

Meeting Date: Tuesday 18 April 2017
Location: Council Chambers, Level 1A, 1 Pope Street, Ryde
Time: 6.00pm

NOTICE OF BUSINESS

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**1 CONFIRMATION OF MINUTES - Finance and Governance Committee
Meeting held on 21 March 2017**

Report prepared by: Senior Coordinator - Governance
File No.: CLM/17/1/5/2 - BP17/286

REPORT SUMMARY

In accordance with Council's Code of Meeting Practice, a motion or discussion with respect to such minutes shall not be in order except with regard to their accuracy as a true record of the proceedings.

RECOMMENDATION:

That the Minutes of the Finance and Governance Committee 2/17, held on 21 March 2017, be confirmed.

ATTACHMENTS

- 1 MINUTES - Finance and Governance Committee Meeting - 21 March 2017**

ITEM 1 (continued)

ATTACHMENT 1

**Finance and Governance Committee
MINUTES OF MEETING NO. 2/17**

Meeting Date: Tuesday 21 March 2017
Location: Council Chambers, Level 1A, 1 Pope Street, Ryde
Time: 5.00pm

Councillors Present: Councillors Etmekdjian (Chairperson), Laxale, Perram and Stott.

Apologies: Councillors Pendleton and Yedelian OAM.

Absent: Councillors Maggio and Simon.

Staff Present: Acting General Manager, Acting Director – Customer and Community Services, Acting Director – Corporate and Organisational Support Services, Acting Director – City Planning and Development, Director – City Works and Infrastructure, General Counsel, Manager – Community Services, Community Project Officer – Young People, Senior Coordinator – Governance and Administration Officer – Councillor Support.

DISCLOSURES OF INTEREST

There were no disclosures of interest.

**1 CONFIRMATION OF MINUTES - Finance and Governance Committee
Meeting held on 21 February 2017**

RECOMMENDATION: (Moved by Councillors Stott and Laxale)

That the Minutes of the Finance and Governance Committee 1/17, held on 21 February 2017, be confirmed.

Record of the Voting:

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

ITEM 1 (continued)

ATTACHMENT 1

2 INVESTMENT REPORT - February 2017

RECOMMENDATION: (Moved by Councillors Stott and Perram)

That Council endorse the Investment Report – February 2017.

Record of the Voting:

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

3 NATIONAL GENERAL ASSEMBLY OF LOCAL GOVERNMENT - 18 to 21 June 2017

RECOMMENDATION: (Moved by Councillors Etmekdjian and Stott)

- (a) That Council consider the attendance of the Mayor (or his nominee) in addition to the Acting General Manager (or their delegate) and other Councillor/s to attend the National General Assembly of Local Government held in Canberra on Sunday, 18 June 2017 to Wednesday, 21 June 2017.
- (b) That Council nominate the Mayor (or his nominee) to be the voting delegate to represent the City of Ryde during debates on Motions presented to the Assembly.

Record of the Voting:

For the Motion: Councillors Etmekdjian, Laxale and Stott

Against the Motion: Councillor Perram

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

4 LAND CLASSIFICATION - AFFORDABLE HOUSING DWELLING - 21-24 RAILWAY ROAD, MEADOWBANK

RECOMMENDATION: (Moved by Councillors Laxale and Stott)

- (a) That upon the creation of the legal title of the affordable housing unit at 21-24 Railway Road, Meadowbank, public notification in accordance with Section 34 of the Local Government Act 1993 of the intention to classify the unit lot as operational land be undertaken.

ITEM 1 (continued)

ATTACHMENT 1

- (b) That the affordable housing unit lot at 21-24 Railway Road Meadowbank be classified as operational, in the event that no submissions are received by the closure of the statutory advertising period.
- (c) That a further report be provided to Council should any submissions be received by the closure of the statutory advertising of the proposal.
- (d) That affordable housing transferred to Council is classified as operational land in accordance with the provisions of the Local Government Act.

Record of the Voting:

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

5 RYDE YOUTH COUNCIL - TERMS OF REFERENCE, MEMBERSHIP CHANGES, AND EXPRESSIONS OF INTEREST

RECOMMENDATION: (Moved by Councillors Stott and Laxale)

- (a) That Council endorse the draft Ryde Youth Council Terms of Reference for 2017 – 2018 (**ATTACHMENT 1**).
- (b) That Council endorse the nomination of Alice Sun as a member of the Ryde Youth Council Advisory Committee
- (c) That Council accepts the following resignations from the Ryde Youth Council Advisory Committee:
 - 1. Sarah Van Der Meer
 - 2. Nic Kyriazis
 - 3. Ben Kyriazis
 - 4. Dinushika Dias
 - 5. James Kim
 - 6. Krystle Jayne Ng
 - 7. Mitchell Stubbs
- (d) That Council approve the commencement of an expression of interest process to seek further nominations to the Ryde Youth Council.

Record of the Voting:

For the Motion: Unanimous

ITEM 1 (continued)

ATTACHMENT 1

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

6 REPORTS DUE TO COUNCIL

RECOMMENDATION: (Moved by Councillors Perram and Stott)

That the report on Outstanding Council Reports be endorsed.

Record of the Voting:

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

CLOSED SESSION

ITEM 7 - ADVICE ON COURT ACTIONS

Confidential

This item is classified CONFIDENTIAL under Section 10A(2) of the Local Government Act, 1993, which permits the meeting to be closed to the public for business relating to the following: (g) advice concerning litigation, or advice as comprises a discussion of this matter, that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege.

RESOLUTION: (Moved by Councillors Laxale and Stott)

That the Committee resolve into Closed Session to consider the above matters.

Record of the Voting:

For the Motion: Unanimous

Note: The Committee closed the meeting at 5.17pm. The public and media left the chamber.

ITEM 1 (continued)

ATTACHMENT 1

7 ADVICE ON COURT ACTIONS

RECOMMENDATION: (Moved by Councillors Stott and Laxale)

That the report of the General Counsel be received.

Record of the Voting:

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 MARCH 2017** in accordance with the Finance and Governance Committee Terms of Reference in Council's Code of Meeting Practice.

OPEN SESSION

RESOLUTION: (Moved by Councillors Stott and Laxale)

That the Committee resolve itself into open Council.

Record for the Voting:

For the Motion: Unanimous

Note: Open Council resumed at 5.36pm.

The meeting closed at 5.36pm.

CONFIRMED THIS 18TH DAY OF APRIL 2017.

Chairperson

2 INVESTMENT REPORT - March 2017

Report prepared by: Acting Chief Financial Officer
File No.: FIM/07/6/4 - BP17/341

REPORT SUMMARY

This report details Council's performance of its investment portfolio for March 2017 and compares it against key benchmarks. The report includes the estimated market valuation of Council's investment portfolio, loan liabilities, and an update on Council's legal action against various parties.

Council's financial year to date return is 3.02%, which is 1.19% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$4.1M, \$309K above revised budget projections. A budget adjustment as part of the 2017 March Quarterly Budget Review will bring to account this additional income.

RECOMMENDATION:

That Council endorse the Investment Report – March 2017.

ATTACHMENTS

1 P09 Investment Report - March 2017 Attachment

Report Prepared By:

Jifeng Huang
Acting Chief Financial Officer

Report Approved By:

Steven Kludass
Acting Director - Corporate and Organisational Support Services

ITEM 2 (continued)

Discussion

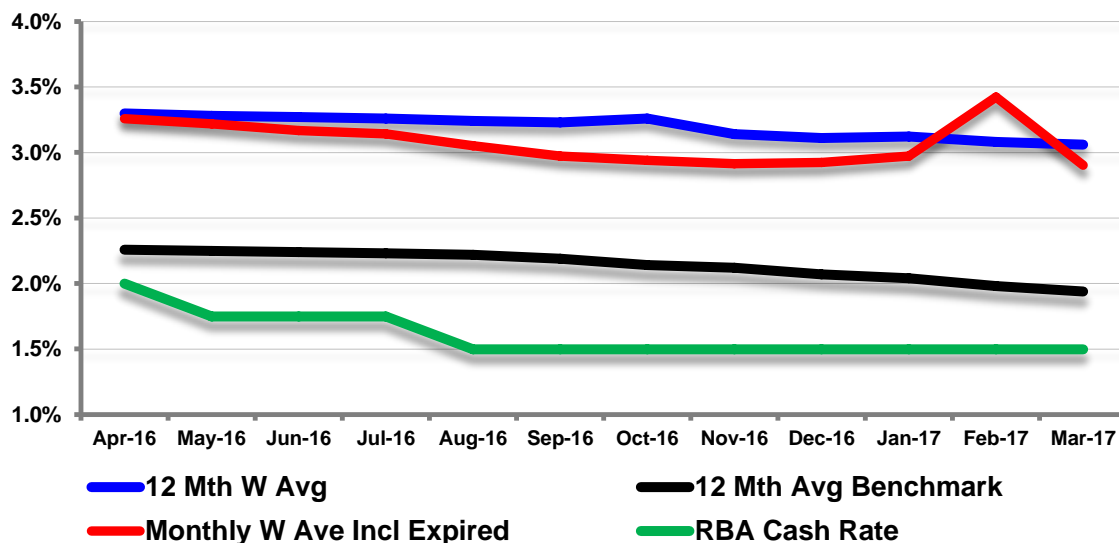
Council's Responsible Accounting Officer, is required to report monthly on Council's Investment Portfolio and certify that the Investments are held in accordance with Council's Investment Policy and Section 625 of the Local Government Act.

Investment Performance Commentary

Council's performance against the benchmark for returns of its investment portfolio for March 2017 and the past 12 months are as follows:

	Mar	12 Mth	FYTD
Council Return	2.90	3.06	3.02
Benchmark	1.78	1.94	1.83
Variance	1.12	1.12	1.19

Performance - All Investments



Council's investment portfolio as at 31 March 2017 was as follows:

Cash/Term Deposits	\$130.1M	68.8%
Floating Rate Notes	\$48.1M	25.4%
Fixed Bonds	\$11.0M	5.8%
Total Cash Investments	\$189.2M	
Investment Properties	\$141.4M	
Total Investments	\$330.6M	

ITEM 2 (continued)

Council's investment properties, updated as at 30 June 2016, are shown in **ATTACHMENT 1**.

The valuations listed have been undertaken in accordance with the revaluation process to 'best use' by an independent valuer, in compliance with the Australian Accounting Standards.

Council continues to utilise the Federal Government's current guarantee (\$250K) investing in Term Deposits with a range of Authorised Deposit Taking Institutions (ADI's) on short to medium term investments (generally 30 days to 180 days maturity) where more competitive rates are available.

Whilst Council has moved some of its investment portfolio out to longer terms, to lock in future returns, it should be noted that there is approximately \$83 million of Council's funds held in Internal Reserves.

Should Council consider utilising its Internal Reserves, this will have a direct impact on the amount of investment income that will be realised and will require a reduction in the future projected investment income and will place pressure on Council to be able to maintain its current level of expenditure on capital projects or maintenance.

Council's income from investments is above the revised projections, due mainly to Council receiving more funds from Section 94 Contributions, with investment income for General Revenue remaining steady.

Legal Issues

The following update is provided in respect to Council's legal action/s.

Lehman / Grange IMP

A dividend payment of \$16,479 was paid to Council on 8 March 2017, with further distributions to be made as and when further assets are realised, with the liquidators to advise in due course.

Loan Liability

Council's loan liability as at 31 March was \$3.3 million which represents the balance of:

1. \$6.8M 15 year loan drawn down in 2004 at 90 Day BBSW + 20 basis points for the Civic Centre Redevelopment and refinancing the West Ryde Tunnel. The interest rate for this loan is reset every quarter;

ITEM 2 (continued)

There is no advantage to Council in changing the arrangements or repaying the loan earlier than planned. Council is receiving a better rate of return on its investments than it is paying in interest on this loan.

The following two loans were established under the Local Infrastructure Renewal Scheme (LIRS). Council receives a 3% interest subsidy payment from the OLG twice a year.

