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INCORPORATED  
AS A MUNICIPALITY  
22 FEBRUARY 1859  
PROCLAIMED AS  
A CITY JULY 1990

27<sup>th</sup> November, 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, 4<sup>TH</sup> DECEMBER, 2007 AT 6:00 P.M.

Committee Members: The Mayor, Cr B. Notley-Smith, Andrews (Chairperson), Hughes, Kenny, Matson, Nash (Deputy Chairperson), Seng & Woodsmith.

Quorum: Five (5) members.

**NOTE:** AT THE EXTRAORDINARY MEETING HELD ON 28<sup>TH</sup> 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, 13<sup>TH</sup> NOVEMBER, 2007.

### 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' REPORT 79/2007 - INVESTMENT REPORT - OCTOBER 2007.                         | 2 |
| 6.2 | DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 80/2007 - MONTHLY FINANCIAL REPORT AS AT 31 OCTOBER 2007.           | 7 |
| 6.3 | DIRECTOR, GOVERNANCE & FINANCIAL SERVICES' REPORT 81/2007 - 2007/08 CONTINGENCY FUND - STATUS AS AT 26 NOVEMBER 2007. | 9 |

### 7 Confidential Items (Closed Session)

### 8 Notices of Rescission Motions

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GENERAL MANAGER

## ***Director, Governance & Financial Services' Report 79/2007***



<b>SUBJECT:</b>	INVESTMENT REPORT - OCTOBER 2007
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<b>DATE:</b>	21 November 2007	<b>FILE NO:</b>	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 – October 2007" outlines the investment portfolio held by Council as at the end of October 2007. All investments have been made in accordance with the Act, Regulations and Council's Investment Policy.

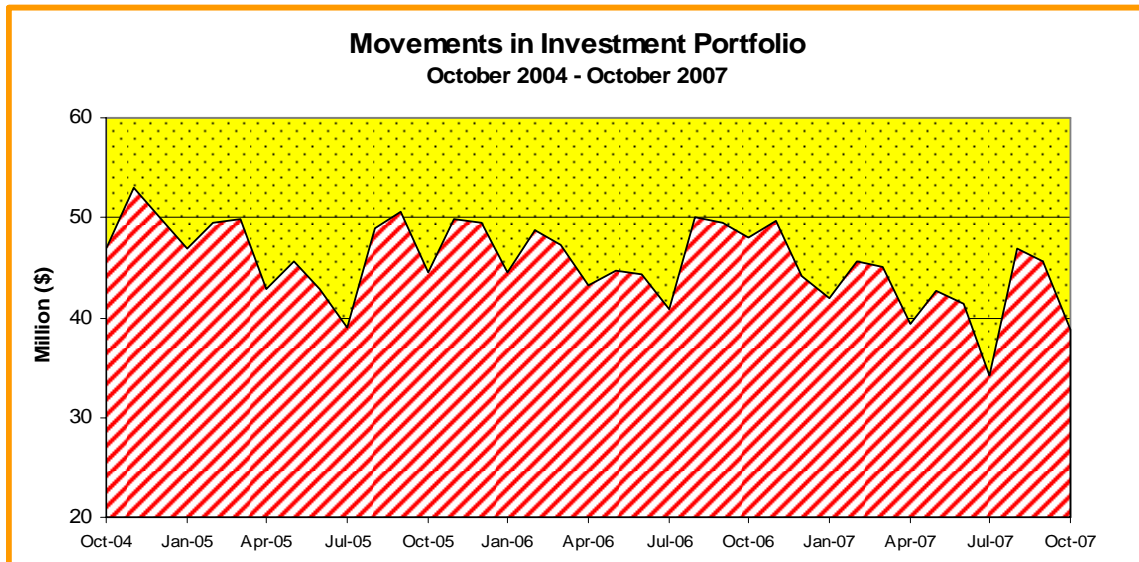
### **Investment Commentary**

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 October 2007 was \$38.78 million. During October 2007 the portfolio decreased by \$6.90 million.

