary Council – 24 July 2007	Waiving of fees – use of Town Hall for Cana Ball	\$1,548.00
Ordinary Council – 24 July 2007	Our Lady of the Rosary College - centenary celebrations	\$200.00
Ordinary Council – 28 August 2007	Waiving of fees - usage of Yarra Bay for the Emerging Athlete Program for Junior Lifesavers	\$485.90
Ordinary Council – 28 August 2007	Contribution - Maroubra Fun Run, Oktoberfest and Market Day	\$4,538.00
Ordinary Council – 28 August 2007	Waiving of fees - Development Application lodgement - South Coogee Primary School	\$1,941.00
Ordinary Council – 28 August 2007	Contribution - Gallery East "Hula Dreams" ukuleles exhibition and performance	\$2,000.00
Ordinary Council – 28 August 2007	Waiving of fees – Use of Maroubra Beach for Rugby League Tag	\$626.90
TOTAL:		\$44,688.09

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.

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 in the 2007/08 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 54/2007



SUBJECT:	NOTICE OF VESTING OF DRAINAGE RESERVE IN COUNCIL - 25R VIRGINIA STREET, 21R MCDUGALL STREET, 37R MILROY AVENUE & 74R LENTHALL STREET, KENSINGTON
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DATE:	30 August, 2007	FILE NO:	F2004/06325
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REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

It is necessary to officially formalise ownership of a drainage reserve known as Lot 64 & 65, Section 10 & Lot 50, Section 11 D.P. 5759 and Lots 101 & 102 in D.P. 5081 known as 25R Virginia Street, 21R McDougall Street, 37R Milroy Avenue & 74R Lenthall Street, Kensington.

ISSUES:

The land at 25R Virginia Street, 21R McDougall Street, 37R Milroy Avenue & 74R Lenthall Street, Kensington is held under cancelled title Vol 2432 Folio 37 as Drainage Reserve. The computer folio has not been created at the Land Titles Office.

Section 50, Public garden and recreational space and drainage reserves provided for in subdivisions approved before 15.06.1964, of the Local Government Act 1993 ("the LG Act") provides:

- (1) *This section applies to a subdivision of land the plan of which was approved by the council:*
 - *in the case of public garden and recreation space—before 15 June 1964*
 - *in the case of drainage reserves—after 24 November 1922 and before 15 June 1964.*

Note. 15 June 1964 is the date of commencement of the Local Government and Conveyancing (Amendment) Act 1964. 24 November 1922 is the date of commencement of the Local Government (Validation and Amendment) Act 1922.
- (2) *If a subdivision made provision for public garden and recreation space, the council may direct:*
 - (a) *that the space be conveyed or transferred to the council, or*
 - (b) *because the space is adjacent to land reserved or dedicated for the purpose of public recreation under the Crown Lands Act 1989 or to a public park that is not vested in the council, that the space be surrendered to the Crown.*
Public garden and recreation space surrendered to the Crown is taken to be Crown land.
- (3) *If a subdivision made provision for a drainage reserve, the council may direct that the reserve be conveyed or transferred to the council.*

- (4) *Instead of directing that land be conveyed or transferred to it, the council may publish a notice in the Gazette notifying that the land is vested in it.*
- (5) *On publication of the notice, the land vests in the council for an estate in fee simple and is taken:*
 - *in the case of public garden and recreation space—to be dedicated as a public reserve*
 - *in the case of drainage reserves—to be held by the council for drainage purposes.*
- (6) *When creating a folio of the Register under the Real Property Act 1900 for public garden and recreation space vested in the council under this section, the Registrar-General must record in the folio, by reference to this section or otherwise, that the land is dedicated as a public reserve.*

Therefore a notice in the Government Gazette is required for vesting of the land and transfer of ownership to Council.

RELATIONSHIP TO CITY PLAN:

The relationship with the City Plan is as follows:

Outcome 2: A vibrant and diverse community.

Direction 2e: Barrier free access to community facilities is provided.

FINANCIAL IMPACT STATEMENT:

There is no direct financial impact for this matter.

CONCLUSION:

A Government Gazette notice is required to appear in the Private Advertisements section of the Government Gazette of New South Wales publication detailing the vesting of the land in Council in accordance with Section 50 of the Local Government Act. Upon publication a copy of the Gazette with a Notice of Transfer of Land will be lodged with the Department of Lands to finalise formal occupation.