2. \$1.5M 10 year loan drawn down 31 January 2014 at 180 day BBSW +175 basis points for the Children's Play Implementation Plan, which was approved for an LIRS subsidy in Round 2. The interest rate for this loan is reset every six months;
3. \$1.5M 10 year loan drawn down 1 September 2014 at 4.95% for Phase 2 of the Children's Play Implementation Plan, which was approved for an LIRS subsidy in Round 3.

ITEM 2 (continued)

INVESTMENT SUMMARY AS AT 31 MARCH 2017

Issuer	Investment Name	Investment Rating	Invested at 31-Mar-17 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2016	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Westpac	1. Westpac At Call	AA-	708	0.64	0.83	0.74	0.37	708	100.00%
Westpac	2. Westpac Term Deposit	AA-	4,000	2.56	2.63	2.63	2.11	4,000	100.00%
Bank of Queensland	3. Bank of Queensland TD	A-	2,000	2.88	2.95	2.88	1.06	2,000	100.00%
CBA	4. Bankwest Term Deposit	AA-	2,000	2.63	2.72	2.66	1.06	2,000	100.00%
NAB	5. NAB Term Deposit	AA-	4,000	2.67	2.77	2.75	2.11	4,000	100.00%
Westpac	6. Westpac Term Deposit	AA-	4,000	3.55	3.55	3.55	2.11	4,000	100.00%
NAB	7. NAB Term Deposit	AA-	2,000	2.85	2.86	2.85	1.06	2,000	100.00%
AMP	8. AMP TD	A	1,000	3.00	2.98	3.00	0.53	1,000	100.00%
MyState Bank	9. MyState Bank TD	BBB+	1,000	2.62	2.92	2.90	0.53	1,000	100.00%
NAB	10. NAB Term Deposit	AA-	2,000	2.70	2.88	2.79	1.06	2,000	100.00%
CBA	11. Bankwest Term Deposit	AA-	2,000	2.53	2.71	2.64	1.06	2,000	100.00%
CBA	12. Bankwest TD	AA-	1,000	2.53	2.63	2.53	0.53	1,000	100.00%
CBA	13. Bankwest TD	AA-	2,000	2.53	2.86	2.53	1.06	2,000	100.00%
NAB	14. NAB Term Deposit	AA-	2,000	2.65	2.76	2.65	1.06	2,000	100.00%
Defence Bank	15. Defence Bank TD	BBB+	1,000	3.10	3.10	3.10	0.53	1,000	100.00%
QBank	16. Qbank	BBB	1,000	3.00	3.00	3.00	0.53	1,000	100.00%
Bendigo and Adelaide Bank	17. Bendigo Bank TD	A-	1,000	2.80	2.76	2.78	0.53	1,000	100.00%
Hunter United Credit Union	18. Hunter United Credit Union TD	Unrated	1,000	2.82	2.85	2.86	0.53	1,000	100.00%
CUA	19. Credit Union Australia TD	BBB+	1,000	2.75	3.07	3.06	0.53	1,000	100.00%
Peoples Choice CU	20. Peoples Choice CU	BBB+	1,000	2.80	2.95	2.92	0.53	1,000	100.00%
Australian Defence Credit Union	21. Australian Military Bank	Unrated	1,000	2.76	2.76	2.76	0.53	1,000	100.00%
Banana Coast CU	22. Bananacoast CU TD	Unrated	500	2.70	3.00	2.97	0.26	500	100.00%
CBA	23. Bankwest Term Deposit	AA-	2,000	2.62	2.74	2.64	1.06	2,000	100.00%
IMB	24. IMB TD	BBB+	1,000	2.62	2.77	2.75	0.53	1,000	100.00%
Auswide Bank	25. Auswide Bank TD	BBB	1,000	2.82	2.93	2.91	0.53	1,000	100.00%
Maitland Mutual	26. Maitland Mutual Bldg Soc TD	Unrated	1,000	2.95	3.00	2.98	0.53	1,000	100.00%
AMP	27. AMP Business Saver	A	1,020	2.07	2.18	2.10	0.54	1,020	100.00%
Newcastle Perm Bldg Soc	28. Newcastle Perm Bldg Soc	BBB+	1,000	3.10	3.08	3.10	0.53	1,000	100.00%
Greater Bldg Soc	29. Greater Bldg Soc TD	BBB	1,000	3.00	2.99	3.00	0.53	1,000	100.00%
Police CU (SA)	30. Police CU - SA	Unrated	1,000	2.77	3.08	3.07	0.53	1,000	100.00%
AMP	31. AMP TD	A	1,000	2.77	2.84	2.83	0.53	1,000	100.00%
CBA	32. CBA TD	AA-	1,000	4.15	4.15	4.15	0.53	1,000	100.00%
Heritage Bank	33. Heritage Bank	A-	1,000	2.52	3.20	3.19	0.53	1,000	100.00%
CBA	34. CBA TD	AA-	2,000	2.56	2.65	2.59	1.06	2,000	100.00%
Rabobank	35. Rabodirect At-call	AA	5	1.79	1.94	1.85	0.00	5	100.00%
Me Bank	36. ME Bank At Call Account	BBB	826	1.77	2.07	1.97	0.44	826	100.00%
Macquarie Bank	37. Macquarie Bank TD	A	500	6.50	6.50	6.50	0.26	500	100.00%
Bendigo and Adelaide Bank	38. Delphi Bank TD	Unrated	250	6.05	6.05	6.05	0.13	250	100.00%
Bendigo and Adelaide Bank	39. Rural Bank TD	A-	2,000	2.70	2.87	2.85	1.06	2,000	100.00%
Bank of Queensland	40. Bank of Queensland TD	A-	1,000	5.15	5.15	5.15	0.53	1,000	100.00%
Bank of Queensland	41. Bank of Queensland TD	A-	2,000	2.72	2.89	2.81	1.06	2,000	100.00%
BoQ Specialist	42. BoQ Specialist	BBB+	250	6.15	6.15	6.15	0.13	250	100.00%
ING	43. ING Floating Rate TD	A-	1,000	4.15	4.28	4.17	0.53	1,000	100.00%
Bank of Queensland	44. Bank of Queensland TD	A-	2,000	3.55	3.55	3.55	1.06	2,000	100.00%
NAB	45. NAB TD	AA-	4,000	2.80	2.81	2.80	2.11	4,000	100.00%
Me Bank	46. ME Bank TD	BBB+	1,000	2.66	3.00	2.98	0.53	1,000	100.00%
Bendigo and Adelaide Bank	47. Bendigo Bank TD	A-	1,000	2.80	2.82	2.81	0.53	1,000	100.00%
Bendigo and Adelaide Bank	48. Bendigo & Adelaide Bank FRN	A-	1,000	3.01	3.12	3.03	0.53	1,001	100.09%
CBA	49. CBA TD	AA-	1,000	3.75	3.75	3.75	0.53	1,001	100.09%
NAB	50. NAB TD	AA-	1,000	2.72	2.74	2.73	0.53	1,000	100.00%
NAB	51. NAB Term Deposit	AA-	2,000	2.80	2.84	2.80	1.06	2,000	100.00%
NAB	52. NAB Term Deposit	AA-	2,000	2.74	2.76	2.74	1.06	2,000	100.00%
AMP	53. AMP Term Deposit	A+	2,000	2.96	3.27	3.26	1.06	2,000	100.00%
Bank of Queensland	54. Bank of Queensland TD	A-	2,000	3.75	3.75	3.75	1.06	2,000	100.00%
NAB	55. NAB TD	AA-	2,000	2.57	2.93	2.57	1.06	2,000	100.00%

ITEM 2 (continued)

Issuer	Investment Name	Investment Rating	Invested at 31-Mar-17 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2016	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Bendigo and Adelaide Bank	56. Bendigo and Adelaide Bank FRN	A-	2,000	3.08	3.19	3.10	1.06	2,017	100.87%
Newcastle Perm Bldg Soc	57. Newcastle Perm Bldg Soc	BBB+	1,000	3.03	3.03	3.03	0.53	1,008	100.81%
Banana Coast CU	58. Bananacoast CU TD	Unrated	1,000	2.80	2.85	2.80	0.53	1,000	100.00%
Bank of Queensland	59. Bankwest TD	AA-	1,000	2.62	2.60	2.60	0.53	1,000	100.00%
Bank of Queensland	60. Bank of Queensland FRN	A-	1,000	2.82	2.97	2.85	0.53	1,004	100.35%
AMP	61. AMP Notice Account	A+	1,079	2.18	2.33	2.25	0.57	1,079	100.00%
NAB	62. NAB TD	AA-	2,000	2.75	2.82	2.77	1.06	2,006	100.29%
Police Bank	63. Police Bank FRN	BBB+	1,000	2.92	3.02	2.93	0.53	1,001	100.06%
Newcastle Perm Bldg Soc	64. Newcastle Perm Bldg Soc TD	BBB+	1,000	3.50	3.50	3.50	0.53	1,000	100.00%
Bendigo and Adelaide Bank CUA	65. Bendigo Bank TD	A-	2,000	2.70	2.74	2.72	1.06	2,001	100.06%
Newcastle Perm Bldg Soc	66. CUA TD	BBB+	1,000	2.81	3.01	3.00	0.53	1,000	100.00%
P&N Bank	67. Newcastle Perm Bldg Soc	BBB+	1,000	2.77	2.78	2.80	0.53	1,000	100.00%
ANZ	68. P&N Bank	BBB	1,000	3.17	3.17	3.17	0.53	1,000	100.00%
Me Bank	69. ANZ FRN	AA-	2,000	2.65	2.76	2.67	1.06	2,009	100.43%
NAB	70. ME Bank FRN	BBB+	2,000	2.81	2.91	2.82	1.06	2,002	100.12%
CBA	71. NAB TD	AA-	2,000	2.70	2.70	2.70	1.06	2,000	100.00%
Bendigo and Adelaide Bank	72. Bankwest TD	AA-	2,000	2.53	2.78	2.63	1.06	2,002	100.09%
QT Mutual Bank	73. Rural Bank TD	A-	2,000	2.65	2.76	2.65	1.06	2,000	100.00%
Teachers Mutual Bank	74. Queensland Teachers Mutual Bank FRN	BBB+	1,000	2.87	3.02	2.91	0.53	1,001	100.14%
Auswide Bank	75. Teachers Mutual Bank	BBB+	1,000	2.87	3.00	2.89	0.53	1,001	100.13%
MyState Bank	76. Auswide Bank TD	BBB	1,000	2.70	2.70	2.70	0.53	1,001	100.10%
CBA	77. MyState Bank TD	BBB+	1,000	2.87	2.94	2.88	0.53	1,000	100.00%
CBA	78. Bankwest TD	AA-	4,000	2.57	2.57	2.57	2.11	4,000	100.00%
CBA	79. Bankwest TD	AA-	2,000	2.53	2.81	2.70	1.06	2,000	100.00%
Westpac	80. Westpac FRN	AA-	2,000	2.71	2.88	2.77	1.06	2,014	100.68%
Macquarie Bank	81. Macquarie Bank FRN	A	750	2.92	3.04	2.94	0.40	753	100.42%
Newcastle Perm Bldg Soc	82. Newcastle Perm Bldg Soc FRN	BBB+	1,000	3.17	3.33	3.22	0.53	1,000	99.97%
Heritage Bank	83. Heritage Bank FRN	BBB+	1,000	2.95	3.06	2.98	0.53	1,001	100.06%
Bendigo and Adelaide Bank	84. Bendigo Bank TD	A-	2,000	3.05	3.05	3.05	1.06	1,997	99.86%
CBA	85. CBA FRN	AA-	2,000	2.71	2.90	2.79	1.06	2,011	100.57%
Westpac	86. Westpac FRN	AA-	1,000	2.70	2.85	2.76	0.53	1,007	100.67%
CBA	87. CBA TD	AA-	2,000	2.71	2.66	2.60	1.06	2,009	100.44%
Bendigo and Adelaide Bank	88. Bendigo Bank FRN	A-	1,000	2.92	3.02	2.93	0.53	1,004	100.35%
NAB	89. NAB TD	AA-	2,000	2.75	2.90	2.83	1.06	2,000	100.00%
NAB	90. NAB Snr FRN	AA-	3,981	2.78	2.91	2.80	2.10	4,010	100.24%
CBA	91. CBA FRN	CBA	2,000	2.58	2.77	2.66	1.06	2,009	100.43%
Suncorp-Metway	92. Suncorp FRN	A+	800	3.06	3.25	3.14	0.42	809	101.12%
NAB	93. NAB FRN	AA+	2,000	2.88	3.00	2.92	1.06	2,022	101.10%
ANZ	94. ANZ Floating TD	AA-	4,000	3.31	3.42	3.34	2.11	4,047	101.18%
AMP	95. AMP FRN	A+	1,600	2.92	3.07	2.96	0.85	1,608	100.49%
CBA	96. CBA TD	AA-	2,000	2.74	2.78	2.73	1.06	2,000	100.00%
ANZ	97. ANZ Flexi TD	AA-	4,000	3.28	3.44	3.32	2.11	4,017	100.42%
CBA	98. CBA FRN	AA-	1,985	2.98	3.16	3.05	1.05	2,011	100.57%
CUA	99. CUA FRN	BBB+	2,000	3.45	3.59	3.48	1.06	2,008	100.39%
Newcastle Perm Bldg Soc	100. NPBS FRN	BBB+	1,000	3.43	3.59	3.48	0.53	1,008	100.84%
ANZ	101. ANZ FRN	AA-	4,000	2.99	3.15	3.05	2.11	4,058	101.45%
NAB	102. NAB Fixed Bond	AA-	2,986	3.16	3.12	3.12	1.58	3,002	100.08%
CBA	103. Bankwest 11am Account	AA-	1,003	2.02	2.08	2.05	0.53	1,016	101.26%
Westpac	104. Westpac MTN	AA-	3,991	3.19	3.18	3.18	2.11	4,019	100.47%
Suncorp-Metway	105. Suncorp FRN (Covered)	AAA	4,000	2.93	2.97	2.97	2.11	4,024	100.60%
Newcastle Perm Bldg Soc	106. Newcastle Perm Bldg Soc FRN	BBB+	994	3.41	3.45	3.45	0.53	1,000	99.97%
ANZ	107. ANZ Fixed Bond	AA-	3,985	2.92	2.90	2.90	2.11	3,951	98.77%
Defence Bank	108. Defence Bank TD	BBB+	1,000	2.85	2.85	2.85	0.53	999	99.86%
Bendigo and Adelaide Bank	109. Bendigo and Adelaide Bank TD	A-	2,000	2.70	2.70	2.70	1.06	1,967	98.37%
Me Bank	110. ME Bank FRN	BBB+	1,001	3.22	3.20	3.20	0.53	1,004	100.44%
Westpac	111. WBC Floating TD	AA-	4,000	3.01	3.01	3.01	2.11	4,000	100.00%
Greater Bldg Soc	112. Greater Building Society FRN	BBB	1,000	3.27	3.27	3.27	0.53	1,001	100.14%
Banana Coast CU	113. Bananacoast CU TD	Unrated	1,000	2.95	2.95	2.95	0.53	1,000	100.00%
CUA	114. CUA FRN	BBB+	2,000	3.13	3.13	3.13	1.06	2,000	100.00%
			189,214	2.90	2.97	2.92	100	189,578	