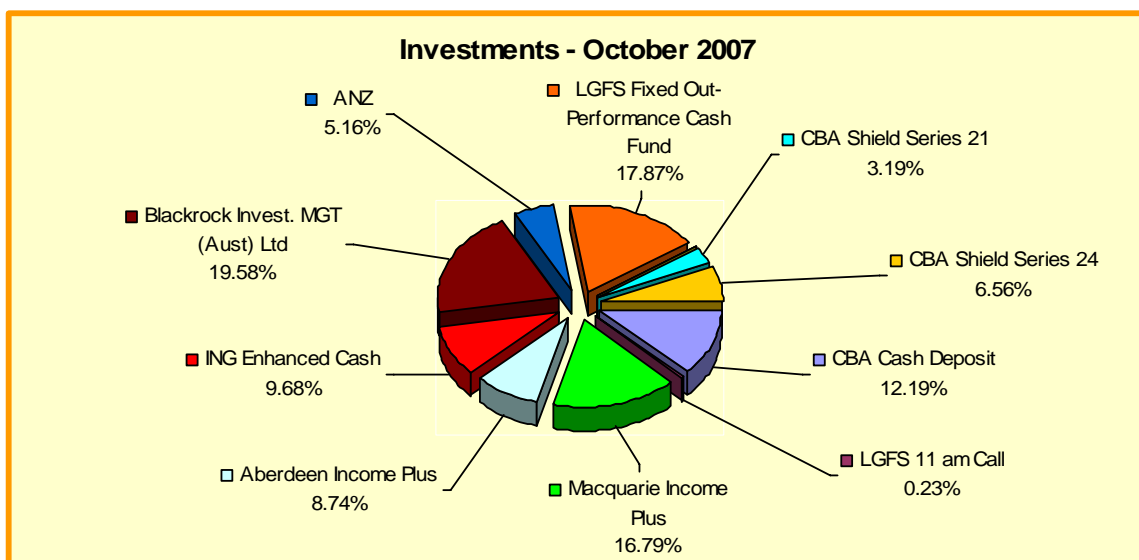
During October there were three payroll periods during the month and payroll related expenditure during October 2007 amounted to \$3.52 million. Other operating expenses for the month amounted to \$6.99 million which included capital works expenditure of \$2.90 million.

The main source of revenue during the month was from rate collections which amounted to \$2.10 million. The second instalment is due 30 November 2007. Other major revenue during October 2007 was from Office of State Revenue fine income \$300,509, GST refund of \$511,438 from the ATO, various RTA grants totalling \$163,272 and grants from Department of Community Services \$64,000.



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

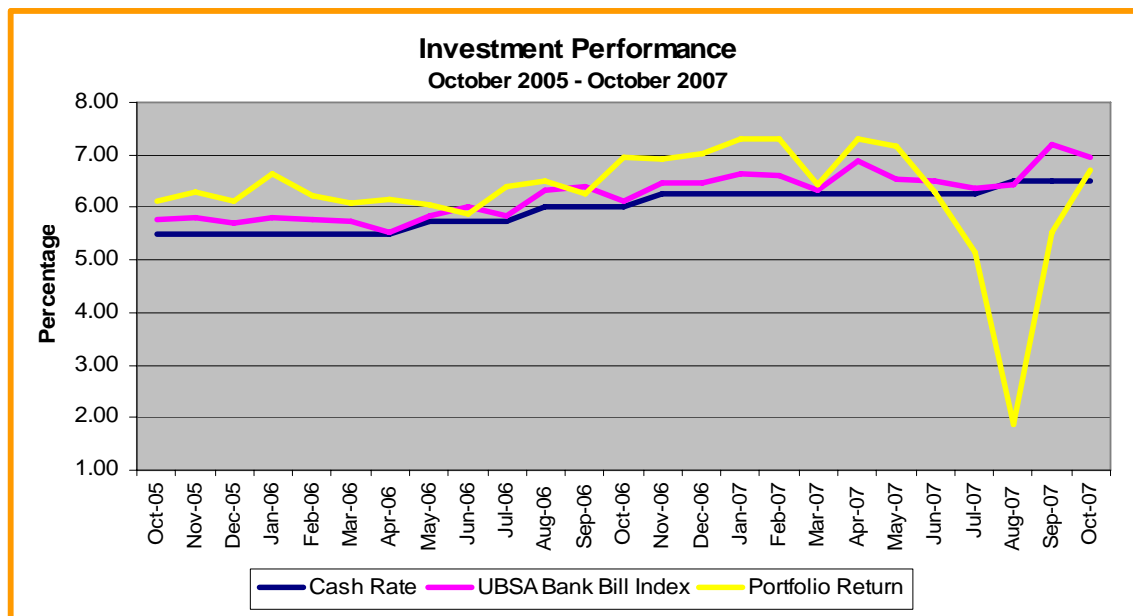
The investment portfolio is diversified across a number of investment types and is spread across a number of financial institutions. The various investment types may include managed funds, term deposits, rolling rate investments, floating rate notes and on-call accounts. The following graph indicates the various investments held during October 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 October 2005 to October 2007.



