

**Meeting Date:** Tuesday 20 February 2018  
**Location:** Council Chambers, Level 1A, 1 Pope Street, Ryde  
**Time:** 6.00pm

## NOTICE OF BUSINESS

Item		Page
1	CONFIRMATION OF MINUTES - Finance and Governance Committee Meeting held on 21 November 2017 .....	1
2	INVESTMENT REPORT AS AT 30 NOVEMBER 2017.....	7
3	INVESTMENT REPORT AS AT 31 DECEMBER 2017.....	19
4	INVESTMENT REPORT AS AT 31 JANUARY 2018 .....	31
5	DECEMBER QUARTERLY REVIEW REPORT - FOUR YEAR DELIVERY PLAN 2017-2021 AND 2017/2018 OPERATIONAL PLAN.....	43
<b>CONFIDENTIAL ITEMS</b>		
6	REQUEST FOR TENDER - EXPRESSION OF INTEREST - COR-EOI-04/17- REGISTER FOR PRE-QUALIFIED SUPPLIERS FOR LANDSCAPE ARCHITECTURAL DESIGN SERVICES.....	59
7	REQUEST FOR TENDER - TENDER - COR-RFT-18/17-DESIGN AND CONSTRUCTION - RYDE OUTDOOR YOUTH AND FAMILY RECREATION SPACE.....	102
8	ADVICE ON COURT ACTIONS.....	118

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

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**Report prepared by:** Senior Coordinator - Governance  
**File No.:** CLM/17/1/5/2 - BP17/1307

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**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 9/17, held on 21 November 2017, be confirmed.

**ATTACHMENTS**

- 1 MINUTES - Finance and Governance Committee Meeting - 21 November 2017

**ITEM 1 (continued)**

**ATTACHMENT 1**

Finance and Governance Committee  
**MINUTES OF MEETING NO. 9/17**

**Meeting Date:** Tuesday 21 November 2017  
**Location:** Council Chambers, Level 1A, 1 Pope Street, Ryde  
**Time:** 6.00pm

**Councillors Present:** Councillors Kim (Chairperson), Brown, Clifton, Gordon, Lane, Moujalli, Pedersen and Purcell.

**Apologies:** Councillor Zhou.

**Staff Present:** Acting General Manager, Acting Director – Customer and Community Services, Director – Corporate and Organisational Support Services, Acting Director – City Works and Infrastructure, General Counsel, Chief Financial Officer, Manager – Environment, Health and Building, Manager – Ryde Aquatic Leisure Centre (RALC), Manager – Traffic, Transport and Development, Senior Coordinator – Governance and Executive Assistant to the General Manager.

**DISCLOSURES OF INTEREST**

There were no disclosures of interest.

**1 CONFIRMATION OF MINUTES - Finance and Governance Committee  
Meeting held on 17 October 2017**

**RECOMMENDATION:** (Moved by Councillors Purcell and Gordon)

That the Minutes of the Finance and Governance Committee 8/17, held on 17 October 2017, be confirmed.

**Record of Voting:**

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 NOVEMBER 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 AS AT 31 OCTOBER 2017**

**RECOMMENDATION:** (Moved by Councillors Purcell and Gordon)

That Council endorse the Investment Report as at 31 October 2017.

**Record of Voting:**

For the Motion: Unanimous

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

**3 SEPTEMBER QUARTERLY REVIEW REPORT - FOUR YEAR DELIVERY PLAN 2017-2021 AND 2017/2018 OPERATIONAL PLAN**

**RECOMMENDATION:** (Moved by Councillors Gordon and Purcell)

- (a) That the report of the Chief Financial Officer dated 30 September 2017 on the September Quarterly Review Report - Four Year Delivery Plan 2017- 2021 and One Year 2017/18 Operational Plan, *Quarter One, July – September 2017* be received and endorsed.
- (b) That the proposed budget adjustments included in this report resulting in a net reduction of \$0.47million to Council's Working Capital and leaving a projected balance of \$5.64 million as at 30 June 2018, be endorsed and included in the 2017/2018 Budget.
- (c) That the proposed transfers to and from Reserves as detailed in the report, and included as budget adjustments, totalling a net increase in Transfers from Reserves of \$2.97 million be endorsed.
- (d) That the Certificate of the Responsible Accounting Officer dated 7 November 2017 be endorsed.
- (e) That Council endorse the Projects recommended for cancellation, deferral, being placed on hold or proposed to be carried over, as detailed in the Report.

**Record of Voting:**

For the Motion: Unanimous

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

**ITEM 1 (continued)**

**ATTACHMENT 1**

**4 ANNUAL REPORT ON CODE OF CONDUCT COMPLAINTS STATISTICS**

**RECOMMENDATION:** (Moved by Councillors Pedersen and Purcell)

- (a) That Council note the **ATTACHED** table of Code of Conduct complaints for 1 September 2016 to 31 August 2017.
- (b) That Council provide these statistics to the Office of Local Government as required by the Model Code of Conduct – Complaints Procedure.

**Record of Voting:**

For the Motion: Unanimous

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

**CLOSED SESSION**

**ITEM 5 - COR-RFT-09/17 COMMUNITY, RECREATION, LEISURE AND FACILITY MANAGEMENT SOFTWARE**

**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.

**ITEM 6 - 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.

**ITEM 1 (continued)**

**ATTACHMENT 1**

**RESOLUTION:** (Moved by Councillors Moujalli and Pedersen)

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

**Record of Voting:**

For the Motion: Unanimous

Note: The Committee closed the meeting at 6.09pm. The public and media left the chamber.

**5 COR-RFT-09/17 COMMUNITY, RECREATION, LEISURE AND FACILITY MANAGEMENT SOFTWARE**

**RECOMMENDATION:** (Moved by Councillors Purcell and Clifton)

- (a) That Council accept the tender from Links Modular Solutions Pty Ltd for the amount of \$209,105 (ex GST).
- (b) That Council delegate to the General Manager the authority to enter into a contract with Link Modular Solutions Pty Ltd on the terms contained within the tender and for minor amendments to be made to the contract documents that are not of a material nature.
- (c) That Council advise all the respondents to the Request for Proposal of Council's decision.

**Record of Voting:**

For the Motion: Unanimous

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

**ITEM 1 (continued)**

**ATTACHMENT 1**

**6 ADVICE ON COURT ACTIONS**

**RECOMMENDATION:** (Moved by Councillors Moujalli and Gordon)

That the report of the General Counsel be received.

**Record of Voting:**

For the Motion: Unanimous

Note: This matter will be dealt with at the Council Meeting to be held on **28 NOVEMBER 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 Gordon and Pedersen)

That the Committee resolve itself into open Council.

**Record of Voting:**

For the Motion: Unanimous

Note: Open Council resumed at 6.26pm.

The meeting closed at 6.26pm.

CONFIRMED THIS 20TH DAY OF FEBRUARY 2018.

Chairperson

**2 INVESTMENT REPORT AS AT 30 NOVEMBER 2017**

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**Report prepared by:** Chief Financial Officer**File No.:** CSG/17/1/6/1 - BP18/16

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**REPORT SUMMARY**

This report details Council's performance of its investment portfolio as at 30 November 2017 and compares it against key benchmarks. The report includes the estimated market valuation of Council's investment portfolio and loan liabilities.

Council's financial year to date return is 2.82%, which is 1.11% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$2.42M for the period ended 30 November 2017, which is \$614K above the revised 2017/18 Budget (year to date).

**RECOMMENDATION:**

That Council endorse the Investment Report as at 30 November 2017.

**ATTACHMENTS**

- 1 P05 November 2017 Investment Report Attachment

Report Prepared By:

**Steven Kludass**  
**Chief Financial Officer**

Report Approved By:

**Roy Newsome**  
**Director - Corporate and Organisational Support Services**

**ITEM 2 (continued)**

**Discussion**

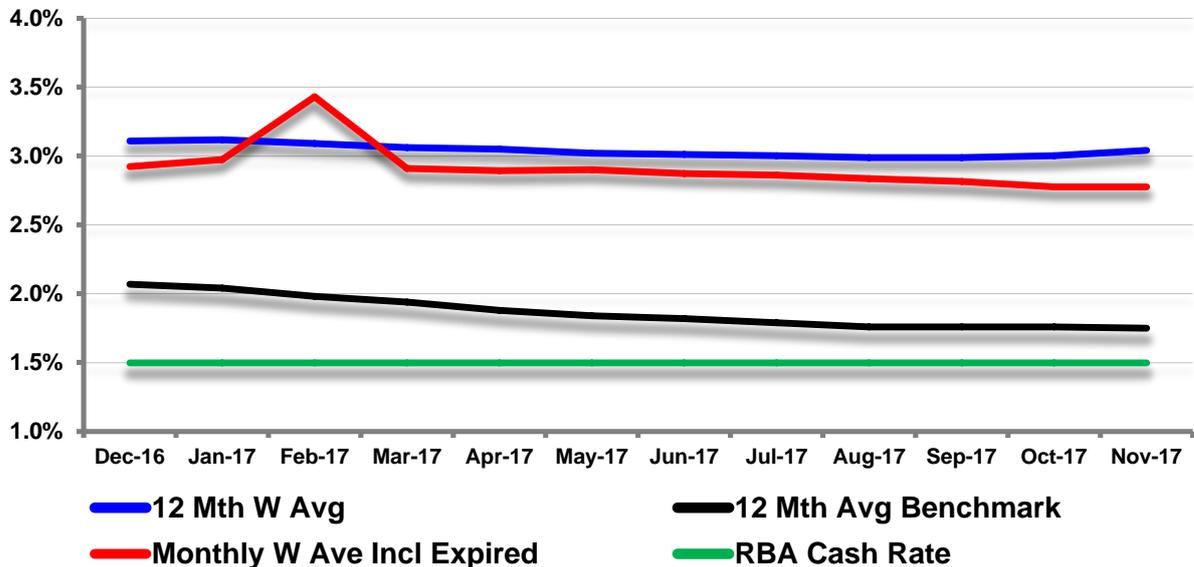
Council’s Responsible Accounting Officer, is required to report monthly on Council’s Investment Portfolio and certify that the Investments are held in accordance with Council’s Investment Policy and Section 625 of the Local Government Act.

**Investment Performance Commentary**

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

	Nov	12 Mth	FYTD
<b>Council Return</b>	<b>2.78</b>	<b>3.04</b>	<b>2.82</b>
<b>Benchmark</b>	<b>1.63</b>	<b>1.75</b>	<b>1.71</b>
<b>Variance</b>	<b>1.15</b>	<b>1.29</b>	<b>1.11</b>

**Performance - All Investments**



**ITEM 2 (continued)**

Council's investment portfolio as at 30 November 2017 was as follows:

Cash/Term Deposits	\$141.9M	70.7%
Floating Rate Notes	\$47.9M	23.9%
Fixed Bonds	\$11.0M	5.5%
<b>Total Cash Investments</b>	<b>\$200.8M</b>	
Investment Properties	\$153.7M	
<b>Total Investments</b>	<b>\$354.5M</b>	

Council's investment properties, valued as at 30 June 2017, 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 Developer (Section 94) Contributions, with investment income for General Revenue remaining steady.