ITEM 2 (continued)

*Monthly returns when annualised can appear to exaggerate performance

**Market valuations are indicative prices only, and do not necessarily reflect the price at which a transaction could be entered into.

Return including Matured/Traded Investments

Weighted Average Return

Benchmark Return: AusBond Bank Bill Index (%)

Variance From Benchmark (%)

<u>Mar</u>	<u>12 Mth</u>	<u>FYTD</u>
2.90	3.06	3.02
1.78	1.94	1.83
1.12	1.12	1.19

Investment Income

	\$000's
This Period	487
Financial Year To Date	4,109
Budget Profile	3,800
Variance from Budget - \$	309

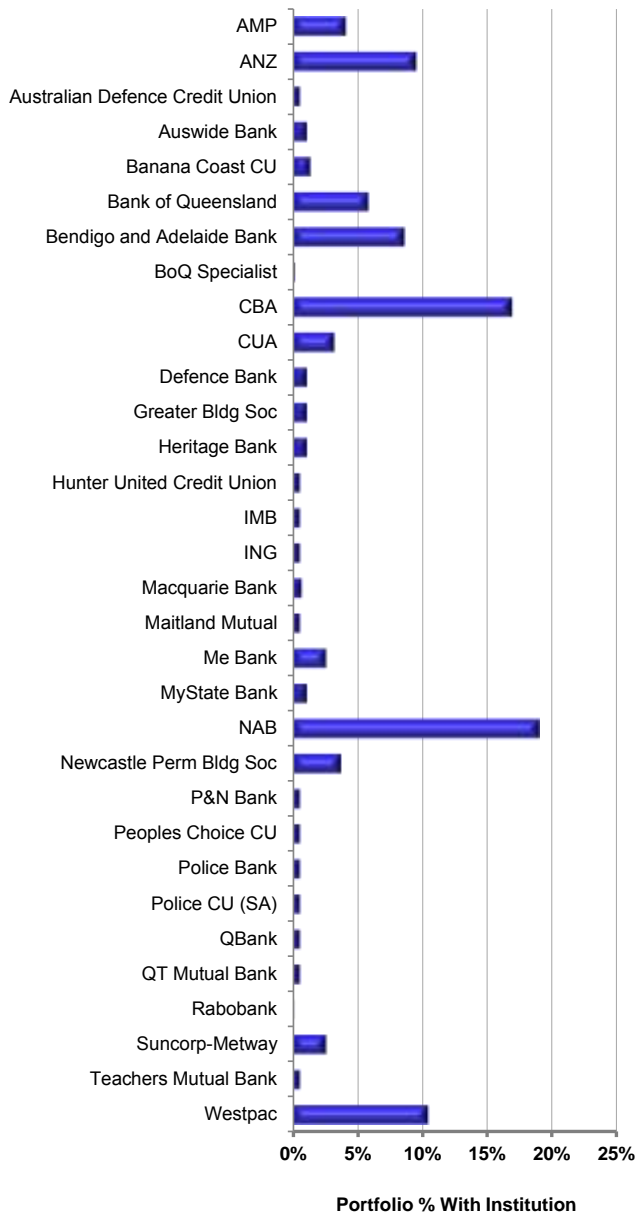
Analysis of investments

The following graphs show analysis of the total cash investments by:

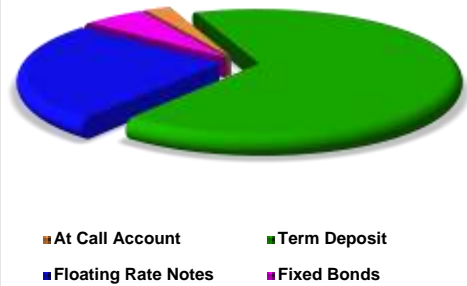
- Type of investment
- Institution
- Duration
- Rating

ITEM 2 (continued)

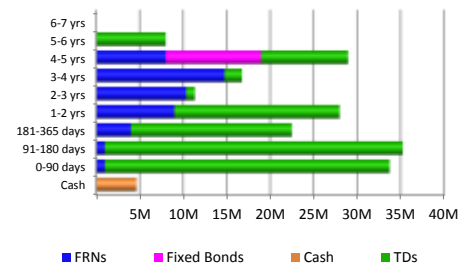
Active Investment by Institution



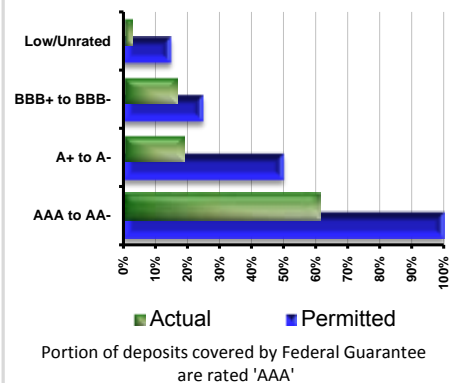
Summary by Investment Type



Summary by Duration

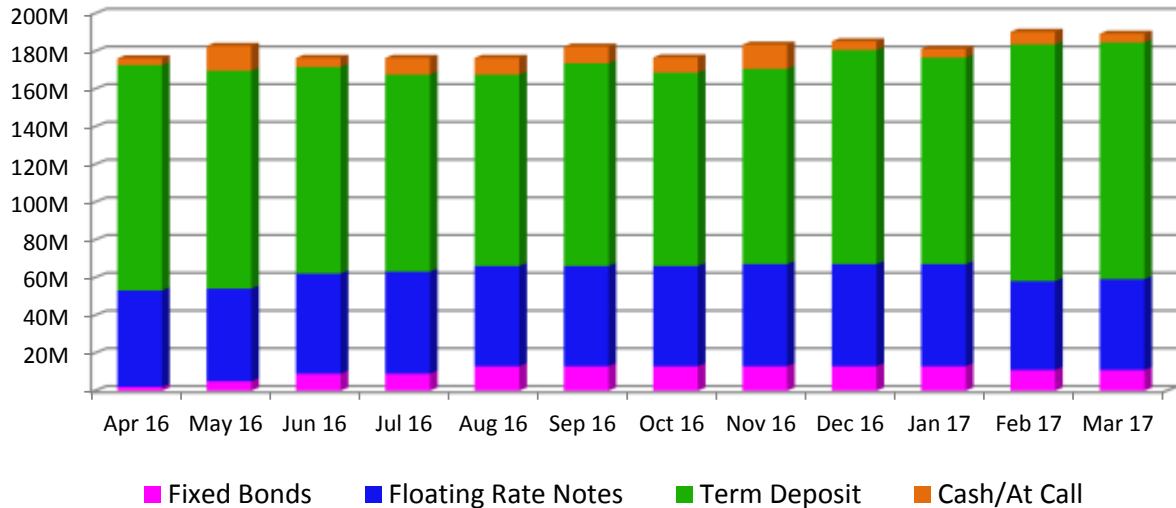


Investment Summary by Rating



ITEM 2 (continued)

Total Funds Invested



Financial Implications

Income from interest on investments and proceeds from sales of investments totals \$4.1M, being \$309K above revised budget projections (noting that an adjustment of \$800K was made in the December Quarterly Budget Review). The increase in interest is due mainly to Council receiving significantly more funds from Section 94 contributions than anticipated. Interest earned on Section 94 contributions is restricted to Section 94 Reserves.

Summary

Council's financial year to date return is 3.02%, which is 1.19% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$4.1M and continues to exceed budget expectations. An adjustment will be made in the 2017 March Quarterly Budget Review to bring the additional income to account.

The recommendation in this report is consistent with Section 625 of the Local Government Act, which deals with the investment of surplus funds by Councils.

Certificate of the Acting Chief Financial Officer (Responsible Accounting Officer)

I certify that as at the date of this report, the investments listed have been made and are held in compliance with Council's Investment Policy and applicable legislation.