Investment performance was lower than the industry benchmark UBS Australian Bank Bill Index in October 2007 with an average return after fees of 6.72%, compared with the benchmark index of 7.19%. Official Reserve Bank of Australia (RBA) cash interest rate remained 6.50% during October 2007.

### Month in Review

The Reserve bank kept the cash rate unchanged at 6.50% at its October meeting – waiting until the release of the second quarter CPI data. However at the time of preparing this report it is known that the cash rate increased to 6.75% on 7 November 2007 in response to stronger than expected building approvals data combined with an increase in lending to consumers and businesses. Some economists believe that the RBA will raise rates two times by June next year.

It has almost been four months since the bad news stemming from the US sub-prime crises and local financial markets continue to show some signs of stability and recovery even though volatility is expected to persist over the near term.

### 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 UBS Australian Bank Bill Index over a 12 month period. The revised budget provision for income from this source is \$2,845,000. Income to 31 October 2007 amounted to \$588,509. (The revised budget amount is as per September quarterly review).

Changes to the economic climate are being closely monitored and adjustments to the investment strategy will continue to be made as required. Any further changes to budgeted income from investment earnings will be reported in subsequent quarterly reviews.

**CONCLUSION:**

All investments as at 31 October 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 October 2007 be received and noted.

**ATTACHMENT/S:**

Investment Performance Report – October 2007.

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GEOFF BANTING  
DIRECTOR, GOVERNANCE & FINANCIAL  
SERVICES

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GREG BYRNE  
MANAGER FINANCIAL OPERATIONS

Investment Performance Report - October 2007							
Investment	Credit Rating	Amount Invested	Interest Earned		Investment Performance		
			Period	FYTD	Period	FYTD	Past 12 Months
			\$	\$	%	%	%
CBA Cash Deposit (CDA)	AA	4,728,064	28,668	104,035	6.45	6.39	6.26
Local Govt Financial Services (LGFS) 11am call	AA	89,371	16	16	6.40	6.34	6.21
Local Govt Financial Services (LGFS) Fixed Out-Performance Cash Fund	AA-f	6,932,316	32,316	32,316	7.38	7.38	7.38
Macquarie Income Plus Enhanced Income Fund	A	6,513,300	24,995	85,658	4.68	4.44	5.92
Aberdeen Income Fund	A	3,390,880	13,976	56,345	5.16	4.49	6.04
ING Enhanced Cash Fund	Af	3,755,645	12,728	53,734	4.39	4.54	6.05
Blackrock Invest. MGT (Aust) Ltd	A	7,593,220	60,696	26,917	9.94	1.19	5.31
ANZ Bank - Three Pillars	AA-	2,000,060	13,106	51,616	7.70	7.60	7.66
Commonwealth Bank Shield Series 21	AA	1,239,240	-	-	Purchased in April 2004. Capital is guaranteed and interest is paid at maturity. Investment estimated value as at 31 October 2007 is \$1,229,380 which equates to return since inception of 5.93%		
Commonwealth Bank Shield Series 24	AA	2,546,250	17,885	67,810	8.42	8.12	7.96
					3 month BBSW + 1.50%		
Interest earned from matured investments	-	-	83,619	101,457	-	-	-
General Fund Bank Account	-	-	1,817	8,605	-	-	-
<b>Total</b>		<b>38,788,347</b>	<b>289,822</b>	<b>588,509</b>	<b>6.72</b>	<b>5.61</b>	<b>6.53</b>
Official (Reserve Bank of Australia) Cash Rate					6.50	6.44	6.31
UBS Australian Bank Bill Index					6.96	6.73	6.61

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 & Poor's fund rating and that assets are valued at their market value.