**ITEM 2 (continued)****Loan Liability**

Council's loan liability as at 30 November 2017 was \$3.2 million which represents the balance of:

1. A \$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;

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. A \$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. A \$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 30 NOVEMBER 2017

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 30-Nov-17 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2017	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Westpac	1. Westpac At Call	AA-	Y	1,062	0.52	0.61	0.53	0.53	1,062	100.00%
Westpac	2. Westpac Term Deposit	AA-	Y	4,000	2.56	2.58	2.56	1.99	4,000	100.00%
Bank of Queensland	3. Bank of Queensland TD	BBB+	Y	2,000	2.62	2.74	2.66	1.00	2,000	100.00%
CBA	4. Bankwest Term Deposit	AA-	Y	2,000	2.51	2.55	2.52	1.00	2,000	100.00%
NAB	5. NAB Term Deposit	AA-	Y	4,000	2.53	2.62	2.53	1.99	4,000	100.00%
Westpac	6. Westpac Term Deposit	AA-	Y	4,000	3.55	3.55	3.55	1.99	4,000	100.00%
Westpac	7. Westpac Term Deposit	AA-	Y	4,000	3.32	3.32	3.32	1.99	4,000	100.00%
NAB	8. NAB Term Deposit	AA-	Y	2,000	2.47	2.69	2.47	1.00	2,000	100.00%
AMP	9. AMP TD	A	Y	1,000	2.60	2.83	2.60	0.50	1,000	100.00%
Westpac	10. Westpac Term Deposit	AA-	Y	2,000	3.38	3.38	3.38	1.00	2,000	100.00%
NAB	11. NAB Term Deposit	AA-	Y	2,000	2.70	2.70	2.70	1.00	2,000	100.00%
CBA	12. Bankwest Term Deposit	AA-	Y	4,000	2.51	2.53	2.51	1.99	4,000	100.00%
CBA	13. Bankwest TD	AA-	Y	2,000	2.47	2.59	2.60	1.00	2,000	100.00%
CBA	14. Bankwest TD	AA-	Y	1,000	2.47	2.52	2.52	0.50	1,000	100.00%
CBA	15. Bankwest Term Deposit	AA-	Y	1,000	2.47	2.51	2.37	0.50	1,000	100.00%
NAB	16. NAB Term Deposit	AA-	Y	4,000	2.57	2.62	2.59	1.99	4,000	100.00%
Defence Bank	17. Defence Bank TD	BBB	N	1,000	3.10	3.10	3.10	0.50	1,000	100.00%
Regional Australia Bank	18. Regional Australia Bank TD	Unrated	N	2,000	3.10	3.10	3.10	1.00	2,000	100.00%
QBank	19. Qbank	BBB-	N	1,000	3.00	3.00	3.00	0.50	1,000	100.00%
Bendigo and Adelaide Bank	20. Bendigo Bank TD	BBB+	N	1,000	2.80	2.80	2.80	0.50	1,000	100.00%
CUA	21. Credit Union Australia TD	BBB	N	1,000	2.75	2.84	2.75	0.50	1,000	100.00%
Peoples Choice CU	22. Peoples Choice CU	BBB	N	1,000	2.61	2.75	2.61	0.50	1,000	100.00%
Australian Military Bank	23. Australian Military Bank	Unrated	N	1,000	2.51	2.71	2.66	0.50	1,000	100.00%
Bananacoast CU	24. Bananacoast CU TD	Unrated	N	500	2.70	2.73	2.70	0.25	500	100.00%
CBA	25. CBA TD	AA-	Y	2,000	2.53	2.53	2.53	1.00	2,000	100.00%
CBA	26. Bankwest Term Deposit	AA-	Y	4,000	2.42	2.52	2.42	1.99	4,000	100.00%
IMB	27. IMB TD	BBB	N	1,000	2.60	2.61	2.60	0.50	1,000	100.00%
Maitland Mutual	28. Maitland Mutual Bldg Soc TD	Unrated	N	1,000	2.47	2.79	2.57	0.50	1,000	100.00%
AMP	29. AMP Business Saver	A	Y	1,884	2.06	2.06	2.06	0.94	1,884	100.00%
South West CU	30. South West CU TD	Unrated	?	1,000	2.65	2.77	2.75	0.50	1,000	100.00%
CBA	31. CBA Term Deposit	AA-	Y	1,000	2.55	2.55	2.55	0.50	1,000	100.00%
Gateway CU	32. Gateway CU TD	Unrated	N	1,000	2.60	2.65	2.64	0.50	1,000	100.00%
Newcastle Perm Bldg Soc	33. Newcastle Perm Bldg Soc	BBB+	N	1,000	3.10	3.10	3.10	0.50	1,000	100.00%
Greater Bank	34. Greater Bank TD	BBB	N	1,000	3.00	3.00	3.00	0.50	1,000	100.00%
Police CU (SA)	35. Police CU - SA	Unrated	?	1,000	2.67	2.86	2.73	0.50	1,000	100.00%
AMP	36. AMP TD	A	Y	1,000	2.61	2.73	2.64	0.50	1,000	100.00%
CBA	37. CBA TD	AA-	Y	1,500	2.56	2.56	2.56	0.75	1,500	100.00%
Rabobank	38. Rabodirect At-call	AA-	N	5	1.54	1.72	1.63	0.00	5	100.00%
Me Bank	39. ME Bank At Call Account	BBB	N	2,029	1.77	1.78	1.77	1.01	2,029	100.00%
Bank of us	40. Bank of us TD	Unrated	?	1,000	2.61	2.61	2.61	0.50	1,000	100.00%
Bendigo and Adelaide Bank	41. Rural Bank TD	BBB+	N	2,000	2.70	2.72	2.70	1.00	2,000	100.00%
Bank of Queensland	42. Bank of Queensland TD	BBB+	Y	1,000	5.15	5.15	5.15	0.50	1,000	100.00%
Bank of Queensland	43. Bank of Queensland TD	BBB+	Y	2,000	2.66	2.68	2.66	1.00	2,000	100.00%
Bank of Queensland	44. Bank of Queensland TD	BBB+	Y	2,000	3.55	3.55	3.55	1.00	2,000	100.00%
NAB	45. NAB TD	AA-	Y	4,000	2.80	2.80	2.80	1.99	4,000	100.00%
Me Bank	46. ME Bank TD	BBB	N	1,000	2.66	2.73	2.66	0.50	1,000	100.00%
Bendigo and Adelaide Bank	47. Bendigo Bank TD	BBB+	N	1,000	2.46	2.69	2.53	0.50	1,000	100.00%
CBA	48. CBA TD	AA-	Y	2,000	2.56	2.56	2.56	1.00	2,000	100.00%
NAB	49. NAB TD	AA-	Y	4,000	2.54	2.59	2.54	1.99	4,000	100.00%
NAB	50. NAB Term Deposit	AA-	Y	2,040	2.52	2.67	2.56	1.02	2,040	100.00%
Bank of Queensland	51. Bank of Queensland TD	BBB+	Y	2,000	3.75	3.75	3.75	1.00	2,000	100.00%
NAB	52. NAB TD	AA-	Y	2,000	2.50	2.52	2.50	1.00	2,000	100.00%
Bendigo and Adelaide Bank	53. Bendigo and Adelaide Bank FRN	BBB+	N	2,000	3.00	3.04	3.01	1.00	2,016	100.79%
Bendigo and Adelaide Bank	54. Rural Bank TD	BBB+	N	1,000	2.57	2.66	2.65	0.50	1,000	100.00%
Bananacoast CU	55. Bananacoast CU TD	Unrated	N	1,000	2.65	2.74	2.65	0.50	1,000	100.00%
Bank of Queensland	56. Bank of Queensland FRN	BBB+	Y	1,000	2.77	2.78	2.76	0.50	1,003	100.33%
AMP	57. AMP Notice Account	A	Y	1,094	2.17	2.18	2.17	0.54	1,094	100.00%