Jifeng Huang
Acting Chief Financial Officer

ITEM 2 (continued)

ATTACHMENT 1

Council's Property Investment Portfolio

The following properties were held as part of Council's Property Investment portfolio;

Property	\$' M
1A Station St, West Ryde	0.90
2 Dickson Ave, West Ryde	1.10
8 Chatham Rd, West Ryde	1.37
202 Rowe Street, Eastwood	3.09
226 Victoria Rd, Gladesville	0.35
7 Anthony Road, West Ryde	5.10
7 Coulter Street, Coulter St Car Park, Gladesville	21.88
6-12 Glen Street, Glen Street Car Park, Eastwood	35.52
2 Pittwater Road, John Wilson Car Park, Gladesville	8.30
150 Coxs Road, Cox Rd Car Park, North Ryde	1.45
33-35 Blaxland Road, Argyle Centre, Ryde	5.45
19-21 Church Street and 16 Devlin Street, Ryde	10.63
6 Reserve Street, West Ryde	3.55
Herring Road Air Space Rights	0.50
741-747 Victoria Road, Ryde (Battery World)	7.06
53-71 Rowe Street, Eastwood	6.90
Total Investment Properties as per the Financial Statements	113.16
1 Constitution Road, Operations Centre, Ryde ⁽¹⁾	28.25
PROPERTIES HELD FOR RE-SALE	141.41

(1) The value for this is currently held in Non-Current Assets in Note 9, and once vacated by Council; it will be transferred to Investment Properties within the Financial Statements.

(2) The above figures refer to the land only as valued at "best use", and do not include the value of any structures.

Benchmark

The Bloomberg Ausbond Bank Bill index is constructed as a benchmark to represent the performance of a passively managed short-term money market portfolio. It comprises thirteen Bank Bills of equal face value, each with a maturity seven days apart. The average term to maturity is approximately 45 days.

A Bank Bill is a non-interest bearing security issued by a bank whereby the bank takes on an obligation to pay an investor a fixed amount (face value) at a fixed future date. It is sold to an investor at a discount to the face value. Bank Bills are short-term money market investments with maturities usually between 30 days and 180 days.

ITEM 2 (continued)

ATTACHMENT 1

Types of Investments

The following are the types of investments held by Council:

At Call refers to funds held at a financial institution, and can be recalled by Council either same day or on an overnight basis.

A Floating Rate Note (FRN) is a debt security issued by a company with a variable interest rate. This can either be issued as Certificates of Deposit (CD) or as Medium Term Notes (MTN). The interest rate can be either fixed or floating, where the adjustments to the interest rate are usually made quarterly and are tied to a certain money market index such as the Bank Bill Swap Rate.

A Fixed Rate Bond is a debt security issued by a company with a fixed interest rate over the term of the bond.

Credit Rating Information

Credit ratings are generally a statement as to an institution's credit quality. Ratings ranging from AAA to BBB- (long term) are considered investment grade.

A general guide as to the meaning of each credit rating is as follows:

AAA: the best quality companies, reliable and stable

AA: quality companies, a bit higher risk than AAA

A: economic situation can affect finance

BBB: medium class companies, which are satisfactory at the moment

BB: more prone to changes in the economy

B: financial situation varies noticeably

CCC: currently vulnerable and dependent on favourable economic conditions to meet its commitments

CC: highly vulnerable, very speculative bonds

C: highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations

D: has defaulted on obligations and it is believed that it will generally default on most or all obligations

Note: Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

ITEM 2 (continued)

ATTACHMENT 1

Council's Investment Powers

Council's investment powers are regulated by Section 625 of the Local Government Act, which states:

- (1) A council may invest money that is not, for the time being, required by the council for any other purpose.
- (2) Money may be invested only in a form of investment notified by order of the Minister published in the Gazette.
- (3) An order of the Minister notifying a form of investment for the purposes of this section must not be made without the approval of the Treasurer.
- (4) The acquisition, in accordance with section 358, of a controlling interest in a corporation or an entity within the meaning of that section is not an investment for the purposes of this section.

Council's investment policy requires that all investments are to be made in accordance with;

- Local Government Act 1993 - Section 625
- Local Government Act 1993 - Order (of the Minister) dated 12 January 2011
- The Trustee Amendment (Discretionary Investments) Act 1997 – Sections 14A(2), 14C(1) & (2)
- Local Government (Financial Management) Regulation 1993
- Investment Guidelines issued by the Department of Local Government

Reserve

Please find attached transactions in the former Financial Security Reserve. Court action is taking longer than anticipated and with minimal anticipated proceeds the balance was returned to the Investment Property Reserve, from which the funds were originally taken to create this reserve.

ITEM 2 (continued)

ATTACHMENT 1

Starting Balance	8,000,000.00	10 Oct 2008
Write off Constellation	(1,000,000.00)	10 Oct 2008
Write off Rembrandt	(1,000,000.00)	10 Oct 2008
Write off Palladin	(2,000,000.00)	10 Oct 2008
Write off Alpha	(1,000,000.00)	30 Jun 2010
Write off Covent Garden	(2,000,000.00)	30 Jun 2010
Write off Oasis	(1,000,000.00)	30 Jun 2010
FY2009 and FY2010		
Interest Payments		
Default of Constellation - Residual	21,615.62	10 Oct 2008
Default of Palladin - Residual	-	28 Oct 2008
Default of Rembrandt - Residual	68,393.78	27 Oct 2008
FY2010		
Interest Payments	50,334.01	
FY2011		
Starting balance 1 July 2010	140,343.41	
Sale of Flinders	301,000.00	12 Aug 2010
Quartz Maturity	209,626.75	20 Oct 2010
Sale of Glenelg	160,000.00	29 Dec 2010
Interest on Grange IMP Sept	31,561.37	
Interest on Grange IMP Dec	24,731.75	
Interest on Grange IMP Mar	10,310.63	
Interest on Grange IMP June	16,092.08	
Interest on Oasis	81,758.10	
Interest on Alpha	12,534.80	
Interest on Covent Garden	16,521.58	
Default of Covent Garden	-	29 Mar 2011
Closing balance FY 2011	1,004,480.47	
FY2012		
Interest on Oasis	42,942.41	
Interest on Alpha	4,837.56	
Interest on Grange IMP Sept	9,862.09	
Interest on Grange IMP Dec	129.02	
Maturity of Alpha	1,001,974.90	20 Mar 2012
Interest on Grange IMP March	123.38	
Closing Balance FY 2012	2,064,349.83	
FY2013		
Interest on Oasis FY2013	20,215.91	
Sale of Oasis	219,266.42	23 Jan 2013
Grange Settlement -Beryl	559,966.39	25 Feb 2013
Grange Settlement -Zircon	192,383.73	25 Feb 2013
Rembrandt Settlement	381,695.85	04 Apr 2013
Closing Balance FY 2013	3,437,878.13	
FY2016		
Lehman 1st Dividend	39,365.19	11-Sep-15
CBA Settlement (Oasis)	836,436.27	18 Dec 2015
LGFS Payment Matter Settlement	1,835.50	14 Jan 2016
S&P Settlement	413,956.71	27 May 2016
S&P Settlement	46,773.09	30 Jun 2016
Lehmans Distribution	409,425.81	01 Jul 2016
Closing Balance FY2016	5,185,670.70	
Tfer to Investment Property Reserve	(5,185,670.70)	
FY2017		
Lehman Second Interim Dividend	16,479.00	8-Mar-17
Closing Balance FY2017	16,479.00	

**3 DRAFT 2017/2021 FOUR YEAR DELIVERY PLAN INCLUDING DRAFT
2017/2018 ONE YEAR OPERATIONAL PLAN**

Report prepared by: Acting Chief Financial Officer
File No.: FIM/07/6/2/7/5 - BP17/294

REPORT SUMMARY

This report presents the Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018 for Council's consideration and endorsement for the Draft Plans to be placed on Public Exhibition for the period 2 May 2017 to 30 May 2017 to allow community consultation to be undertaken and submissions to be invited from the general community. All submissions received will be referred back to Council for its consideration at the meeting of 20 June 2017.

RECOMMENDATION:

- (a) That Council, pursuant to Sections 404 and 405 of the Local Government Act 1993, endorse the document titled "Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018", inclusive of the 2017/2018 Draft Budget, Fees and Charges and Capital Works Program and as detailed in this report.
- (b) That the Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018 be publicly exhibited for a period of not less than 28 days from 2 May 2017 to 30 May 2017.
- (c) That following the public exhibition period detailed in part (b), Council consider all public submissions at its meeting to be held on Tuesday, 20 June 2017 prior to formally adopting its Four-Year Delivery Plan 2017/2021 including the One-Year Operational Plan 2017/2018.

ATTACHMENTS

- 1 Draft Delivery Plan 2017-2021 - CIRCULATED UNDER SEPARATE COVER**

Report Prepared By:

Jifeng Huang
Acting Chief Financial Officer

Report Approved By:

Steven Kludass
Acting Director - Corporate and Organisational Support Services

ITEM 3 (continued)

Legislation

Under Sections 404 and 405 of the Local Government Act, Council is required to prepare a Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018, which details the delivery program in respect to the Council's activities for at least the next four year period, including Council's revenue policy for the 2017/2018 financial year. Council has prepared its Draft Plans for four years with a projected Capital Works Program and consolidated Income and Expenditure Estimates for the years 2017/2018 to 2020/2021 inclusive.

The Local Government Act requires that the Draft Plans be exhibited for a period of at least 28 days, during which time the public can make submissions on any aspect of the Draft Plans. These submissions must be considered by Council before the Draft Plans are adopted.

It is proposed for the Draft Plans to be exhibited from 2 May 2017 to 30 May 2017. All submissions received will be referred to Council for its consideration in adopting the Draft Plans, which is scheduled for Council's meeting on 20 June 2017.

Ryde 2025 Community Strategic Plan

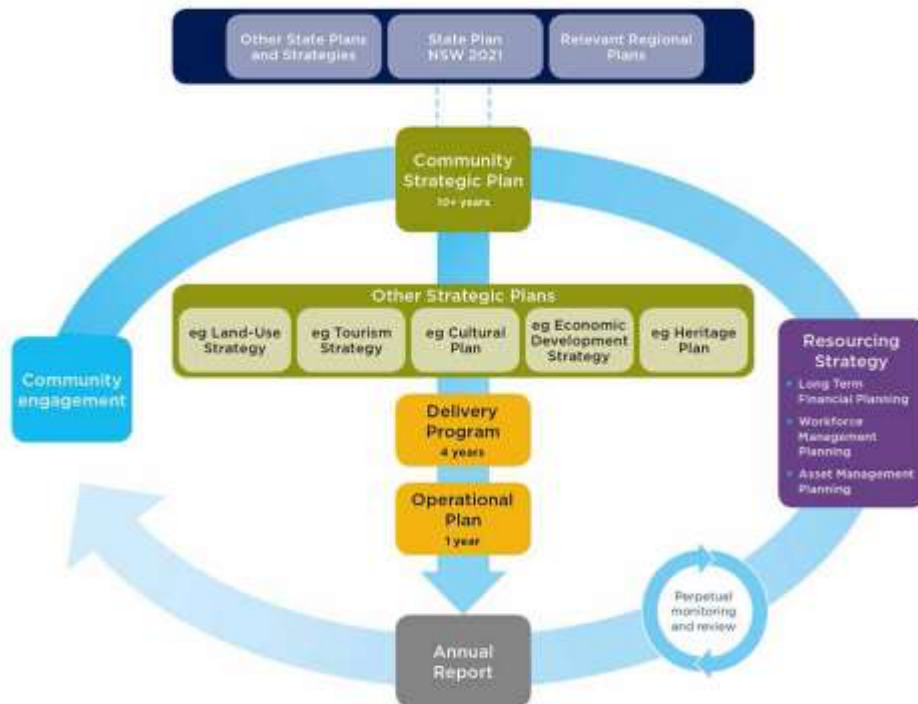
In formulating the Draft Plans, consideration has been given to Council's adopted Ryde 2025 Community Strategic Plan. A summary of the proposed expenditure allocations for each of the Outcome areas in the Draft Four-Year Delivery Plan 2017/2021, are detailed below: (Note: figures are aggregated over the 4 years).

Outcome	Base \$m	Projects \$m	Total \$m
A City of Connections	72.0	66.8	138.8
A City of Environmental Sensitivity	105.3	22.9	128.2
A City of Harmony & Culture	27.1	2.7	29.8
A City of Liveable Neighbourhoods	40.5	4.2	44.7
A City of Progressive Leadership	128.1	40.4	168.5
A City of Prosperity	6.1	9.1	15.2
A City of Well Being	79.5	27.4	106.9
Total	458.6	173.5	632.1

The Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018 has been prepared in alignment with the Ryde 2025 Community Strategic Plan and provides details on the projects to be delivered within each Outcome area and Program area.