**Report Author:** Aldo Meoli, Financial Accountant - Financial Operations

## ***Director, Governance & Financial Services' Report 80/2007***



<b>SUBJECT:</b>	MONTHLY FINANCIAL REPORT AS AT 31 OCTOBER 2007
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<b>DATE:</b>	19 November, 2007	<b>FILE NO:</b>	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 October 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 October 2007.

### **RELATIONSHIP TO CITY PLAN:**

The relationship with the City Plan is as follows:

Outcome1: Leadership in Sustainability.  
Direction 1c: Long term financial viability is achieved.

### **FINANCIAL IMPACT STATEMENT:**

There is no direct financial impact for this matter.

### **CONCLUSION:**

There is no direct financial impact for this matter.

### **RECOMMENDATION:**

The monthly financial reports as at 31 October 2007 be noted.

**ATTACHMENT/S:**

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

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GEOFF BANTING  
DIRECTOR, GOVERNANCE & FINANCIAL  
SERVICES



## Director, Governance & Financial Services' Report 81/2007



<b>SUBJECT:</b>	2007/08 CONTINGENCY FUND - STATUS AS AT 26 NOVEMBER 2007
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<b>DATE:</b>	22 November, 2007	<b>FILE NO:</b>	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 33 allocations totalling \$108,797.25 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

MEETING	DETAILS	NET COST TO COUNCIL
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
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
Ordinary Council – 25 September 2007	Waiving of Fees - St Marks Anglican Church, Malabar - Carols By Candlelight	\$10,513.83
Extraord Council – 18 Sept 2007	Banners to congratulate Randwick Girls and Boys High Schools' Rock Eisteddfod Team on winning the 2007 Rock Eisteddfod	\$2,420.00
Extraord Council – 18 Sept 2007	Donation - Commemorative tree planting in Centennial Park	\$5,000.00
Extraord Council – 18 September 2007	Waiving of fees - South Maroubra Village Green Art Show	\$235.00
Extraord Council – 18 September 2007	Waiving of fees - Use of Kokoda Park, Kensington for Carols by Candlelight	\$5,360.83
Ordinary Council – 25 September 2007	Rosella Aboriginal Women's Vigoro Sporting Club – 75 year celebrations	\$2,000.00
Ordinary Council – 30 October 2007	Carols by Candlelight – Matraville	\$8,000.00
Ordinary Council – 30 October 2007	Financial contribution & waiving of fees - Coogee Family Fun Day – Goldstein Reserve	\$16,655.30
Ordinary Council – 30 October 2007	Waiving of fees – Randwick Shield at Coogee Beach	\$1,297.10
Ordinary Council – 30 October 2007	Waiving of fees – Express Glass Island Challenge – Coogee Beach	\$1,832.10
Ordinary Council – 30 October 2007	Financial assistance – Australia Day Botany Bay Regatta	\$500.00
Ordinary Council – 30 October 2007	Sponsorship – Our Lady of the Sacred Heart Church – World Youth Day Launch	\$500.00
Ordinary Council – 30 October 2007	Financial contribution – Australia East Timor Association – Weavers' Tour	\$400.00
Ordinary Council – 30 October 2007	Waiving of fees – South Sydney Football Club – Membership promotion	\$1,375.00
Ordinary Council – 30 October 2007	East Timor Scholarships (x2)	\$10,000.00
<b>TOTAL:</b>		<b>\$108,797.25</b>

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.

It should be noted that this report does not include any contingency funds allocated at the 27 November 2007 Council Meeting.

**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