**ITEM 2 (continued)**

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 30-Nov-17 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2017	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Newcastle Perm Bldg Soc	58. Newcastle Perm Bldg Soc TD	BBB+	N	1,000	3.50	3.50	3.50	0.50	1,000	100.00%
Bendigo and Adelaide Bank	59. Bendigo Bank TD	BBB+	N	2,000	2.60	2.68	2.64	1.00	2,000	100.00%
P&N Bank	60. P&N Bank	BBB	N	1,000	3.17	3.17	3.17	0.50	1,000	100.00%
ANZ	61. ANZ FRN	AA-	Y	2,000	2.58	2.61	2.58	1.00	2,018	100.88%
CBA	62. Bankwest TD	AA-	Y	1,000	2.51	2.52	2.51	0.50	1,000	100.00%
QT Mutual Bank	63. Queensland Teachers Mutual Bank FRN	Unrated	N	1,000	2.82	2.84	2.81	0.50	1,000	100.01%
Teachers Mutual Bank	64. Teachers Mutual Bank	BBB	N	1,000	2.82	2.84	2.82	0.50	1,000	100.00%
Auswide Bank	65. Auswide Bank TD	BBB-	N	1,000	2.60	2.68	2.64	0.50	1,000	100.00%
Westpac	66. Westpac FRN	AA-	Y	2,000	2.63	2.67	2.63	1.00	2,022	101.09%
Macquarie Bank	67. Macquarie Bank FRN	A	Y	750	2.87	2.89	2.87	0.37	759	101.16%
CBA	68. CBA TD	AA-	Y	4,000	2.55	2.55	2.55	1.99	4,000	100.00%
Newcastle Perm Bldg Soc	69. Newcastle Perm Bldg Soc FRN	BBB+	N	1,000	3.08	3.13	3.09	0.50	1,003	100.34%
Heritage Bank	70. Heritage Bank FRN	A-	N	1,000	2.88	2.91	2.88	0.50	1,001	100.13%
Bendigo and Adelaide Bank	71. Bendigo Bank TD	BBB+	N	2,000	3.05	3.05	3.05	1.00	2,000	100.00%
CBA	72. CBA FRN	AA-	Y	2,000	2.63	2.67	2.63	1.00	2,021	101.07%
Westpac	73. Westpac FRN	AA-	Y	1,000	2.62	2.66	2.63	0.50	1,011	101.08%
CBA	74. CBA TD	AA-	Y	2,000	2.71	2.66	2.71	1.00	2,000	100.00%
Bendigo and Adelaide Bank	75. Bendigo Bank FRN	BBB+	N	1,000	2.72	2.87	2.84	0.50	1,008	100.81%
CBA	76. CBA TD	AA-	Y	4,000	2.57	2.57	2.57	1.99	4,000	100.00%
NAB	77. NAB TD	AA-	Y	2,000	2.75	2.75	2.75	1.00	2,000	100.00%
NAB	78. NAB Snr FRN	AA-	Y	3,985	2.73	2.75	2.72	1.98	4,028	100.71%
CBA	79. CBA FRN	AA-	Y	2,000	2.51	2.55	2.51	1.00	2,010	100.52%
Suncorp-Metway	80. Suncorp FRN	A+	Y	800	2.98	3.02	2.99	0.40	813	101.67%
NAB	81. NAB FRN	AA-	Y	2,000	2.80	2.84	2.81	1.00	2,030	101.50%
ANZ	82. ANZ Floating TD	AA-	Y	4,000	3.23	3.28	3.24	1.99	4,000	100.00%
AMP	83. AMP FRN	A	Y	1,600	2.87	2.89	2.87	0.80	1,615	100.92%
CBA	84. CBA TD	AA-	Y	2,000	2.74	2.72	2.74	1.00	2,000	100.00%
ANZ	85. ANZ Flexi TD	AA-	Y	4,000	3.21	3.24	3.21	1.99	4,000	100.00%
CBA	86. CBA FRN	AA-	Y	1,988	2.89	2.93	2.90	0.99	2,021	101.07%
CUA	87. CUA FRN	BBB	N	2,000	3.35	3.40	3.35	1.00	2,008	100.39%
Newcastle Perm Bldg Soc	88. NPBS FRN	BBB+	N	1,000	3.35	3.40	3.36	0.50	1,006	100.56%
ANZ	89. ANZ FRN	AA-	Y	4,000	2.90	2.96	2.92	1.99	4,077	101.93%
NAB	90. NAB Fixed Bond	AA-	Y	2,989	2.89	3.16	3.10	1.49	3,030	100.98%
CBA	91. Bankwest 11am Account	AA-	Y	3,792	1.77	1.96	1.91	1.89	3,792	100.00%
Suncorp-Metway	92. Suncorp FRN (Covered)	AAA	Y	4,000	2.84	2.89	2.84	1.99	4,049	101.22%
Newcastle Perm Bldg Soc	93. Newcastle Perm Bldg Soc FRN	BBB+	N	995	3.33	3.38	3.34	0.50	1,002	100.20%
ANZ	94. ANZ Fixed Bond	AA-	Y	3,988	2.92	2.92	2.95	1.99	4,014	100.35%
Defence Bank	95. Defence Bank TD	BBB	N	1,000	2.85	2.85	2.85	0.50	1,000	100.00%
Me Bank	96. ME Bank FRN	BBB	N	1,001	3.20	3.18	3.14	0.50	1,008	100.76%
Westpac	97. WBC Floating TD	AA-	Y	4,000	2.94	2.97	2.94	1.99	4,000	100.00%
Greater Bank	98. Greater Bank FRN	BBB	N	1,000	3.23	3.24	3.22	0.50	1,002	100.21%
Bananacoast CU	99. Bananacoast CU TD	Unrated	N	1,000	2.95	2.95	2.95	0.50	1,000	100.00%
CUA	100. CUA FRN	BBB	N	2,000	3.04	3.08	3.05	1.00	2,000	100.00%
Heritage Bank	101. Heritage Bank FRN	A-	N	1,300	3.03	3.04	3.03	0.65	1,308	100.58%
Suncorp-Metway	102. Suncorp FRN	A+	Y	1,000	2.69	2.69	2.69	0.50	1,006	100.58%
Westpac	103. Westpac TD	AA-	Y	4,000	3.11	3.11	3.11	1.99	4,000	100.00%
Me Bank	104. ME Bank FRN	BBB	N	1,500	2.99	2.99	2.99	0.75	1,503	100.20%
NAB	105. NAB MTN	AA-	Y	3,990	3.05	3.05	3.05	1.99	4,010	100.24%
				<b>200,792</b>	<b>2.78</b>	<b>2.85</b>	<b>2.81</b>	<b>100</b>	<b>201,307</b>	

\*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 (%)

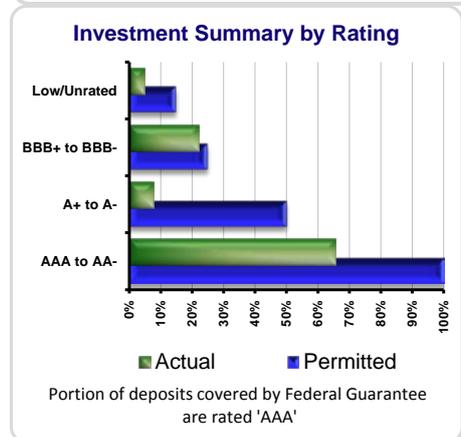
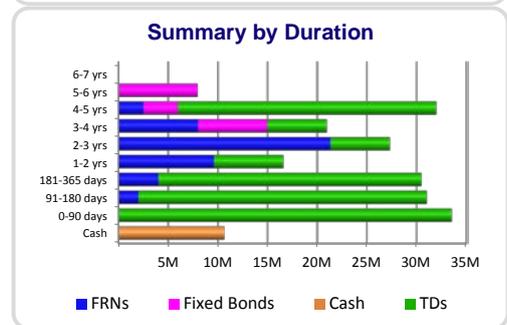
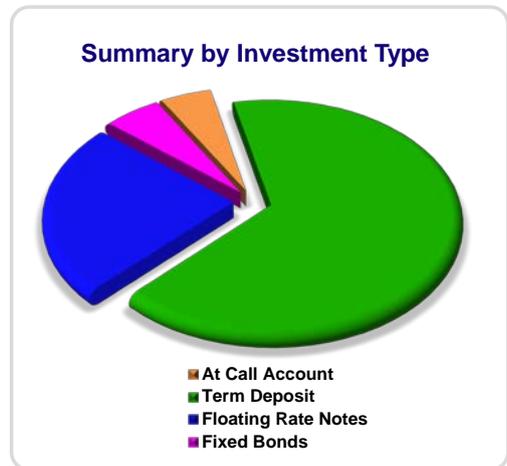
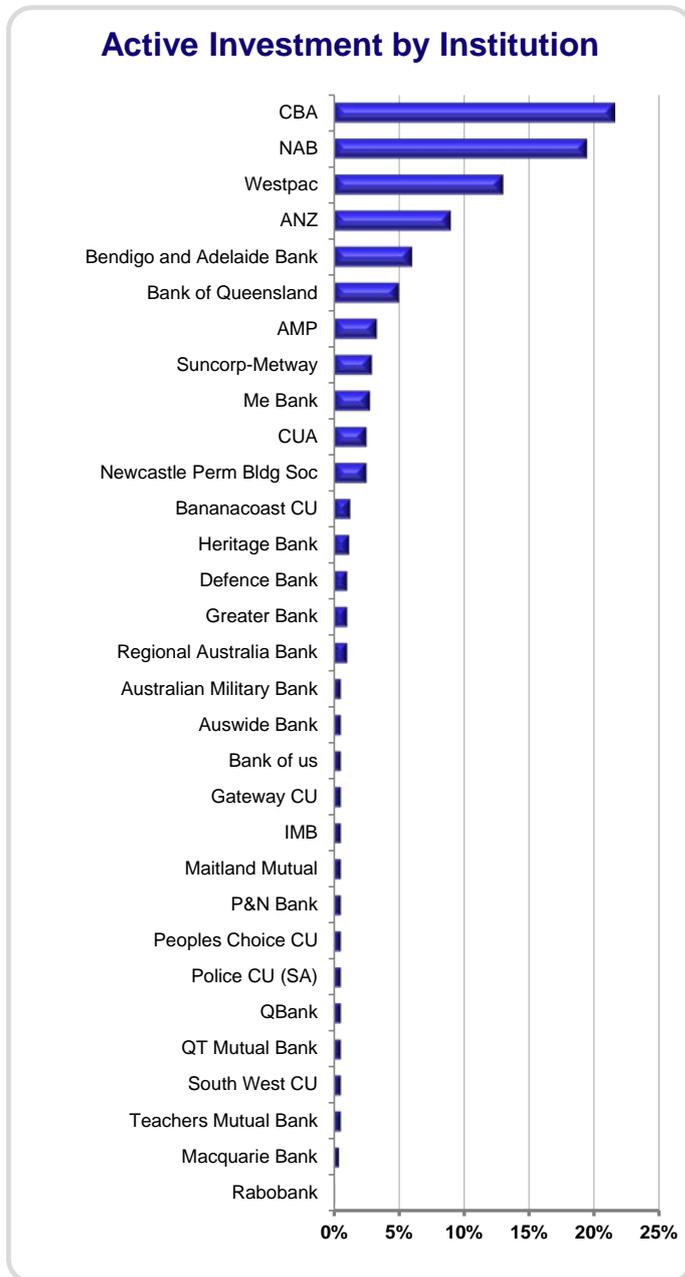
	Nov	12 Mth	FYTD
Return including Matured/Traded Investments	2.78	3.04	2.82
Benchmark Return: AusBond Bank Bill Index (%)	1.63	1.75	1.71
Variance From Benchmark (%)	1.15	1.29	1.11

Investment Income

	\$000's
This Period	495
Financial Year To Date	2,418
Budget Profile	1,804
Variance from Budget - \$	<b>614</b>

**ITEM 2 (continued)**

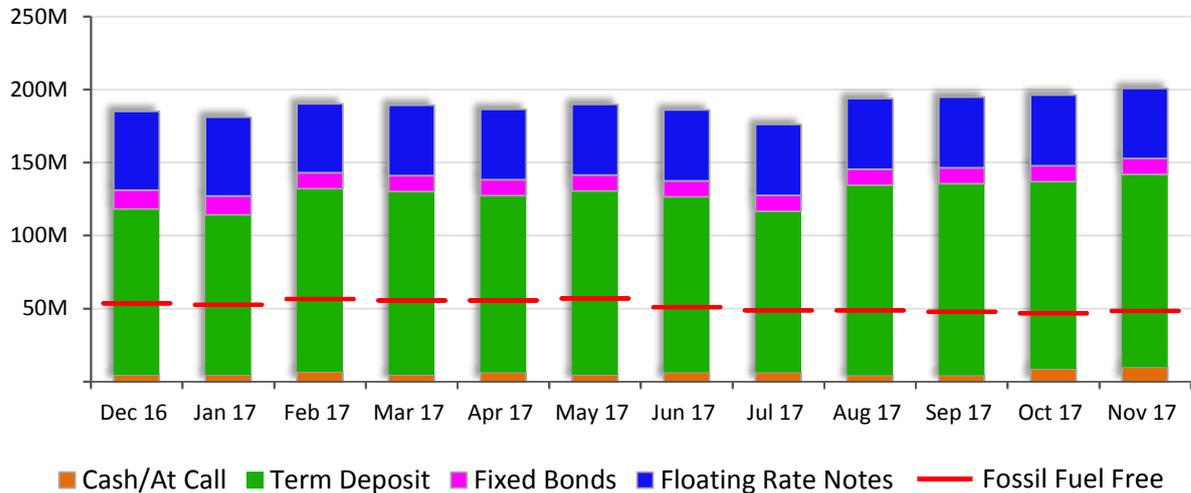
**Analysis of investments**



	<365 days	>365 days
Cash/TDs	\$103.9M	\$38.0M
FRNs	\$8.0M	\$39.9M
Fixed Bonds	\$0.0M	\$11.0M
	<b>\$111.9M</b>	<b>\$88.9M</b>

**ITEM 2 (continued)**

**Total Funds Invested**



**The Divestment of Fossil Fuel Aligned Financial Institutions**

The recent resolution of Council to divest in fossil fuel aligned financial institutions (subject to the conditions outlined in the council resolution) is now being implemented by Finance staff.