ITEM 3 (continued)

The diagram below shows the relationship between the Community Strategic Plan, the Four-Year Delivery Plan and the Operational Plan:



Projected Working Capital

As reported to Council in the Quarterly Reviews of the existing adopted Four-Year Delivery Plan 2016/2020 including One-Year Operational Plan 2016/2017, Council is well on track with the 2016/2017 budget. The 2016/2017 approved budget forecasts a Working Capital of \$4.45 million as at 30 June 2017 which is a significant improvement on historical budgeted forecasts.

In preparing the Draft Plans, the 2017/2018 Draft Budget has been formulated by Council increasing its total rate income by the Minister for Local Government's approved rate increase of 7%, including the 1.5% rate cap for 2017/2018. The approach in preparing the 2017/2018 Fees and Charges has been to increase the majority of Council's Fees and Charges by 2%, slightly higher than IPART's approved Local Government Cost Index of 1.47% (LGCI).

The Draft Budget is proposed to increase Working Capital by \$0.93 million and the Working Capital is projected to be \$5.38 million as at 30 June 2018. This is an excellent outcome and continues the trend of Council's solid financial performance in recent years.

ITEM 3 (continued)

Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018

A copy of the Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018 is **ATTACHED - CIRCULATED UNDER SEPARATE COVER**.

The Draft Delivery and Operational Plans provide a comprehensive overview of the City of Ryde and its direction, detailing key projects (Capital and Non-Capital) and initiatives to be undertaken over the next four years with a specific focus for the 2017/2018 year. Also included in the document are Council's 2017/2018 Draft Budget and Fees and Charges.

In summary the Draft Plans provide the following information:

- Overview of the City's directions and priorities
- Outcomes by Program (including details of Projects for 2017/2018)
- Projects by Program (for the next four years)
- Budget Overview
- Revenue Policy (including Rating Policy)

Rates

For the City of Ryde, Council's rate yield for 2017/2018 will increase by the approved SRV, which was 7% inclusive of the rate peg amount. For 2017/2018, the Minister for Local Government has approved a rate peg around of 1.5%. Ordinary Rates for the 2017/18 financial year have been budgeted to increase by 1.5% above the Notional Yield estimate, in accordance with the Minister's approved rate cap increase.

The Special Rating Variation (SRV) of 7%, inclusive of the rate peg, was approved by the Minister on 19 May 2015 and the 5.5% (7% less the 1.5% rate peg) will raise \$8.48 million during 2017/18 from all rateable properties in the City of Ryde, with \$8.11 million of these funds to be used in undertaking additional asset infrastructure renewal works and the remaining \$0.37 million being used to undertake additional asset maintenance throughout the City of Ryde.

It should be noted that the 'Rates Notional Yield' calculation will be updated in June and any income changes transpiring from this calculation will be included in the report to Council on 20 June 2017.

Domestic Waste Management Charge

The Domestic Waste Management Budget has been constructed with an objective of *maintaining future Domestic Waste Management Charges (2017/18, 2018/19 and 2019/20) at 2016/17 levels*.

ITEM 3 (continued)

The reason for this is that the Domestic Waste Reserve has increased from savings emanating from the recent waste contract, therefore making it possible to 'cap' Domestic Waste Management Charges at 2016/17 levels for the next 3 years, whilst maintaining all service standards within Council's Domestic Waste Service.

Fees and Charges

The approach in preparing the 2017/2018 Fees and Charges has been to increase the majority of Council's Fees and Charges by 2%, slightly higher than IPART's Local Government Cost Index of 1.47% (LGCI). This approach has been reflected in the proposed Draft Fees and Charges as discussed in the Councillor eWorkshop with 27 new fees being proposed, 5 fees being deleted, 56 fees being amended and approximately 78 fees being slightly higher than 2%, 26 fees remaining unchanged and 1 fee lower than 2%.

In conjunction with the preparation of the 2017/18 Draft Fees and Charges, Council has undertaken an analysis of its Community Services Obligations (CSOs) as they relate to Fees and Charges. In this process, Council has established its true cost of delivering each service detailed in the Fees and Charges and this has resulted in Council estimating its CSO for services detailed in the 2017/18 Draft Fees and Charges at \$11.67 million. Council's total CSOs, including cost shifting is estimated at \$20.56 million. This information will be detailed in a separate CSO report to Council (Finance and Governance Committee of 18 April 2017).

Key Aspects of the 2017/18 Draft Operational Plan

Key aspects of the Draft Operational Plan for 2017/18 include:

- Total expenditure budget (Operating and Capital, excluding Depreciation) is \$136.99 million.
- The Operating Result before Depreciation is projected to be a surplus of \$41.81 million, including Capital Grants and Contributions.
- The Operating Result after Depreciation is projected to be a surplus of \$25.52 million, including Capital Grants and Contributions.
- The Operating Result after Depreciation and excluding Capital Grants and Contributions is projected to be a surplus of \$5.10 million. It should be noted that SRV funds collected in 2017/18 are projected to be \$8.54 million. Without these SRV funds, Council would actually be projecting an Operating Deficit of \$3.44 million.
- SRV funds totalling \$8.54 million have been earmarked for expenditure in 2017/18 to assist in the renewal of Council's ageing infrastructure assets.
- Development Contributions (Section 94) of \$20 million has been brought to account for the first time in the 2017/18 Base Budget and is the major reason why Council's Operating Result after Depreciation is projected to be a surplus of \$25.52 million.

ITEM 3 (continued)

The quantum of Development Contributions collected is primarily dependent on the prevailing development market. As Council has limited control over the timing of Development Contributions, forecast income estimates will be the subject of regular review through the quarterly budget review process with contributions being restricted to Section 94 Reserves. It should be noted that Council forecasts its anticipated expenditure that will be committed from Section 94 Reserves only after an assessment of available Section 94 funds has been undertaken.

The operating surplus (including Capital Grants and Contributions) is projected to increase from \$25.52 million in 2017/18 to \$45.70 million in 2020/21. The primary reason for this increase is the forecast increase in Development Contributions from \$20 million in 2017/18 to \$35 million in 2020/21.

Council's operational revenue will be more than sufficient to meet operational expenditure, noting that this result has been supported by Council's on going efficiency savings of \$1.9 million first achieved in 2014/2015. The additional funding provided by Council's approved Special Rating Variation (SRV) provides critical funding towards the renewal and maintenance of Council's infrastructure assets.

- The adopted 2016/17 Budget forecasts a Working Capital balance of \$4.45 million as at 30 June 2017. The projected Working Capital balance is projected to increase to \$5.38 million by 30 June 2018.
- The budget provides for 513.79 full time equivalent employees with a total headcount of 857 staff.
- Council's Debt Service Ratio was calculated at 1.57% as at 30 June 2016 and is estimated to decrease to 0.92% as at 30 June 2018.
- Council's Internally Restricted Reserves will be utilised during the 2017/21 period of the Delivery Plan, with the balance of Reserves estimated to reduce from \$80.88 million to \$56.69 million.
- Capital Expenditure in 2017/18 is budgeted at \$39.44m, funded from Council's general revenue, Reserves and external sources of income.
- In 2017/18, the City of Ryde will continue to provide significant subsidies to various community groups, sporting clubs and government organisations. Subsidies are provided by either reduced rentals on Council facilities, pensioner rate subsidies, reduced hire fees for Council facilities, grants to various organisations or sponsorship of events.
- City of Ryde will make payments/contributions to NSW Government entities totalling \$12.51 million in 2017/18.

ITEM 3 (continued)

Additional Items Requested by Council for Inclusion in the Draft Plans

At its meeting on 28 February 2017, Council resolved to allocate additional funding (Option 2) towards Morrison Bay Park Sea Wall. This resolution prompted an internal review of the Sea Walls/Retaining Walls Capital Program to incorporate refined project timeframes and cost estimates. The revised Program is outlined in the table below;

Project Name	2017/2018	2018/2019	2019/2020	2020/2021
Morrison Bay Park	1,050,000	-	-	-
Banjo Paterson Park	-	430,000	-	-
Putney Park	-	-	420,000	-
Bowden Street	-	-	-	450,000
Kissing Point Park - Foreshore protection works	-	-	-	300,000
Putney Park Design	-	20,000	-	-
Banjo Paterson Park Design	30,000	-	-	-
Bowden Street Design	-	-	30,000	-
Morrison Bay Park Stormwater Outlets	120,000	-	-	-
Total:	1,200,000	450,000	450,000	750,000

The total funding allocated to projects within the Sea Walls/Retaining Walls Capital Program over the next 4 years is now estimated at \$2.85m and is fully funded from Section 94 funds.

It is recommended that the above changes be made to the Draft Plans.

Councillors will also recall the 28 February 2017 Councillor Workshop on 'Projects' included in the 2017/18 – 2020/21 Draft Delivery Plan. At this workshop, a number of matters were raised by Councillors which required a follow up response by Management. These responses were included in a Councillor Information Bulletin dated 4 April 2017 and have been incorporated in the 2017/18 – 2020/21 Draft Delivery Plan for exhibition purposes.

Changes made to the Draft 2017/18 Budget

The changes made to the Draft 2017/2018 Budget since the eWorkshop are as follows:

- Rates and Charges increased by \$126,050 to better reflect growth forecasts
- Fees and Charges (Section 611 Statutory Annual Charges) increased by \$15,190
- Employees Costs for Base Budget increased by \$107,320 and Capital Wage allocation has been increased by \$169,860, therefore the 'net operating result' is a reduction of \$62,540 in employee costs for the 2017/18 Base Budget

ITEM 3 (continued)

- \$150,000 has been transferred to the Election Reserve to fund future Election costs
- Increase \$8,000 for Provision of Councillor Equipment as discussed at Councillor Workshop dated 28 February 2017 and in keeping with Council Policy.

Project Expenditure (Capital and Non-Capital)

A summary of Council's proposed project expenditure \$42.22 million for 2017/2018, is detailed below.

Council's proposed project expenditure by program for 2017/2018 is detailed below:

– Capital Expenditure	- \$ 39.44m
– Non-Capital Expenditure	- <u>\$ 2.78m</u>
– Total Projects	- \$ 42.22m

Program	Capital Project \$M	Non-Capital Project \$M	Total Project \$M
Catchment Program	3.71	-	3.71
Centres and Neighbourhood Program	3.01	0.50	3.51
Community and Cultural Program	0.35	0.12	0.47
Customer and Community Relations Program	-	0.03	0.03
Economic Development Program	-	0.27	0.27
Environmental Program	0.65	0.03	0.68
Foreshore Program	1.20		1.20
Governance and Civic Program	0.05	0.52	0.57
Internal Corporate Services Program	3.73	0.25	3.98
Land Use Planning Program		0.20	0.20
Library Program	0.79	-	0.79
Open Space, Sport & Recreation Program	9.95	0.29	10.24
Paths and Cycleways Program	2.00		2.00

ITEM 3 (continued)

Program	Capital Project \$M	Non-Capital Project \$M	Total Project \$M
Property Portfolio Program	0.89	-	0.89
Regulatory Program	0.25	-	0.25
Risk Management Program		0.06	0.06
Roads Program	10.58	-	10.58
Strategic City Program	-	0.25	0.25
Traffic & Transport Program	1.38	-	1.38
Waste and Recycling Program	0.90	0.26	1.16
TOTAL	39.44	2.78	42.22

Details of both the Macquarie Park Special Rate (which was approved by the Minister for Local Government for 2006/07 on an ongoing basis) and the Stormwater Management Service Charge are contained in the Revenue Policy within the Draft Plans. All of the funds raised from these sources will be dedicated for the purposes raised and will address priority work relating to the current condition of Council's infrastructure, valued at \$990 million. These works are detailed under the heading of Projects in each Program in the Draft Plans.