RECOMMENDATION:

That Council grant authority for the publishing of a notice in the Government Gazette vesting the land known as Virginia Street, 21R McDougall Street, 37R Milroy Avenue & 74R Lenthall Street, Kensington into the name of Randwick City Council.

ATTACHMENT/S:

Nil

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GEOFF BANTING
DIRECTOR, GOVERNANCE & FINANCIAL
SERVICES

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SHARON PLUNKETT
PROPERTY COORDINATOR

Director, Governance & Financial Services' Report 55/2007



SUBJECT:	NOTICE OF VESTING OF LAND IN COUNCIL - 35R LIGURIA STREET, MAROUBRA
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DATE:	29 August, 2007	FILE NO:	F2004/06325
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REPORT BY: DIRECTOR, GOVERNANCE & FINANCIAL SERVICES

INTRODUCTION:

It is necessary to officially formalise ownership of a drainage reserve known as Lot Z in DP 401609 located at 35R Liguria Street, Maroubra. The land is for community purposes for the extension of the Coastal Walkway. The land contains a set of stairs leading from Liguria Street through to Lurline Bay rockery area and sits between 35 & 37 Liguria Street, Maroubra.

ISSUES:

The land at 35R Liguria Street, Maroubra is a drainage reserve created as part of a subdivision in Liguria Street in late 1957. It is identified on Subdivision Plan FP401609 and it is noted on the plan that "It is intended to dedicate the drainage reserve 6'0" wide to Randwick Council."

Section 50, Public garden and recreational space and drainage reserves provided for in subdivisions approved before 15.06.1964, of the Local Government Act 1993 ("the LG Act") provides:

(1) *This section applies to a subdivision of land the plan of which was approved by the council:*

- *in the case of public garden and recreation space—before 15 June 1964*
- *in the case of drainage reserves—after 24 November 1922 and before 15 June 1964.*

Note. 15 June 1964 is the date of commencement of the Local Government and Conveyancing (Amendment) Act 1964. 24 November 1922 is the date of commencement of the Local Government (Validation and Amendment) Act 1922.

(2) *If a subdivision made provision for public garden and recreation space, the council may direct:*

- (a) *that the space be conveyed or transferred to the council, or*
- (b) *because the space is adjacent to land reserved or dedicated for the purpose of public recreation under the Crown Lands Act 1989 or to a public park that is not vested in the council, that the space be surrendered to the Crown.*

Public garden and recreation space surrendered to the Crown is taken to be Crown land.

- (3) *If a subdivision made provision for a drainage reserve, the council may direct that the reserve be conveyed or transferred to the council.*
- (4) *Instead of directing that land be conveyed or transferred to it, the council may publish a notice in the Gazette notifying that the land is vested in it.*
- (5) *On publication of the notice, the land vests in the council for an estate in fee simple and is taken:*
 - *in the case of public garden and recreation space—to be dedicated as a public reserve*
 - *in the case of drainage reserves—to be held by the council for drainage purposes.*
- (6) *When creating a folio of the Register under the Real Property Act 1900 for public garden and recreation space vested in the council under this section, the Registrar-General must record in the folio, by reference to this section or otherwise, that the land is dedicated as a public reserve.*

Therefore a notice in the Government Gazette is required for vesting of the land and transfer of ownership to Council.

RELATIONSHIP TO CITY PLAN:

The relationship with the City Plan is as follows:

Outcome 2: A vibrant and diverse community.

Direction 2e: Barrier free access to community facilities is provided.

FINANCIAL IMPACT STATEMENT:

There is no direct financial impact for this matter.

CONCLUSION:

A Government Gazette notice is required to appear in the Private Advertisements section of the Government Gazette of New South Wales publication detailing the vesting of the land in Council in accordance with Section 50 of the Local Government Act. Upon publication a copy of the Gazette with a Notice of Transfer of Land will be lodged with the Department of Lands to finalise formal occupation.

RECOMMENDATION:

That Council grant authority for publishing a notice in the Government Gazette vesting the land known as 35R Liguria Street, Maroubra into the name of Randwick City Council.

ATTACHMENT/S:

Nil

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GEOFF BANTING
DIRECTOR, GOVERNANCE & FINANCIAL
SERVICES

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SHARON PLUNKETT
PROPERTY COORDINATOR