A separate report to Council recommending amendments to Council’s existing Investment Policy and Guidelines to accommodate the intent of Council’s resolution will be provided to the March Finance and Governance Committee Meeting.

**Financial Implications**

Income from interest on investments and proceeds from sales of investments totals \$2.42M for the period ended 30 November 2017, \$614K above the revised 2017/18 Budget. The December Quarterly Budget Review proposes a \$600K increase in Interest on Investments, \$500K of which relates to Developer Contributions (Section 94) with the balance of \$100K being reflected as a Working Capital gain.

**Summary**

Council’s financial year to date return is 2.82%, which is 1.11% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$2.42M for the period ended 30 November 2017, which is \$614K above the Original 2017/18 Budget. This will be adjusted in the upcoming December Quarterly Budget Review.

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.

**ITEM 2 (continued)**

**Certificate of the 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.

Steven Kludass  
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;

<b>Property</b>	<b>\$' M</b>
1A Station St, West Ryde	0.95
2 Dickson Ave, West Ryde	1.20
8 Chatham Rd, West Ryde	1.38
202 Rowe Street, Eastwood	3.24
226 Victoria Rd, Gladesville	0.38
7 Anthony Road, West Ryde	5.23
7 Coulter Street, Coulter St Car Park, Gladesville	21.90
6-12 Glen Street, Glen Street Car Park, Eastwood	36.17
2 Pittwater Road, John Wilson Car Park, Gladesville	8.70
150 Coxs Road, Cox Rd Car Park, North Ryde	1.65
33-35 Blaxland Road, Argyle Centre, Ryde	5.55
19-21 Church Street and 16 Devlin Street, Ryde	10.87
6 Reserve Street, West Ryde	3.70
Herring Road Air Space Rights	0.51
741-747 Victoria Road, Ryde (Battery World)	7.06
53-71 Rowe Street, Eastwood	7.05
<b>Total Investment Properties as per the Financial Statements</b>	<b>115.54</b>
1 Constitution Road, Operations Centre, Ryde <sup>(1)</sup>	38.15
<b>PROPERTIES HELD FOR RE-SALE</b>	<b>153.69</b>

(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

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**3 INVESTMENT REPORT AS AT 31 DECEMBER 2017**

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**Report prepared by:** Chief Financial Officer**File No.:** CSG/17/1/6/1 - BP18/22

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**REPORT SUMMARY**

This report details Council's performance of its investment portfolio as at 31 December 2017 and compares it against key benchmarks. The report includes the estimated market valuation of Council's investment portfolio and loan liabilities.

Council's financial year to date return is 2.83%, which is 1.13% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$2.89M for the period ended 31 December 2017, which is \$743K above the revised 2017/18 Budget (year to date). A budget adjustment of \$600K has been included in the December Budget Review.

**RECOMMENDATION:**

That Council endorse the Investment Report as at 31 December 2017.

**ATTACHMENTS**

1 P06 December 2017 Investment Report Attachment

Report Prepared By:

**Steven Kludass**  
**Chief Financial Officer**

Report Approved By:

**Roy Newsome**  
**Director - Corporate and Organisational Support Services**

**ITEM 3 (continued)**

**Discussion**

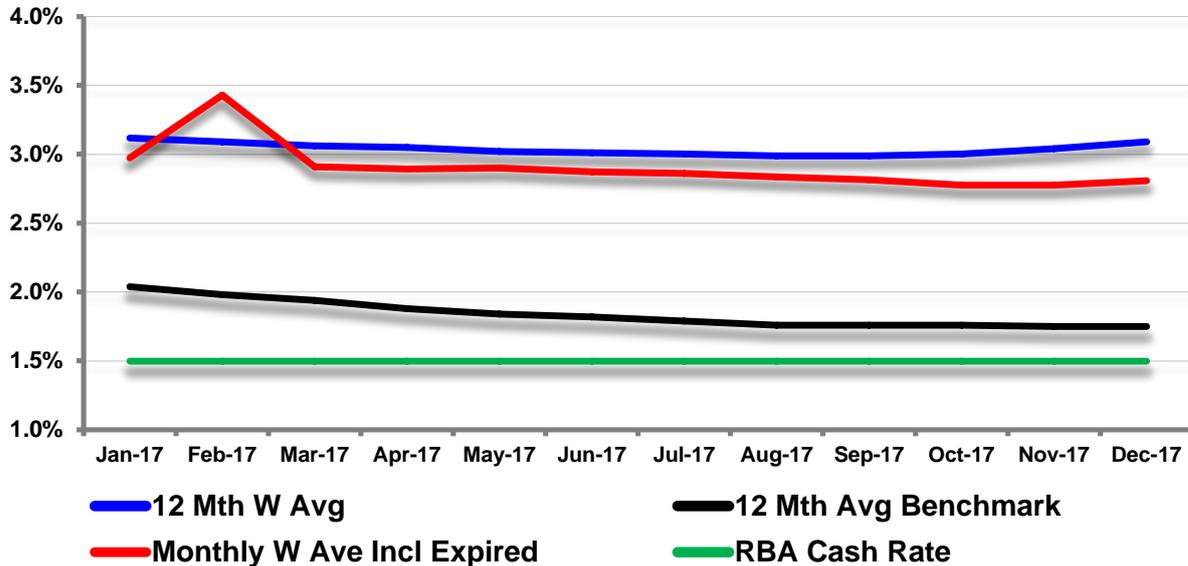
Council’s Responsible Accounting Officer, is required to report monthly on Council’s Investment Portfolio and certify that the Investments are held in accordance with Council’s Investment Policy and Section 625 of the Local Government Act.

**Investment Performance Commentary**

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

	Dec	12 Mth	FYTD
<b>Council Return</b>	<b>2.81</b>	<b>3.09</b>	<b>2.83</b>
<b>Benchmark</b>	<b>1.70</b>	<b>1.75</b>	<b>1.70</b>
<b>Variance</b>	<b>1.11</b>	<b>1.34</b>	<b>1.13</b>

**Performance - All Investments**



**ITEM 3 (continued)**

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

Cash/Term Deposits	\$143.3M	71.6%
Floating Rate Notes	\$45.9M	22.9%
Fixed Bonds	\$11.0M	5.5%
<b>Total Cash Investments</b>	<b>\$200.2M</b>	
Investment Properties	\$153.7M	
<b>Total Investments</b>	<b>\$353.9M</b>	

Council's Investment Properties, valued as at 30 June 2017, 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 Developer (Section 94) Contributions, with investment income for General Revenue remaining steady.

**ITEM 3 (continued)****Loan Liability**

Council's loan liability as at 31 December 2017 was \$3.2 million which represents the balance of:

1. A \$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;

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. A \$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. A \$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 3 (continued)**