In summary, the Draft Plans, Draft Budget and Draft Fees and Charges for 2017/18 maintain the current level of services to the community whilst continuing to deliver a substantial Capital Works Program. As forecasted in the Draft Plans, Council's funded Capital Works Program is projected to increase over the four (4) years to a program of \$48.24 million in 2020/21.

Council's operational revenue will be sufficient to meet the operational expenditure and this will allow Council to produce an annual surplus (before Capital Income) averaging approximately \$14.4 million over the next ten years. This will assist Council in meeting its critical annual infrastructure asset renewal and maintenance requirements.

Long Term Financial Plan

As part of the budget process, the adopted Long Term Financial Plan (LTFP) and current Delivery Plan are used as the basis for the new draft Delivery Plan.

ITEM 3 (continued)

The final outcome of the new Delivery Plan is then used to update the Long Term Financial Plan to reflect any new direction of Council. Whilst steps have been taken to bring the revised LTFP to Council as a draft, along with the draft Delivery Plan, there is still work to be done by staff to finalise this document.

Therefore, the revised Long Term Financial Plan for 2017/27 will be presented to Council along with the Draft Delivery Plan at the meeting to be held on Tuesday 20 June 2017.

Councillor Workshops

The following processes and workshops were conducted with Councillors in the formulation of the Draft Plans.

- The Budget Timetable was circulated to Councillors in the Councillor Information Bulletin on 15 November 2016.
- Councillor Workshops - In the preparation of the Draft Plans, workshops have been held with Councillors as follows:
 - Rates, Fees & Charges - 14 February 2017 (eWorkshop)
 - Base Budget - 14 February 2017 (eWorkshop)
 - Projects (all) - 28 February 2017 (Workshop)
- Councillors were also requested at the commencement and during the budget process to submit their priority projects for consideration.

Timetable and Public Consultation

The following timetable is proposed in respect of Council's consideration of the Draft Four-Year Delivery Plan 2017/2021 including One-Year Operational Plan 2017/2018:

Date	Action
18 April 2017	Consideration by Council of Draft Plans for Public Exhibition.
2 May 2017	Commencement of Public Exhibition period of Draft Plans.
30 May 2017	Completion of Public Exhibition of the Draft Plans and closing date for receipt of all public submissions
20 June 2017	Consideration by Council of public submissions on Draft Plans and amendments. Draft Plans for consideration and adoption, including the setting of rates, fees and charges for 2017/2018.

ITEM 3 (continued)

Council also will be providing information to all Advisory Committees and the Ryde Business Forum that includes all Chambers of Commerce seeking feedback on the exhibition of the Draft Plans.

The following consultation / advertisement is proposed to promote Council's Draft Plans.

- Public notification in the Northern District Times of Draft Plans on 2 May 2017.
- Public exhibition of Draft Plans between 2 May 2017 and 30 May 2017.
- Draft Plans will be available for viewing during the exhibition period at Council's Customer Service Centre, Ryde Planning and Business Centre, all Libraries and on Council's website.
- Advice of the public exhibition process will be provided to all of Council's Advisory Committees and Chambers of Commerce / Progress Associations.

Merger Proposal Impact

It should be noted that this Draft Delivery Plan and Operational Plan is being presented to Council acknowledging that the Minister for Local Government may issue a Proclamation at any time. As Council is aware, the City of Ryde is proposed to be merged with Hunter's Hill and Lane Cove Councils.

In the event mergers proceed, transitional arrangements in respect of the Budgets, Fees and Charges and the rates to be levied to property owners across all 3 Councils will need to be carefully considered.

Financial Implications

The financial implications of this report have been outlined throughout the paper.

The Draft Plans maintain Council's sound financial position with a forecast Working Capital balance of \$5.38 million, whilst delivering a Capital Works Program of \$39.44 million.

Conclusion

The Draft Plans have been prepared using prudent financial management principles and assumptions. A key feature of the Draft Plans is that all existing services and service levels are, at the very least, maintained and go a long way towards advancing the aspirations as espoused in Council's Community Strategic Plan. Another key feature of the Draft Plans is the consolidation of Council's sound financial position as evidenced by the continued positive trends in our financial health indicators.

ITEM 3 (continued)

SRV funding of \$8.48 million for 2017/18 provides additional funding for renewing the City's infrastructure and will assist Council in meeting the required funding for its annual infrastructure asset renewal and maintenance. Council will have sufficient funding to continue the renewal of all assets that are rated as 'Condition 5' and many assets that are in 'Condition 4'.

4 COUNCIL'S SUBSIDIES AND DISCOUNTS IN SERVICES AS AT 30 JUNE 2016

Report prepared by: Acting Chief Financial Officer
File No.: CSG/17/1/6 - BP17/241

REPORT SUMMARY

The purpose of this report is for Council to acknowledge the levels of service subsidies and discounts it provides to the community in addition to the impacts of cost shifting from other levels of government on Council's budget.

This report also outlines a number of options (at the end of this report) that could be pursued in improving Council's Community Service Obligations (CSO's), as they pertain to fee related services. It is recommended that Option 1 be pursued, whereby CSO's are carefully examined in the context of Proposed Fees and Charges as part of the annual budget preparation process.

Following extensive work by staff over the last few years in establishing and refining the overhead allocation model to quantify both direct and indirect costs, an estimated true cost has now been established for each service associated with Council's Fees and Charges. Council's estimated Community Service Obligations (CSOs) associated with its Proposed Fees and Charges for 2017/18 is \$11.67 million.

The estimated cost from Cost Shifting was \$13.72 million for the 2015/16 year.

This report also notes that some CSOs relating to Council's Fees and Charges overlaps with the cost shifting estimate. Therefore, when adjustments for areas such as Pensioner Rebates, Public Health, Development Applications, Libraries and Immunisation are taken into account, the total for Cost Shifting costs imposed on Council combined with Community Service Obligations from services provided in the Fees and Charges, Sponsorships, Donations and Community Grants amounts to an estimated total CSO of \$20.56 million.

RECOMMENDATION:

- (a) That Council note the current estimated Community Service Obligation (CSO) provided by the City of Ryde through its Fees and Charges is \$11.67 million;
- (b) That Council note the estimated total annual Community Service Obligations (CSOs), including cost shifting costs, CSOs from Fees and Charges and other sponsorships, community grants and subsidies provided by the City of Ryde and as detailed in the report, is estimated at \$20.56 million annually.
- (c) That Council maintain the current level of Community Service Obligations across its operations for the 2017/18 financial year.

ITEM 4 (continued)

- (d) That Council endorse Option 1, as outlined in this report, with respect to improving the level of CSO's as they relate to Council's fee related services.

ATTACHMENTS

There are no attachments for this Report.

Report Prepared By:

Jifeng Huang
Acting Chief Financial Officer

Report Approved By:

Steven Kludass
Acting Director - Corporate and Organisational Support Services

ITEM 4 (continued)

Discussion

In the past year, Council staff have further refined and developed a more accurate framework of its true costs of services that are detailed in Council's Fees and Charges. This refinement incorporated more accurate direct costs, costs from the overhead allocation model, and the National Competition Policy (NCP) costs, which was included to provide Council with the true cost of the service and to enable Council to benchmark with other service providers.

The major components and steps taken in the past year to provide a more complete understanding of its true costs and CSOs was as follows:-

- The refinement of Direct Costs for each service with input from Managers on labour hours, materials, contracts and plant costs in delivering each service.
- The refinement of the Overhead Allocation model and driver details, realignment of individual cost centre accounts, to ensure indirect costs for each service are reflected accurately across all service accountabilities that are delivered by Council.

Total Cost of CSO's - \$20.56 million

Council's total cost of CSO was estimated at \$20.56 million for the 2015/16 financial year. This figure represents a total cost to Council of services delivered by the City of Ryde that (for a significant proportion) it cannot recover – such as the costs relating to cost shifting which are uncontrollable costs, imposed on Council as either contributions or where fees have been set in legislation.

The level of CSO also reflects those services controlled by Council, where Council has set a fee based on an understanding of the community's ability to pay and/or where Council is attempting to optimise participation by the community across the services provided. Council has also supported these services through donations, sponsorships and community grants.

Total Cost of Cost Shifting - \$13.72 million

The estimate for cost shifting in 2015/16 was \$13.72m, compared to \$14.32 in 2014/15. It is noted that this amount reflects the net expenditure incurred by Council as a result of cost shifting. Areas such as pensioner rate rebates, public library operations, immunisation costs and the shortfall in processing development applications are all included in this estimate and therefore needs to be deducted in the total CSO calculation to ensure they are not duplicated.

ITEM 4 (continued)

	2015/16 \$' 000	2014/15 \$' 000	Inc/(Dec) \$' 000
• Contribution to Fire and Rescue NSW	1,583	1,528	55
• Contribution to NSW State Emergency Service	182	155	27
• Pensioner rates rebates	612	623	(10)
• Public library operations	2,539	2,456	83
• Functions under			-
○ On-site sewerage	16	19	(2)
○ Companion Animals Act	207	218	(11)
○ Contaminated Land Management Act	27	26	1
○ Environment Operations Act	319	287	32
○ Noxious Weeds	16	19	(2)
○ Rural Fires Act	97	72	25
• Immigration and citizenship ceremonies	26	24	3
• Food safety regulations	383	374	9
• Educational Services (1)	106	268	(162)
• Crime Prevention/policing	26	28	(2)
• Flood mitigation	145	129	16
• Medical Services	61	55	6
• Road Safety	138	140	(2)
• Waste (2)	5,460	6,245	(784)
• Lost revenue on Crown Land	300	300	-

ITEM 4 (continued)

	2015/16 \$' 000	2014/15 \$' 000	Inc/(Dec) \$' 000
<ul style="list-style-type: none"> Shortfall on processing of development applications 	1,473	1,356	117
TOTAL	13,719	14,321	(602)

Notes:

- (1) The \$162,000 reduction in Educational Services largely relates to a redistribution of salaries and wages within the Community Services Department of Council and an individual vacancy that was not replaced during the 2015/16 financial year.
- (2) The \$784,000 reduction in Waste Charges largely reflects the significant savings Council derived from a waste-related contract negotiated in 2015.

Total Cost of CSO's for Fee related Services - \$11.67 million

From Council's comparison of estimated costs of service less the fees charged for each service, the City of Ryde's current estimated CSOs is \$11.67m compared to the prior year of \$11.35m per annum. This figure of \$11.67m represents a total cost to Council of services delivered by the City of Ryde that, for a large proportion, it cannot recover as Council fees have been set in legislation. Further, this amount also reflects those services controlled by Council, where Council has set a fee based on an understanding of the community's ability to pay and/or where Council is attempting to optimise participation by the community across the services provided.

It is interesting to note that whilst the estimated CSO will increase slightly from \$11.35m in 2016/17 to \$11.67m in 2017/18, in 'real' terms (allowing for inflation) the CSO has actually remained constant.

The National Competition Policy costs have also been included in the model to capture items such as rates, payroll tax and land tax that would be incurred if the service was competing with the private sector. This is to ensure Council can benchmark its cost of service and fees with all providers. If the NCP costs are excluded, the CSO is reduced by approximately \$0.21m to \$11.46m.

It is important to note that adjustments are necessary to avoid duplication of those areas previously addressed in the cost shifting estimate of costs. Following the deduction of duplicated costs for Pensioner rebates (\$0.61m), Public Health (\$0.38m), Development Applications (\$1.47m), Public Libraries (\$2.54m) and Immunisation (\$0.06m), the amended CSO reduces to a total of \$6.39 million.