INVESTMENT SUMMARY AS AT 31 DECEMBER 2017

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 31-Dec-17 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2017	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Westpac	1. Westpac At Call	AA-	Y	62	0.55	0.56	0.53	0.03	62	100.00%
Westpac	2. Westpac Term Deposit	AA-	Y	4,000	2.56	2.57	2.56	2.00	4,000	100.00%
Bank of Queensland	3. Bank of Queensland TD	BBB+	Y	2,000	2.62	2.72	2.65	1.00	2,000	100.00%
CBA	4. Bankwest Term Deposit	AA-	Y	2,000	2.51	2.54	2.52	1.00	2,000	100.00%
NAB	5. NAB Term Deposit	AA-	Y	4,000	2.53	2.61	2.53	2.00	4,000	100.00%
Westpac	6. Westpac Term Deposit	AA-	Y	4,000	3.55	3.55	3.55	2.00	4,000	100.00%
Westpac	7. Westpac Term Deposit	AA-	Y	4,000	3.32	3.32	3.32	2.00	4,000	100.00%
NAB	8. NAB Term Deposit	AA-	Y	2,000	2.47	2.66	2.47	1.00	2,000	100.00%
AMP	9. AMP TD	A	Y	1,000	2.60	2.80	2.60	0.50	1,000	100.00%
Westpac	10. Westpac Term Deposit	AA-	Y	2,000	3.38	3.38	3.38	1.00	2,000	100.00%
NAB	11. NAB Term Deposit	AA-	Y	2,000	2.70	2.70	2.70	1.00	2,000	100.00%
CBA	12. Bankwest Term Deposit	AA-	Y	4,000	2.51	2.52	2.51	2.00	4,000	100.00%
CBA	13. Bankwest TD	AA-	Y	2,000	2.47	2.57	2.55	1.00	2,000	100.00%
CBA	14. Bankwest TD	AA-	Y	1,000	2.47	2.52	2.51	0.50	1,000	100.00%
CBA	15. Bankwest Term Deposit	AA-	Y	1,000	2.47	2.50	2.39	0.50	1,000	100.00%
NAB	16. NAB Term Deposit	AA-	Y	4,000	2.57	2.61	2.59	2.00	4,000	100.00%
Defence Bank	17. Defence Bank TD	BBB	N	1,031	3.10	3.10	3.10	0.52	1,031	100.00%
Regional Australia Bank	18. Regional Australia Bank TD	Unrated	N	2,000	3.10	3.10	3.10	1.00	2,000	100.00%
QBank	19. Qbank	BBB-	N	1,000	3.00	3.00	3.00	0.50	1,000	100.00%
Bendigo and Adelaide Bank	20. Bendigo Bank TD	BBB+	N	1,000	2.80	2.80	2.80	0.50	1,000	100.00%
CUA	21. Credit Union Australia TD	BBB	N	1,000	2.75	2.81	2.75	0.50	1,000	100.00%
Peoples Choice CU	22. Peoples Choice CU	BBB	N	1,000	2.61	2.73	2.61	0.50	1,000	100.00%
Australian Military Bank	23. Australian Military Bank	Unrated	N	1,000	2.51	2.69	2.64	0.50	1,000	100.00%
Bananacoast CU	24. Bananacoast CU TD	Unrated	N	500	2.70	2.70	2.70	0.25	500	100.00%
CBA	25. CBA TD	AA-	Y	2,000	2.53	2.53	2.53	1.00	2,000	100.00%
IMB	26. IMB TD	BBB	N	1,000	2.60	2.61	2.60	0.50	1,000	100.00%
Maitland Mutual	27. Maitland Mutual Bldg Soc TD	Unrated	N	1,000	2.47	2.75	2.55	0.50	1,000	100.00%
AMP	28. AMP Business Saver	A	Y	1,888	2.07	2.07	2.06	0.94	1,888	100.00%
South West CU	29. South West CU TD	Unrated	?	1,000	2.65	2.75	2.74	0.50	1,000	100.00%
CBA	30. CBA Term Deposit	AA-	Y	1,000	2.55	2.55	2.55	0.50	1,000	100.00%
Gateway CU	31. Gateway CU TD	Unrated	N	1,000	2.60	2.64	2.64	0.50	1,000	100.00%
Newcastle Perm Bldg Soc	32. Newcastle Perm Bldg Soc	BBB+	N	1,000	3.10	3.10	3.10	0.50	1,000	100.00%
Greater Bank	33. Greater Bank TD	BBB	N	1,000	3.00	3.00	3.00	0.50	1,000	100.00%
Police CU (SA)	34. Police CU - SA	Unrated	?	1,000	2.67	2.82	2.72	0.50	1,000	100.00%
AMP	35. AMP TD	A	Y	1,000	2.61	2.71	2.64	0.50	1,000	100.00%
CBA	36. CBA TD	AA-	Y	1,500	2.56	2.56	2.56	0.75	1,500	100.00%
Rabobank	37. Rabodirect At-call	AA-	N	5	1.54	1.69	1.62	0.00	5	100.00%
Me Bank	38. ME Bank At Call Account	BBB	N	1,731	1.77	1.77	1.77	0.86	1,731	100.00%
Bank of us	39. Bank of us TD	Unrated	?	1,000	2.61	2.62	2.62	0.50	1,000	100.00%
Bendigo and Adelaide Bank	40. Rural Bank TD	BBB+	N	2,000	2.70	2.71	2.70	1.00	2,000	100.00%
Bank of Queensland	41. Bank of Queensland TD	BBB+	Y	1,000	5.15	5.15	5.15	0.50	1,000	100.00%
Bank of Queensland	42. Bank of Queensland TD	BBB+	Y	2,000	2.66	2.68	2.66	1.00	2,000	100.00%
Bank of Queensland	43. Bank of Queensland TD	BBB+	Y	2,000	3.55	3.55	3.55	1.00	2,000	100.00%
NAB	44. NAB TD	AA-	Y	4,000	2.80	2.80	2.80	2.00	4,000	100.00%
Me Bank	45. ME Bank TD	BBB	N	1,000	2.61	2.69	2.65	0.50	1,000	100.00%
Bendigo and Adelaide Bank	46. Bendigo Bank TD	BBB+	N	1,000	2.46	2.66	2.52	0.50	1,000	100.00%
CBA	47. CBA TD	AA-	Y	2,000	2.56	2.56	2.56	1.00	2,000	100.00%
NAB	48. NAB TD	AA-	Y	4,000	2.54	2.58	2.54	2.00	4,000	100.00%
NAB	49. NAB Term Deposit	AA-	Y	2,040	2.52	2.65	2.56	1.02	2,040	100.00%
Bank of Queensland	50. Bank of Queensland TD	BBB+	Y	2,000	3.75	3.75	3.75	1.00	2,000	100.00%
NAB	51. NAB TD	AA-	Y	2,000	2.50	2.52	2.50	1.00	2,000	100.00%
Bendigo and Adelaide Bank	52. Bendigo and Adelaide Bank FRN	BBB+	N	2,000	3.01	3.04	3.01	1.00	2,014	100.71%
Bendigo and Adelaide Bank	53. Rural Bank TD	BBB+	N	1,000	2.57	2.65	2.64	0.50	1,000	100.00%
Bananacoast CU	54. Bananacoast CU TD	Unrated	N	1,000	2.65	2.73	2.65	0.50	1,000	100.00%
Bank of Queensland	55. Bank of Queensland FRN	BBB+	Y	1,000	2.77	2.78	2.76	0.50	1,003	100.28%
AMP	56. AMP Notice Account	A	Y	1,096	2.18	2.18	2.17	0.55	1,096	100.00%
Newcastle Perm Bldg Soc	57. Newcastle Perm Bldg Soc TD	BBB+	N	1,000	3.50	3.50	3.50	0.50	1,000	100.00%

**ITEM 3 (continued)**

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 31-Dec-17 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2017	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Bendigo and Adelaide Bank	58. Bendigo Bank TD	BBB+	N	2,000	2.60	2.67	2.63	1.00	2,000	100.00%
P&N Bank	59. P&N Bank	BBB	N	1,000	3.17	3.17	3.17	0.50	1,000	100.00%
ANZ	60. ANZ FRN	AA-	Y	2,000	2.58	2.61	2.58	1.00	2,016	100.82%
Auswide Bank	61. Auswide Bank TD	BBB-	N	1,000	2.60	2.67	2.63	0.50	1,000	100.00%
Westpac	62. Westpac FRN	AA-	Y	2,000	2.63	2.66	2.63	1.00	2,020	101.00%
Macquarie Bank	63. Macquarie Bank FRN	A	Y	750	2.88	2.89	2.87	0.37	758	101.06%
CBA	64. CBA TD	AA-	Y	4,000	2.55	2.55	2.55	2.00	4,000	100.00%
Newcastle Perm Bldg Soc	65. Newcastle Perm Bldg Soc FRN	BBB+	N	1,000	3.08	3.13	3.09	0.50	1,003	100.33%
Heritage Bank	66. Heritage Bank FRN	A-	N	1,000	2.88	2.91	2.88	0.50	1,002	100.17%
Bendigo and Adelaide Bank	67. Bendigo Bank TD	BBB+	N	2,000	2.80	3.03	3.01	1.00	2,000	100.00%
CBA	68. CBA FRN	AA-	Y	2,000	2.63	2.67	2.63	1.00	2,021	101.04%
Westpac	69. Westpac FRN	AA-	Y	1,000	2.62	2.66	2.63	0.50	1,010	101.02%
CBA	70. CBA TD	AA-	Y	2,000	2.71	2.68	2.71	1.00	2,000	100.00%
Bendigo and Adelaide Bank	71. Bendigo Bank FRN	BBB+	N	1,000	2.86	2.87	2.84	0.50	1,008	100.79%
CBA	72. CBA TD	AA-	Y	4,000	2.57	2.57	2.57	2.00	4,000	100.00%
NAB	73. NAB TD	AA-	Y	2,000	2.75	2.75	2.75	1.00	2,000	100.00%
NAB	74. NAB Snr FRN	AA-	Y	3,986	2.74	2.75	2.73	1.99	4,028	100.71%
CBA	75. CBA FRN	AA-	Y	2,000	2.51	2.54	2.51	1.00	2,009	100.45%
Suncorp-Metway	76. Suncorp FRN	A+	Y	800	2.99	3.02	2.99	0.40	813	101.57%
NAB	77. NAB FRN	AA-	Y	2,000	2.81	2.84	2.81	1.00	2,029	101.46%
ANZ	78. ANZ Floating TD	AA-	Y	4,000	3.23	3.27	3.24	2.00	4,000	100.00%
AMP	79. AMP FRN	A	Y	1,600	2.88	2.89	2.87	0.80	1,614	100.85%
CBA	80. CBA TD	AA-	Y	2,000	2.74	2.73	2.74	1.00	2,000	100.00%
ANZ	81. ANZ Flexi TD	AA-	Y	4,000	3.24	3.24	3.22	2.00	4,000	100.00%
CBA	82. CBA FRN	AA-	Y	1,988	2.89	2.93	2.90	0.99	2,021	101.04%
CUA	83. CUA FRN	BBB	N	2,000	3.35	3.40	3.35	1.00	2,007	100.37%
Newcastle Perm Bldg Soc	84. NPBS FRN	BBB+	N	1,000	3.39	3.40	3.36	0.50	1,007	100.66%
ANZ	85. ANZ FRN	AA-	Y	4,000	2.90	2.95	2.92	2.00	4,074	101.85%
NAB	86. NAB Fixed Bond	AA-	Y	2,989	3.16	3.16	3.11	1.49	3,019	100.64%
CBA	87. Bankwest 11am Account	AA-	Y	7,448	1.77	1.92	1.87	3.72	7,448	100.00%
Suncorp-Metway	88. Suncorp FRN (Covered)	AAA	Y	4,000	2.87	2.89	2.85	2.00	4,046	101.16%
Newcastle Perm Bldg Soc	89. Newcastle Perm Bldg Soc FRN	BBB+	N	995	3.33	3.37	3.34	0.50	1,002	100.22%
ANZ	90. ANZ Fixed Bond	AA-	Y	3,988	2.92	2.92	2.94	1.99	3,993	99.83%
Defence Bank	91. Defence Bank TD	BBB	N	1,000	2.85	2.85	2.85	0.50	1,000	100.00%
Me Bank	92. ME Bank FRN	BBB	N	1,001	3.21	3.19	3.15	0.50	1,007	100.66%
Westpac	93. WBC Floating TD	AA-	Y	4,000	2.94	2.96	2.94	2.00	4,000	100.00%
Greater Bank	94. Greater Bank FRN	BBB	N	1,000	3.22	3.23	3.22	0.50	1,002	100.21%
Bananacoast CU	95. Bananacoast CU TD	Unrated	N	1,000	2.95	2.95	2.95	0.50	1,000	100.00%
CUA	96. CUA FRN	BBB	N	2,000	3.07	3.08	3.05	1.00	2,004	100.21%
Heritage Bank	97. Heritage Bank FRN	A-	N	1,300	3.04	3.04	3.04	0.65	1,303	100.23%
Suncorp-Metway	98. Suncorp FRN	A+	Y	1,000	2.69	2.69	2.69	0.50	1,007	100.74%
Westpac	99. Westpac TD	AA-	Y	4,000	3.11	3.11	3.11	2.00	4,000	100.00%
Me Bank	100. ME Bank FRN	BBB	N	1,500	2.99	2.99	2.99	0.75	1,501	100.05%
NAB	101. NAB MTN	AA-	Y	3,990	3.08	3.07	3.07	1.99	3,991	99.76%
Bank of Queensland	102. BoQ Term Deposit	BBB+	Y	4,000	3.50	3.50	3.50	2.00	4,000	100.00%
				<b>200,188</b>	<b>2.81</b>	<b>2.86</b>	<b>2.83</b>	<b>100</b>	<b>200,633</b>	

\*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 (%)