ITEM 4 (continued)

Key areas where Council is providing a CSO to the community are as follows;

	Proposed 2017/18 \$m	Adopted 2016/17 \$m	Increase/ (Decrease) \$m
Development Assessment	7.146	6.838	0.308
Sportsground, Passive Parks & Reserves	1.714	1.542	0.172
Public Libraries	1.229	1.475	(0.246)
Ryde Aquatic Leisure Centre	0.536	0.441	0.095
Trees On Private Land	0.138	0.145	(0.007)
Nature Strip Mowing	0.061	0.061	0.000
Public Health Regulatory	0.144	0.174	(0.030)
Statutory Planning Certificates	0.121	0.108	0.013
Parking And Traffic Regulatory	0.114	0.110	0.004
Unauthorised Activity Investigation	0.102	0.095	0.007
Assessment Of LDAs For Traffic, Parking And City Works And Infrastructure	0.078	0.074	0.004
Building And Development Advisory	0.073	0.156	(0.083)
Immunisation	0.060	0.059	0.001
Community Halls And Meeting Rooms Facilities	0.050	0.047	0.003

More information on these CSO's is provided below:

Development Assessment - \$7.15 million

Comprising:

- Development Applications \$6.931m
- Applications to amend Planning Instruments
(including Planning Proposals & Rezoning) \$0.211m
- Services related to Title Encumbrances \$0.002m

The above demonstrates Council is significantly providing a substantial CSO across these services to the community and development industry. While it has been Council's decision to provide a Building, Development and Advisory Service, the majority of development fees are set by legislation. Council is required to meet State Government performance targets, whilst operating in an environment where the majority of fees are set in legislation. This issue has previously been raised in many submissions to the State Government in reducing the regulations on Councils, especially in the setting of fees.

ITEM 4 (continued)

Public Libraries - \$1.23 million

The CSO calculation highlights that \$0.94m relates to Library memberships, \$0.11m to overdue loans, and \$0.12m to user education.

It should be noted, as detailed in the cost shifting calculation, Council's overall net cost of delivering Library services to the community in 2015/16 was \$2.54m.

Ryde Aquatic Leisure Centre (RALC) - \$0.54 million

The approach taken by Council is to ensure entry to the facility is at competitive levels when benchmarked to other entry fees of other Aquatic Centres in Sydney. The RALC provides \$0.25m in CSO's for entry to the Centre plus a further \$0.08m in Visitor Passes.

Council's decision to offer free entry to pensioners equates to \$0.05m, and \$0.06m for spa/sauna steam room utilisation by pensioners.

Trees on Private Land - \$0.14 million

Tree Permit application accounts for \$0.13m of this CSO and the remaining \$0.01m is from reviews of applications. The average cost to Council of providing each Permit is \$189.74, whereas the fee charged ranges from \$68 to \$170.

Nature Strip Mowing - Eligible Pensions - \$0.06 million

Council provides this service free to eligible pensioners at an estimated CSO of \$0.06m for the current year, which remains unchanged from the previous year.

Public Health Regulatory - \$0.14 million

The estimated \$0.14m CSO is almost exclusively the cost of food inspections.

Parking and Traffic Regulatory - \$0.11 million

The key component of this CSO relates to Resident Parking Permits for First and Second Permits. The average cost to Council of issuing each Free Permit is \$47.17.

Unauthorised Activity Investigation - \$0.10 million

The CSO for providing Inspections for Swimming Pools is \$0.06m and for Unauthorised or Uncertified Work is \$0.03m.

Assessment Of LDAs For Traffic, Parking And City Works And Infrastructure - \$0.08 million

Drainage structures (including pits) incur a CSO of \$0.031m. The other CSO's relate to inter-allotment drainage \$0.007m, new road construction (including road pavement/kerb and gutter) \$0.007m, common driveways \$0.006m and Traffic Management Plans \$0.005m.

ITEM 4 (continued)

Building And Development Advisory - \$0.07 million

Land Information Services for provision of proposed property addresses incurs a CSO of \$0.033m and \$0.024m for Certificates.

Community Halls and Meeting Room Facilities – \$0.050 million

The CSO relating to Council's Halls and Meeting Rooms is estimated at \$0.050m.

Immunisation - \$0.060 million

Whilst this service receives an annual subsidy to cover the nurse's costs in undertaking the immunisation of children, the service has consistently run at a net cost to Council.

The estimated CSO is \$0.060m per annum with the Net Cost and Total Number of Children Immunised provided below.

Year	Net Cost \$	Total Number of Children Immunised
2010/11	75,038	2,023
2011/12	84,376	1,736
2012/13	70,195	1,493
2013/14	48,798	1,433
2014/15	50,050	1,320
2015/16	57,112	1,300

The average cost to ratepayers of providing this service is \$45.78 per child.

Sportsground, Passive Parks and Reserves - \$1.71 million

This CSO reflects Council's current policy position to significantly subsidise sports field ground hire fees and charges.

ITEM 4 (continued)

Some of the key areas (amounting to \$1.66 million) within this CSO are as follows:

	Details	Proposed 2017/18 \$
a)	Aussie Rules, Hockey, Rugby League, Rugby Union, Soccer	
	Level 1 Sports Fields	
	Seasonal Weekend Hire	8,983
	Seasonal Weekday Hire	81,157
	Level 2 Sports Fields	
	Seasonal Weekend Hire	88,496
	Seasonal Weekday Hire	416,763
	Level 3 Sports Fields	
	Seasonal Weekend Hire	19,176
	Seasonal Weekday Hire	61,541
	Casual Hire	5,312
b)	Athletics	
	Dunbar Park - seasonal hire	5,569
c)	Baseball	
	Seasonal Weekend Hire	12,966
	Seasonal Weekday Hire	45,698
d)	Cricket	
	Level 1 Cricket Ovals	
	Turf wickets	
	Seasonal Weekend Hire	727
	Level 2 Cricket Ovals	
	Artificial Wickets	
	Seasonal Weekend Hire	39,362
	Seasonal Weekday Hire	179,135
	Level 3 Cricket Ovals	
	Concrete Wickets	
	Seasonal Weekend Hire	10,062
	Seasonal Weekday Hire	13,292
	Cricket Practice Nets	1,063

ITEM 4 (continued)

	Details	Proposed 2017/18 \$
e)	Netball Seasonal Weekend Hire Seasonal Weekday Hire (Brush Farm Park & Meadowbank Park Per Court) Casual Hire	479,788 146,246 1,512
f)	Synthetic Sports Fields	
	Mini Field Hire - Use for small sided games	41,058

In demonstrating the above levels of CSO, the following examples of Sportsgrounds are provided based on Council's actual results for 2015/16. The figures demonstrate that Council's Fees and Charges are not recovering its policy position of 25% of operational costs.

Sportsground	Income \$	Expenditure \$	Overhead \$	Total Expense \$	Net Cost \$
Monash Park	16,781	80,500	38,367	118,867	(102,086)
North Ryde Park	12,270	73,800	35,174	108,974	(96,704)
Pidding Park	17,466	62,800	29,931	92,731	(75,265)
Total	46,517	217,100	103,472	320,572	(274,055)
Cost Recovery	14.51%				

In respect of sportsground floodlighting, where Council's policy is to recover all direct costs (100%), the following sample is provided:

Sportsground	Income \$	Expenditure \$	Net Cost \$
Eastwood Oval	2,097	3,952	(1,855)
Brush Farm Park	1,334	1,736	(402)
Pidding Park	4,098	3,083	1,015
Total	7,529	8,771	(1,242)
Cost Recovery	85.8%		

ITEM 4 (continued)

Further increases in respect of sportsground hire fees will be required in the future if Council is to achieve its current policy position.

Free and Other Discounted Services

Council provides a number of free and other discounted services:

- | | |
|---|-----------|
| • Nature Strip Mowing – Eligible Pensioners | \$ 61,361 |
| • Free entry for eligible pensioners to RALC | \$ 49,727 |
| • Free resident parking permit | \$113,577 |
| • Discounted Hall Hire for Unfunded Community Group | \$ 46,069 |

Made up of:

- | | |
|----------------------------------|-----------------|
| ○ Civic Hall | \$ 3,789 |
| ○ North Ryde School of Arts Hall | \$ 4,633 |
| ○ General Halls | <u>\$20,158</u> |
| Subtotal Halls | \$28,580 |
| ○ Meeting Rooms | <u>\$17,489</u> |
| Total discounted Hall Hire | <u>\$46,069</u> |

- | | |
|--------------------------------|-----------|
| • Free Hall Hire, estimated at | \$303,400 |
| ○ Ryde Eisteddfod | |
| ○ Art Show | |
| ○ Ryde Spectacular | |
| ○ Citizenship | |
| ○ Ryde Youth Theatre | |
| ○ Active Heartmoves Program | |
| ○ Mayoral Prayer Breakfast | |
| ○ Volunteer Recognition Awards | |
| ○ Various Council Meetings | |
| • Shop Ryder Bus | \$172,324 |

It should be noted that the estimated cost of the Shop Ryder Bus service is offset by income received from Frasers contract of \$109,560 which covers a contract arrangement of 1 bus and driver to shuttle Putney village residents to ferry transport each weekday for 4 hours each day. The remaining cost of \$62,764 is fully funded from the waste levy for full bus wrap advertising on both buses.

A separate will be coming to Council on the Shop Ryder Bus Service in the near future.

ITEM 4 (continued)

Sponsorship, Donations and Community Grants

Other subsidies, donations or grants provided by Council to the community are as follows:

Sponsorship

Council has a Sponsorship Policy that relates to both the receipt of sponsorships and the granting of sponsorships. While this is an area that is currently being reviewed (as part of a broader Event Program Review) to ensure all sponsorships are captured, the following is indicative of the in-kind sponsorships provided by Council:

Organisation	Description	Amount \$
Ryde Hunter's Hill Orchestra	Design services and advertising (4 times a year)	800
Ryde Eisteddfod	Annual Design Service	800
Lunar New Year	Graphic Design Service	2,800
West Ryde Easter Parade	Graphic Design Service	2,800
All Community Events	Advertising	6,500
TOTAL		13,700

Council also receives in-kind sponsorships, mainly relating to Council's events. A summary of sponsorships over the last 9 months (July 2016-March 2017) is outlined below:

Sponsorship Received (In-Kind)

	\$	
Granny Smith Festival	47,042	
Australia Day Concert	3,000	
Cinema in the Park	3,000	
NET TOTAL		53,042

Sponsorship Received (Cash)

	\$	
Prayer Breakfast	1,000	
Granny Smith Festival	65,100	
Lunar New Year	38,704	
NET TOTAL		104,804
GRAND TOTAL		157,846

ITEM 4 (continued)

Donations

Council provides limited donations to individuals or community groups. It is estimated that on average, Council would not exceed \$7,000 per annum in donations.

A sample of donations made over the last 9 months includes:

- Waiving park fees for Bennelong Harmony Soccer Match – Eastwood Oval (Council Resolution – Dec 13)
- Waiving park fees for Carols on the Common – North Ryde Common (Council Resolution – Dec 13)
- Waiving waste fees for Salvation Army (Council Resolution – Dec 13)
- Participation at the Fusion Foundation Fundraising Gala \$2,500 (Council Resolution – Aug 23)
- Participation at the Touched by Olivia Butterfly Ball \$400 (minutes of 28/03/2017 meeting)

Community Grants

A total of \$134,168 was allocated from the 2015/16 Community Grants Program:

Category	\$
• Sports and Recreation Community Grant	14,750
• Seniors Grant Category	21,485
• Capacity Building Grant - Event	16,500
• Capacity Building Grant – Emerging/Small Groups	19,360
• Capacity Building Grant - General	10,372
• Community Projects	48,701
• Small Grants	3,000
TOTAL CSO	134,168

ITEM 4 (continued)

Summary of Cost Shifting, Community Service Obligations, Sponsorships, Donations and Community Grants

In summary, Council provides the following total CSO, as a result of cost shifting, CSOs from Council's Fees and Charges, donations, sponsorships and community grants per annum;

• Cost Shifting	\$13.72m
• CSO for services (Fees and Charges)	\$ 6.39m
• Free Hall Hire	\$ 0.30m
• Sponsorships	\$ 0.01m
• Donations	\$ 0.01m
• Community Grants	<u>\$ 0.13m</u>
TOTAL ESTIMATED CSO	\$20.56m

Options to Improve Council's CSO's

Council previously resolved to have the General Manager investigate options on how Council could improve its CSO's.