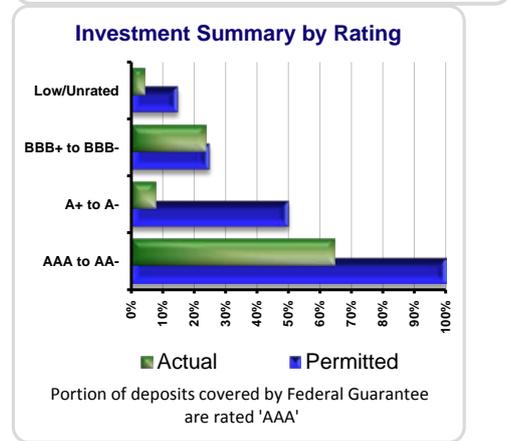
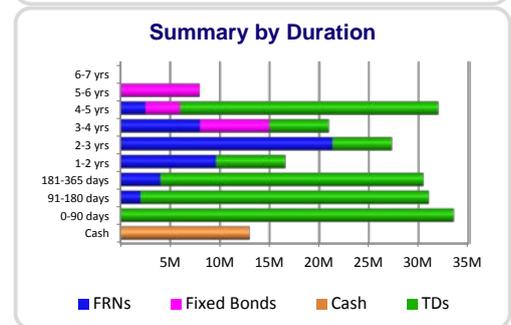
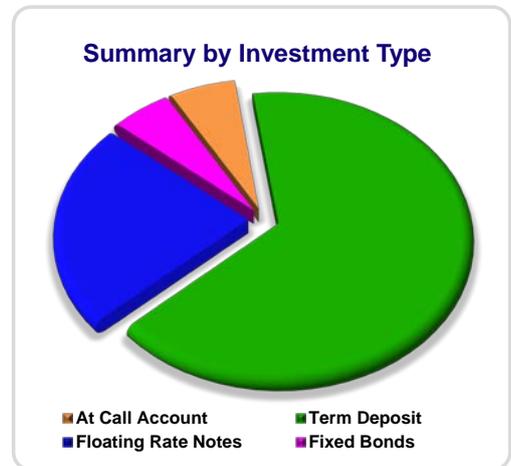
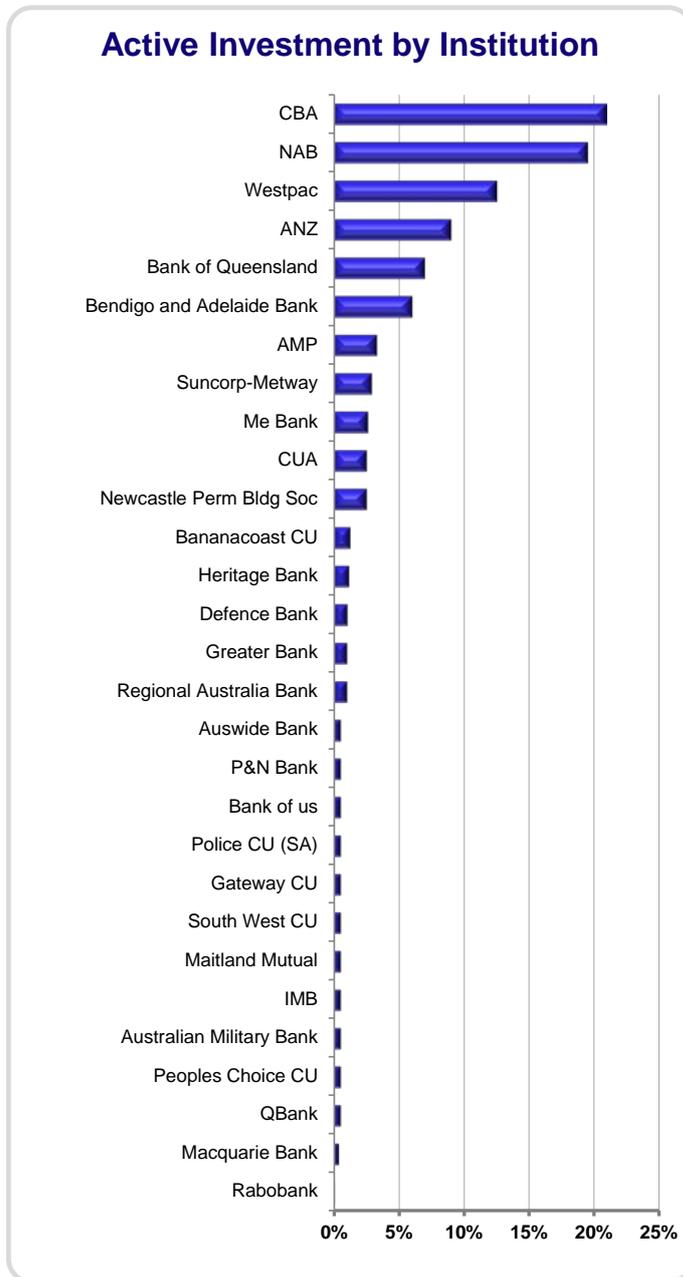
	Dec	12 Mth	FYTD
Return including Matured/Traded Investments	2.81	3.09	2.83
Benchmark Return: AusBond Bank Bill Index (%)	1.70	1.75	1.70
Variance From Benchmark (%)	1.11	1.34	1.13

Investment Income

	\$000's
This Period	467
Financial Year To Date	2,886
Budget Profile	2,143
Variance from Budget - \$	<u>743</u>

**ITEM 3 (continued)**

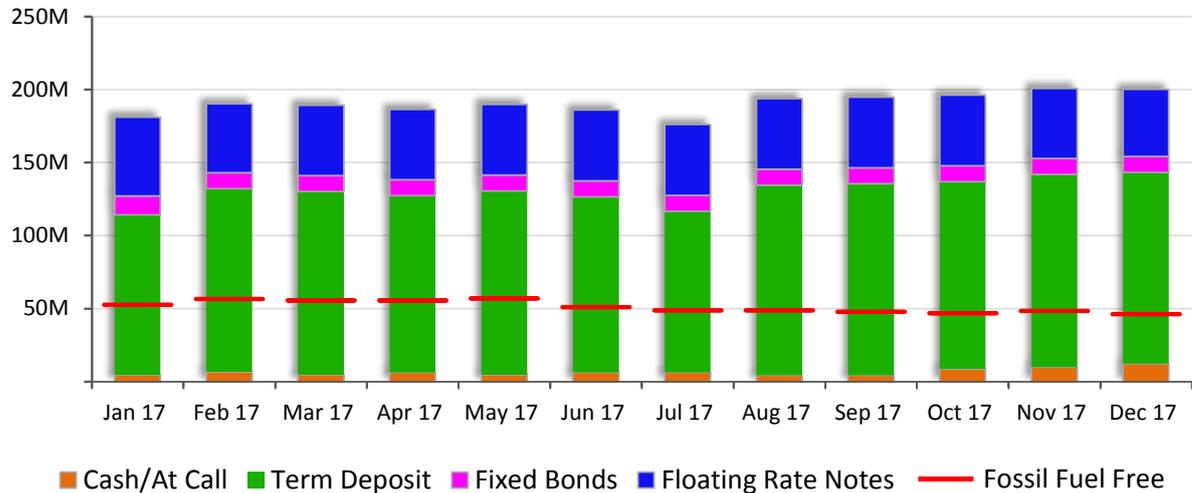
**Analysis of investments**



	<365 days	>365 days
Cash/TDs	\$100.3M	\$43.0M
FRNs	\$6.0M	\$39.9M
Fixed Bonds	\$0.0M	\$11.0M
	<b>\$106.3M</b>	<b>\$93.9M</b>

**ITEM 3 (continued)**

**Total Funds Invested**



**The Divestment of Fossil Fuel Aligned Financial Institutions**

The recent resolution of Council to divest in fossil fuel aligned financial institutions (subject to the conditions outlined in the council resolution) is now being implemented by Finance staff.

A separate report to Council recommending amendments to Council’s existing Investment Policy and Guidelines to accommodate the intent of Council’s resolution will be provided to the March Finance and Governance Committee Meeting.

**Financial Implications**

Income from interest on investments and proceeds from sales of investments totals \$2.89M for the period ended 31 December 2017, \$743K above the Revised 2017/18 Budget. The December Quarterly Budget Review proposes a \$600K increase in Interest on Investments, \$500K of which relates to Developer Contributions (Section 94); with the balance of \$100K being reflected as a Working Capital gain.

**Summary**

Council’s financial year to date return is 2.83%, which is 1.13% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$2.89M for the period ended 31 December 2017, which is \$743K above the Original 2017/18 Budget. This will be adjusted in the upcoming December Quarterly Budget Review.

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.

**ITEM 3 (continued)**

**Certificate of the 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.

Steven Kludass  
Chief Financial Officer

**ITEM 3 (continued)**

**ATTACHMENT 1**

**Council's Property Investment Portfolio**

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

<b>Property</b>	<b>\$' M</b>
1A Station St, West Ryde	0.95
2 Dickson Ave, West Ryde	1.20
8 Chatham Rd, West Ryde	1.38
202 Rowe Street, Eastwood	3.24
226 Victoria Rd, Gladesville	0.38
7 Anthony Road, West Ryde	5.23
7 Coulter Street, Coulter St Car Park, Gladesville	21.90
6-12 Glen Street, Glen Street Car Park, Eastwood	36.17
2 Pittwater Road, John Wilson Car Park, Gladesville	8.70
150 Coxs Road, Cox Rd Car Park, North Ryde	1.65
33-35 Blaxland Road, Argyle Centre, Ryde	5.55
19-21 Church Street and 16 Devlin Street, Ryde	10.87
6 Reserve Street, West Ryde	3.70
Herring Road Air Space Rights	0.51
741-747 Victoria Road, Ryde (Battery World)	7.06
53-71 Rowe Street, Eastwood	7.05
<b>Total Investment Properties as per the Financial Statements</b>	<b>115.54</b>
1 Constitution Road, Operations Centre, Ryde <sup>(1)</sup>	38.15
<b>PROPERTIES HELD FOR RE-SALE</b>	<b>153.69</b>

(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 3 (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 3 (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

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**4 INVESTMENT REPORT AS AT 31 JANUARY 2018**

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**Report prepared by:** Chief Financial Officer**File No.:** CSG/17/1/6/1 - BP18/75

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**REPORT SUMMARY**

This report details Council's performance of its investment portfolio as at 31 January 2018 and compares it against key benchmarks. The report includes the estimated market valuation of Council's investment portfolio and loan liabilities.

Council's financial year to date return is 2.84%, which is 1.11% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$3.38M for the reporting period, which is \$893K above the revised 2017/18 Budget (year to date). A budget adjustment of \$600K has been included in the December Budget Review.

**RECOMMENDATION:**

That Council endorse the Investment Report as at 31 January 2018.

**ATTACHMENTS**

1 January 2018 Investment Report Attachment

Report Prepared By:

**Steven Kludass**  
**Chief Financial Officer**

Report Approved By:

**Roy Newsome**  
**Director - Corporate and Organisational Support Services**

**ITEM 4 (continued)**

**Discussion**

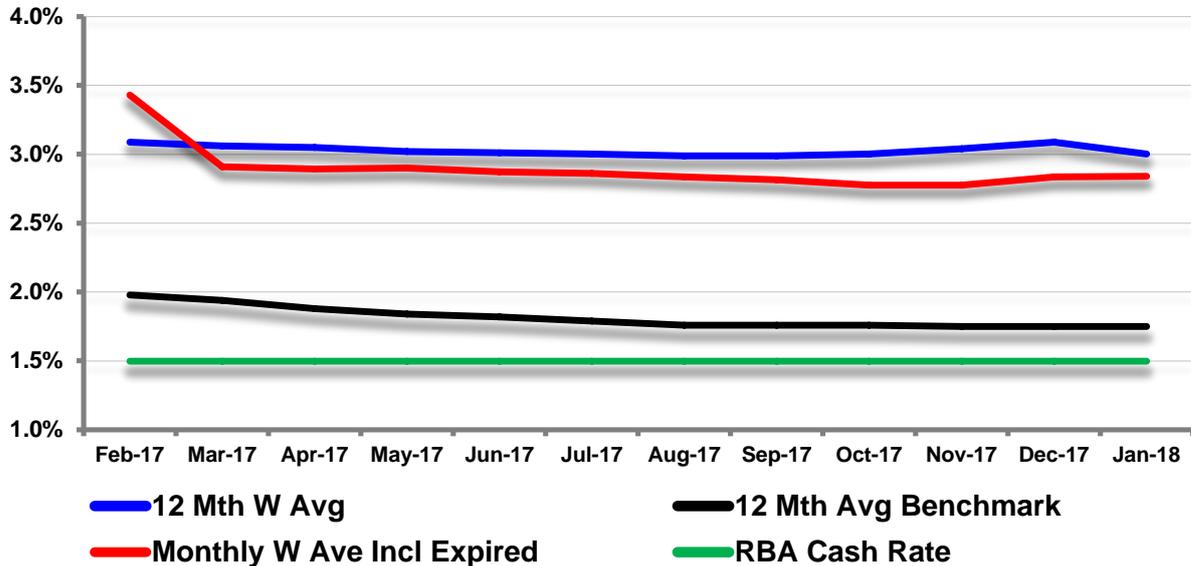
Council’s Responsible Accounting Officer, is required to report monthly on Council’s Investment Portfolio and certify that the Investments are held in accordance with Council’s Investment Policy and Section 625 of the Local Government Act.

**Investment Performance Commentary**

Council’s performance against the benchmark for returns of its investment portfolio for January 2018 and the past 12 months are as follows:

	Jan	12 Mth	FYTD
<b>Council Return</b>	<b>2.84</b>	<b>3.00</b>	<b>2.84</b>
<b>Benchmark</b>	<b>1.85</b>	<b>1.75</b>	<b>1.73</b>
<b>Variance</b>	<b>0.99</b>	<b>1.25</b>	<b>1.11</b>

**Performance - All Investments**



**ITEM 4 (continued)**

Council's investment portfolio as at 31 January 2018 was as follows:

Cash/Term Deposits	\$140.3M	68.0%
Floating Rate Notes	\$47.4M	23.0%
Fixed Bonds	\$18.4M	9.0%
<b>Total Cash Investments</b>	<b>\$206.1M</b>	
Investment Properties	<b>\$153.7M</b>	
<b>Total Investments</b>	<b>\$359.8M</b>	

Council's Investment Properties, valued as at 30 June 2017, 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 Developer (Section 94) Contributions, with investment income for General Revenue remaining steady.

## ITEM 4 (continued)

### Loan Liability

Council's loan liability as at 31 January 2018 was \$3.1 million which represents the balance of:

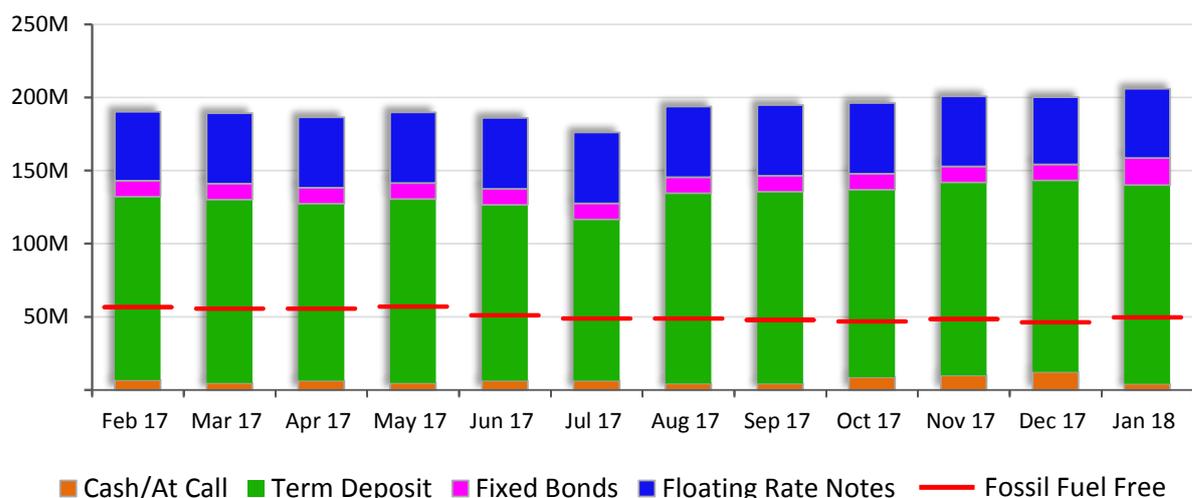
1. A \$6.8M 15 year loan drawn down in 2004 at 90 Day BBSW + 20 basis points for the Civic Centre Redevelopment and refinancing the West Ryde Tunnel. The interest rate for this loan is reset every quarter;

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. A \$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. A \$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.

### Total Funds Invested



**ITEM 4 (continued)**

INVESTMENT SUMMARY AS AT 31 JANUARY 2018

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 31-Jan-18 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2017	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Westpac	1. Westpac At Call	AA-	Y	62	0.53	0.55	0.53	0.03	62	100.00%
Westpac	2. Westpac Term Deposit	AA-	Y	4,000	2.56	2.56	2.56	1.94	4,000	100.00%
Bank of Queensland	3. Bank of Queensland TD	BBB+	Y	2,000	2.62	2.69	2.65	0.97	2,000	100.00%
CBA	4. Bankwest Term Deposit	AA-	Y	2,000	2.51	2.54	2.51	0.97	2,000	100.00%
NAB	5. NAB Term Deposit	AA-	Y	4,000	2.53	2.60	2.53	1.94	4,000	100.00%
Westpac	6. Westpac Term Deposit	AA-	Y	4,000	3.55	3.55	3.55	1.94	4,000	100.00%
Westpac	7. Westpac Term Deposit	AA-	Y	4,000	3.32	3.32	3.32	1.94	4,000	100.00%
AMP	8. AMP TD	A	Y	1,000	2.60	2.77	2.60	0.49	1,000	100.00%
Westpac	9. Westpac Term Deposit	AA-	Y	2,000	3.38	3.38	3.38	0.97	2,000	100.00%
NAB	10. NAB Term Deposit	AA-	Y	2,000	2.70	2.70	2.70	0.97	2,000	100.00%
CBA	11. Bankwest Term Deposit	AA-	Y	4,000	2.51	2.52	2.51	1.94	4,000	100.00%
CBA	12. Bankwest TD	AA-	Y	2,000	2.47	2.55	2.53	0.97	2,000	100.00%
CBA	13. Bankwest TD	AA-	Y	1,000	2.47	2.52	2.51	0.49	1,000	100.00%
CBA	14. Bankwest Term Deposit	AA-	Y	1,000	2.47	2.48	2.40	0.49	1,000	100.00%
NAB	15. NAB Term Deposit	AA-	Y	4,000	2.57	2.60	2.58	1.94	4,000	100.00%
Defence Bank	16. Defence Bank TD	BBB	N	1,031	3.10	3.10	3.10	0.50	1,031	100.00%
Regional Australia Bank	17. Regional Australia Bank TD	Unrated	N	2,000	3.10	3.10	3.10	0.97	2,000	100.00%
QBank	18. Qbank	BBB-	N	1,000	3.00	3.00	3.00	0.49	1,000	100.00%
Bendigo and Adelaide Bank	19. Bendigo Bank TD	BBB+	N	1,000	2.80	2.80	2.80	0.49	1,000	100.00%
CUA	20. Credit Union Australia TD	BBB	N	1,000	2.75	2.78	2.75	0.49	1,000	100.00%
Peoples Choice CU	21. Peoples Choice CU	BBB	N	1,000	2.61	2.71	2.61	0.49	1,000	100.00%
Australian Military Bank	22. Australian Military Bank	Unrated	N	1,000	2.51	2.67	2.62	0.49	1,000	100.00%
Bananacoast CU	23. Bananacoast CU TD	Unrated	N	500	2.65	2.70	2.69	0.24	500	100.00%
CBA	24. CBA TD	AA-	Y	2,000	2.53	2.53	2.53	0.97	2,000	100.00%
Me Bank	25. ME Bank TD	BBB	N	2,000	2.62	2.62	2.62	0.97	2,000	100.00%
CBA	26. Bankwest Term Deposit	AA-	Y	2,000	2.57	2.50	2.43	0.97	2,000	100.00%
IMB	27. IMB TD	BBB	N	1,000	2.60	2.61	2.60	0.49	1,000	100.00%
AMP	28. AMP Business Saver	A	Y	1,878	2.07	2.07	2.07	0.91	1,878	100.00%
South West CU	29. South West CU TD	Unrated	?	1,000	2.65	2.74	2.72	0.49	1,000	100.00%
CBA	30. CBA Term Deposit	AA-	Y	1,000	2.55	2.55	2.55	0.49	1,000	100.00%
Gateway CU	31. Gateway CU TD	Unrated	N	1,000	2.60	2.64	2.63	0.49	1,000	100.00%
Newcastle Perm Bldg Soc	32. Newcastle Perm Bldg Soc	BBB+	N	1,000	3.10	3.10	3.10	0.49	1,000	100.00%
Greater Bank	33. Greater Bank TD	BBB	N	1,000	3.00	3.00	3.00	0.49	1,000	100.00%
Police CU (SA)	34. Police CU - SA	Unrated	?	1,000	2.67	2.77	2.71	0.49	1,000	100.00%
AMP	35. AMP TD	A	Y	1,000	2.61	2.69	2.63	0.49	1,000	100.00%
CBA	36. CBA TD	AA-	Y	1,500	2.56	2.56	2.56	0.73	1,500	100.00%
Me Bank	37. ME Bank At Call Account	BBB	N	232	1.77	1.77	1.77	0.11	232	100.00%
Bank of us	38. Bank of us TD	Unrated	?	1,000	2.61	2.62	2.62	0.49	1,000	100.00%
Bendigo and Adelaide Bank	39. Rural Bank TD	BBB+	N	2,000	2.70	2.70	2.70	0.97	2,000	100.00%
Bank of Queensland	40. Bank of Queensland TD	BBB+	Y	1,000	5.15	5.15	5.15	0.49	1,000	100.00%
Bank of Queensland	41. Bank of Queensland TD	BBB+	Y	4,000	3.10	2.73	2.76	1.94	4,000	100.00%
Bendigo and Adelaide Bank	42. Rural Bank TD	BBB+	N	2,000	2.61	2.61	2.61	0.97	2,000	100.00%
Bank of Queensland	43. Bank of Queensland TD	BBB+	Y	2,000	3.55	3.55	3.55	0.97	2,000	100.00%
NAB	44. NAB TD	AA-	Y	4,000	2.80	2.80	2.80	1.94	4,000	100.00%
Me Bank	45. ME Bank TD	BBB	N	1,000	2.61	2.65	2.65	0.49	1,000	100.00%
Bendigo and Adelaide Bank	46. Bendigo Bank TD	BBB+	N	1,000	2.46	2.63	2.51	0.49	1,000	100.00%
CBA	47. CBA TD	AA-	Y	2,000	2.56	2.56	2.56	0.97	2,000	100.00%
NAB	48. NAB TD	AA-	Y	4,000	2.54	2.56	2.54	1.94	4,000	100.00%
NAB	49. NAB Term Deposit	AA-	Y	2,040	2.52	2.63	2.55	0.99	2,040	100.00%
Bank of Queensland	50. Bank of Queensland TD	BBB+	Y	2,000	3.75	3.75	3.75	0.97	2,000	100.00%
Bendigo and Adelaide Bank	51. Bendigo and Adelaide Bank FRN	BBB+	N	2,000	3.01	3.03	3.01	0.97	2,013	100.65%
Bendigo and Adelaide Bank	52. Rural Bank TD	BBB+	N	1,000	2.57	2.64	2.63	0.49	1,000	100.00%
Bananacoast CU	53. Bananacoast CU TD	Unrated	N	1,000	2.65	2.71	2.65	0.49	1,000	100.00%
CBA	54. Bankwest TD	AA-	Y	2,000	2.57	2.54	2.44	0.97	2,000	100.00%
Bank of Queensland	55. Bank of Queensland FRN	BBB+	Y	1,000	2.78	2.78	2.76	0.49	1,002	100.22%
Newcastle Perm Bldg Soc	56. Newcastle Perm Bldg Soc TD	BBB+	N	1,000	3.50	3.50	3.50	0.49	1,000	100.00%