In providing options for Council to consider it must be clear as to whether there is sufficient appetite to reduce CSO's. Council needs to balance the benefits of providing subsidised services with the imperative of pursuing long term financial sustainability.

A principled approach to reviewing existing services and fees and charges is important. The following principles are a good starting point:

- Council's role in providing CSOs to its community should be where the community has a demonstrated need with Council's role being to fill any service gap where there is no other service provider.
- Council should not provide a service where there are other providers in the market, as Council does not want to be duplicating the service provision where others can provide the service more economically or effectively.
- Council will continue to provide a CSO across its service provision to ensure all members of the community have an equal and equitable access to Council's services, taking into account the socio-economic profile of the City of Ryde community.

ITEM 4 (continued)

The Options

Option 1:

Option 1 is for Council to have CSO's feature prominently in the preparation of Proposed Fees and Charges for the following financial year. This way, Councillors would have sufficient (relevant, timely and accurate) information with the object of identifying Service opportunities that might translate to a reduction in CSO's as part of the annual budget preparation process.

Option 1 is the Preferred Option.

Option 2:

Option 2 is for Council to consider establishing CSO targets or thresholds for nominated Services. By exercising expenditure restraint and/or planning consecutive incremental increases in Fees and Charges, these targets and thresholds become an active pursuit.

Option 2 is not the Preferred Option.

Option 3:

Option 3 contemplates the conduct of formal Service Reviews with one of the key objectives being to establish the community's appetite for varying levels of services and, therefore, varying levels of CSO's. It is acknowledged, however, that this is likely to be an expensive exercise.

Option 3 is not the Preferred Option.

Option 4:

Option 4 is to acknowledge this information and to do nothing further with it.

Option 4 is not the Preferred Option.

Financial Impact

The financial impacts of CSO's have been detailed throughout this paper. If Council does support Option 1 it will sharpen the focus of CSO's as they relate to Council's Fees and Charges and may result in the review of some Fees and Charges which will, in turn, have a positive impact on Council's longer term financial position.

5 STRENGTHENING RYDE - Update March 2017

Report prepared by: Team Leader - Financial Accounting
File No.: FIM/07/6/4 - BP17/261

REPORT SUMMARY

This report is a final update to Council on the Strengthening Ryde initiative that was endorsed by Council at its meeting held on Tuesday, 22 September 2015.

The report provides an update and status on each project being undertaken within the Strengthening Ryde initiative.

RECOMMENDATION:

- (a) That Council note the progress and status of each project within the Strengthening Ryde initiative.
- (b) That Council note any ongoing initiatives will be reported to Council separately.

ATTACHMENTS

There are no attachments for this Report.

Report Prepared By:

Christine Joyce
Team Leader - Financial Accounting

Report Approved By:

Jifeng Huang
Acting Chief Financial Officer

Steven Kludass
Acting Director - Corporate and Organisational Support Services

ITEM 5 (continued)

Background

At the Council meeting held on Tuesday 22 September 2015, Council endorsed progressing the following projects under the Strengthening Ryde initiative;

- Property Strategy;
- Laneways;
- Review of Fees and Charges;
- Outdoor Advertising
- Voluntary Planning Agreements;
- Joint Tenders; and
- Best Value Reviews.

Council also endorsed the deferral of other projects until the following studies are completed;

- Integrated Transport Strategy; including
 - Parking Stations;
 - Parking Meters; and
 - On Street Parking Fees
- Sport and Recreation Strategy
 - Opportunities in Parks and Open Space

Council also endorsed the deferral of the following projects for 12 months;

- Telecommunications on Council Property;
- Advertising on Council's Website;
- Intellectual Property (IP) development;
- Centres of Excellence/Shared Services; and
- Charge out of Specialists;

Discussion

The following is a brief status summary of the projects and studies that have been endorsed for progression:

1. Property Strategy

The City-Wide Property Strategy was endorsed by Council at its meeting of 28 February, 2017 and its actions and recommendations are now being implemented.

ITEM 5 (continued)

2. Laneways

Progress is being achieved with the potential divestment of the initial tranche of laneway opportunities previously identified. A confidential report updated Council of progress to date at its December 2016 meeting.

3. Review of Fees and Charges

There were 27 new fees proposed to Council for consideration as part of the 2017/2018 budget process. The Councillor eWorkshop on 14 February 2017 detailed the new Fees and Charges Schedule.

The fees and charges for sportsground use has been reviewed and an increase in fees has been recommended by 10% where they are below the NSROC agreed amount. The review was also conducted giving consideration to Council Sportsfield User Fees and Allocation Policy.

4. Outdoor Advertising

A draft Planning Proposal is being developed and will be presented to Council in the near future.

5. Voluntary Planning Agreements

Council will continue to consider Voluntary Planning Agreements (VPA). VPAs from developers are considered where significant community benefits are proposed that demonstrate it is in the public interest. In return, the developer is seeking an increase in density controls. Council should note that each matter is considered on its merits as it depends on the context of the site and the development realising a range of environmental and development outcomes. As part of these agreements, Council will be seeking various community benefits such as key worker housing, improved community facilities and other key community infrastructure.

Recent VPAs that Council has considered and are being executed currently include 8 Khartoum Road (for the provision of Road Works and landscaped pedestrian links). A number of other VPA's are currently in negotiation and are anticipated to be ready for public exhibition in the coming months. These VPAs include Affordable Housing, public domain upgrades, provision of open space, community facilities and road works and further details will be publicly available once the agreements are ready for exhibition.

ITEM 5 (continued)

6. Joint Tenders

Joint tenders have included Bus Shelters; NSROC Footpath Pavement; NSROC Waste Disposal; and NSROC Road Pavement.

7. Best Value Reviews

As part of Council's Fit for the Future submission, the adopted Action Plan included Best Value reviews to be undertaken. Two recent reviews were undertaken in the Organisational Development and Business Improvement Group, and Land Information Services. Due to the State Government's announcement of the Merger Proposal with Hunter's Hill and Lane Cove Councils, further reviews are being temporarily postponed pending the State Government's determination of the Merger Proposal.

8. Integrated Transport Strategy (ITS)

A Councillor Workshop for the draft ITS was held on the 22 December 2015. The feedback response was generally positive for the improved public transport initiatives proposed for the Macquarie Park area (particular focus was the Bus Boulevard proposal for Waterloo Road).

The draft ITS Summary Report and explanatory material was put on public exhibition in mid 2016 and there were no submissions.

Council sought but has not received any formal responses from NSW Government transport agencies, but they have been using the draft ITS for key projects such as the Bus Boulevard proposal for Waterloo Road, Metro-Buses route development, and planning for the Chatswood to Rouse Hill rail line changeover.

A report will be presented to Council's Works Committee in Quarter 4 of 2016/17 to propose formally adopting the ITS.

9. Sport and Recreation Strategy

On 13 December 2016, Council endorsed the exhibition of the draft Sport and Recreation Strategy. The exhibition is underway and submissions close on 9 April 2017. Following the consultation period, all submissions will be considered and the draft Strategy appropriately adjusted. It is anticipated that the amended strategy, including an appendix containing a review of all submissions, will be presented to Council for formal adoption in mid-2017.

ITEM 5 (continued)

The following is a brief status summary of the projects that were previously deferred for 12 months:

1. Telecommunication on Council Property

Upon review of this opportunity, it has been determined that the market segment for third party telecommunications infrastructure to be located on Council property has been shrinking as technology increases. Further, under Federal telecommunications legislation, telecommunications carriers are required to co-locate infrastructure with other carriers (where possible). Market coverage is largely complete and carriers are no longer aggressively seeking new sites, but instead are rationalising and consolidating exiting sites.

Therefore, with anticipated returns being low, it is recommended that this initiative be pursued on the basis of individual market approaches to Council. Such an approach is consistent with current practice.

2. Advertising on Council's Website

Further investigations into the viability of advertising on Council's website have considered the cost outlay; already competitive market (e.g. google); conflict of interest and Council reputation; costs associated with advertising this service: resources required; and evidence of other councils not utilising such service.

The risk for Advertising on Council's website is high as there is no projected positive cost/benefit. It is therefore recommended not to pursue such a project.

3. Intellectual Property (IP) development

Council entered into an agreement with Local Government Software Solutions, where Council would receive a royalty payment each time software was sold that was based on our Intellectual Property.

Recent experience has not been successful due to the need to support and develop software to meet changing industry demands. It is therefore recommended not to pursue future initiatives.

4. Centres of Excellence/Shared Services

This concept was included as part of the Joint Submission made by the City of Ryde, Hunter's Hill and Lane Cove Councils in their 'Fit for the Future' response to the State Government. This initiative is not going ahead due to the pending Merger Proposal.

ITEM 5 (continued)

5. Charge out of Specialists

Council currently does not have the spare (excess) capacity to undertake such arrangements.

Financial Implications

Council continues to explore opportunities to improve its long term financial sustainability. As evidenced by many of the comments in this report, Council has made progress in this regard and will continue to identify new opportunities to consolidate its solid financial position.

Conclusion

This report is a final update to Council on the Strengthening Ryde initiative that was endorsed by Council at its meeting held on Tuesday, 22 September 2015.

This report does not bind Council to any of these areas, however, ongoing initiatives will be reported to Council individually, at which time Council will determine the merits of those initiatives.

CONFIDENTIAL ITEMS

6 PAYMENT PORTAL AND PAYMENT GATEWAY eBUSINESS PROJECT - UPDATE ON NEGOTIATIONS AND WAY FORWARD

Confidential

This item is classified CONFIDENTIAL under Section 10A(2) of the Local Government Act, 1993, which permits the meeting to be closed to the public for business relating to the following: (d) (i) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it; AND (d) (ii) information that would, if disclosed, confer a commercial advantage on a competitor of the council.

Report prepared by: Chief Information Officer

File No.: CSG/17/1/6/1 - BP17/313

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7 COR-RFP-11/16 FOR THE MANAGEMENT AND OPERATION OF THE RYDE COMMUNITY AND SPORTS CENTRE

Confidential

This item is classified CONFIDENTIAL under Section 10A(2) of the Local Government Act, 1993, which permits the meeting to be closed to the public for business relating to the following: (c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; AND (d) (i) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it; AND (d) (ii) information that would, if disclosed, confer a commercial advantage on a competitor of the council.

Report prepared by: Coordinator - Passive Parks and Streetscapes

File No.: GRP/09/3/14 - BP17/349

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CONFIDENTIAL ITEMS (CONTINUED)

8 REQUEST FOR TENDER - COR-RFT-01/17 ELOUERA RESERVE PLAYGROUND AND LANDSCAPE WORKS

Report prepared by: Senior Project Manager

Report approved by: Acting Senior Coordinator - Program Delivery; Director - City
Works and Infrastructure

Confidential

This item is classified CONFIDENTIAL under Section 10A(2) of the Local Government Act, 1993, which permits the meeting to be closed to the public for business relating to the following: (c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; AND (d) (i) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it; AND (d) (ii) information that would, if disclosed, confer a commercial advantage on a competitor of the council.

File Number: PCM2017/2 - BP17/323

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9 PROPERTY MATTER

Confidential

This item is classified CONFIDENTIAL under Section 10A(2) of the Local Government Act, 1993, which permits the meeting to be closed to the public for business relating to the following: (c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

Report prepared by: Senior Coordinator - Property and Development

File No.: GRP/09/3/14 - BP17/282

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10 ADVICE ON COURT ACTIONS

Confidential

This item is classified CONFIDENTIAL under Section 10A (2) of the Local Government Act, 1993, which permits the meeting to be closed to the public for business relating to the following: (g) advice concerning litigation, or advice as comprises a discussion of this matter, that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege.

Report prepared by: Solicitor

File No.: GRP/09/5/8 - BP17/222

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