**ITEM 4 (continued)**

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 31-Jan-18 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2017	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Bendigo and Adelaide Bank	57. Bendigo Bank TD	BBB+	N	2,000	2.60	2.66	2.63	0.97	2,000	100.00%
P&N Bank	58. P&N Bank	BBB	N	1,000	3.17	3.17	3.17	0.49	1,000	100.00%
ANZ	59. ANZ FRN	AA-	Y	2,000	2.58	2.61	2.58	0.97	2,016	100.82%
Auswide Bank	60. Auswide Bank TD	BBB-	N	1,000	2.60	2.66	2.63	0.49	1,000	100.00%
Westpac	61. Westpac FRN	AA-	Y	2,000	2.65	2.66	2.63	0.97	2,018	100.91%
Macquarie Bank	62. Macquarie Bank FRN	A	Y	750	2.88	2.88	2.87	0.36	758	101.02%
CBA	63. CBA TD	AA-	Y	4,000	2.55	2.55	2.55	1.94	4,000	100.00%
Newcastle Perm Bldg Soc	64. Newcastle Perm Bldg Soc FRN	BBB+	N	1,000	3.17	3.13	3.10	0.49	1,006	100.57%
Heritage Bank	65. Heritage Bank FRN	A-	N	1,000	2.88	2.90	2.88	0.49	1,002	100.16%
Bendigo and Adelaide Bank	66. Bendigo Bank TD	BBB+	N	2,000	2.80	3.01	2.98	0.97	2,000	100.00%
CBA	67. CBA FRN	AA-	Y	2,000	2.68	2.67	2.64	0.97	2,020	101.00%
Westpac	68. Westpac FRN	AA-	Y	1,000	2.63	2.65	2.63	0.49	1,011	101.06%
CBA	69. CBA TD	AA-	Y	2,000	2.71	2.69	2.71	0.97	2,000	100.00%
Bendigo and Adelaide Bank	70. Bendigo Bank FRN	BBB+	N	1,000	2.86	2.87	2.85	0.49	1,009	100.86%
CBA	71. CBA TD	AA-	Y	4,000	2.57	2.57	2.57	1.94	4,000	100.00%
NAB	72. NAB TD	AA-	Y	2,000	2.75	2.75	2.75	0.97	2,000	100.00%
NAB	73. NAB Snr FRN	AA-	Y	3,986	2.74	2.74	2.73	1.93	4,032	100.80%
CBA	74. CBA FRN	AA-	Y	2,000	2.54	2.54	2.52	0.97	2,008	100.40%
Suncorp-Metway	75. Suncorp FRN	A+	Y	800	3.01	3.02	2.99	0.39	813	101.68%
NAB	76. NAB FRN	AA-	Y	2,000	2.81	2.83	2.81	0.97	2,031	101.55%
ANZ	77. ANZ Floating TD	AA-	Y	4,000	3.23	3.26	3.24	1.94	4,000	100.00%
AMP	78. AMP FRN	A	Y	1,600	2.88	2.89	2.87	0.78	1,614	100.85%
CBA	79. CBA TD	AA-	Y	2,000	2.74	2.74	2.74	0.97	2,000	100.00%
ANZ	80. ANZ Flexi TD	AA-	Y	4,000	3.25	3.24	3.22	1.94	4,000	100.00%
CBA	81. CBA FRN	AA-	Y	1,989	2.94	2.93	2.90	0.97	2,020	101.00%
CUA	82. CUA FRN	BBB	N	2,000	3.43	3.40	3.36	0.97	2,007	100.34%
Newcastle Perm Bldg Soc	83. NPBS FRN	BBB+	N	1,000	3.43	3.40	3.37	0.49	1,007	100.74%
ANZ	84. ANZ FRN	AA-	Y	4,000	2.99	2.96	2.93	1.94	4,072	101.80%
NAB	85. NAB Fixed Bond	AA-	Y	2,989	3.16	3.16	3.12	1.45	3,020	100.66%
CBA	86. Bankwest 11am Account	AA-	Y	1,954	1.77	1.89	1.85	0.95	1,954	100.00%
Suncorp-Metway	87. Suncorp FRN (Covered)	AAA	Y	4,000	2.93	2.89	2.86	1.94	4,052	101.30%
Newcastle Perm Bldg Soc	88. Newcastle Perm Bldg Soc FRN	BBB+	N	995	3.41	3.37	3.35	0.48	1,002	100.21%
ANZ	89. ANZ Fixed Bond	AA-	Y	3,988	2.92	2.92	2.94	1.94	3,991	99.76%
Defence Bank	90. Defence Bank TD	BBB	N	1,000	2.85	2.85	2.85	0.49	1,000	100.00%
Me Bank	91. ME Bank FRN	BBB	N	1,001	3.04	3.17	3.14	0.49	1,006	100.63%
Westpac	92. WBC Floating TD	AA-	Y	4,000	2.94	2.96	2.94	1.94	4,000	100.00%
Greater Bank	93. Greater Bank FRN	BBB	N	1,000	3.22	3.23	3.22	0.49	1,002	100.20%
Bananacoast CU	94. Bananacoast CU TD	Unrated	N	1,000	2.95	2.95	2.95	0.49	1,000	100.00%
CUA	95. CUA FRN	BBB	N	2,000	3.13	3.08	3.06	0.97	2,004	100.21%
Heritage Bank	96. Heritage Bank FRN	A-	N	1,300	3.04	3.04	3.04	0.63	1,307	100.55%
Suncorp-Metway	97. Suncorp FRN	A+	Y	1,000	2.69	2.69	2.69	0.49	1,009	100.94%
Westpac	98. Westpac TD	AA-	Y	4,000	3.11	3.11	3.11	1.94	4,000	100.00%
Me Bank	99. ME Bank FRN	BBB	N	1,500	2.99	2.99	2.99	0.73	1,501	100.05%
NAB	100. NAB MTN	AA-	Y	3,990	3.08	3.07	3.07	1.94	3,956	98.89%
Bank of Queensland	101. BoQ Term Deposit	BBB+	Y	4,000	3.50	3.50	3.50	1.94	4,000	100.00%
ANZ	102. ANZ FRN	AA-	Y	1,500	2.59	2.59	2.59	0.73	1,500	100.00%
ANZ	103. ANZ Fixed Bond	AA-	Y	1,498	3.16	3.16	3.16	0.73	1,500	100.00%
Bendigo and Adelaide Bank	104. Bendigo Fixed MTN	BBB+	N	1,999	3.54	3.54	3.54	0.97	2,001	100.05%
CBA	105. CBA Fixed Bond	AA-	Y	3,976	3.37	3.37	3.37	1.93	4,000	100.00%
				<b>206,058</b>	<b>2.85</b>	<b>2.86</b>	<b>2.84</b>	<b>100</b>	<b>206,506</b>	

\*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.

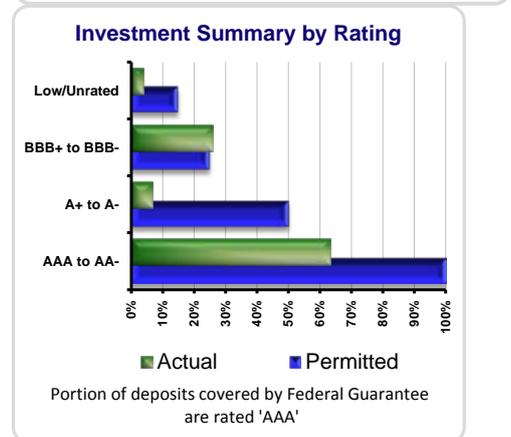
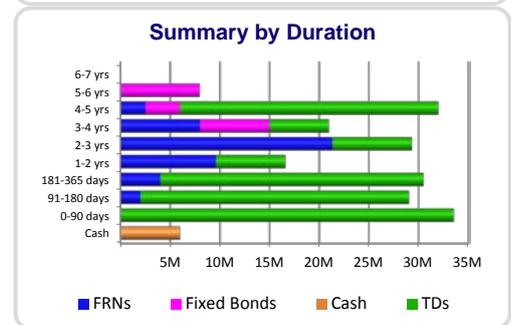
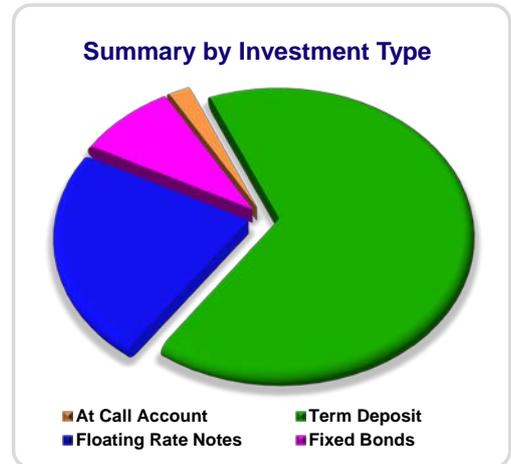
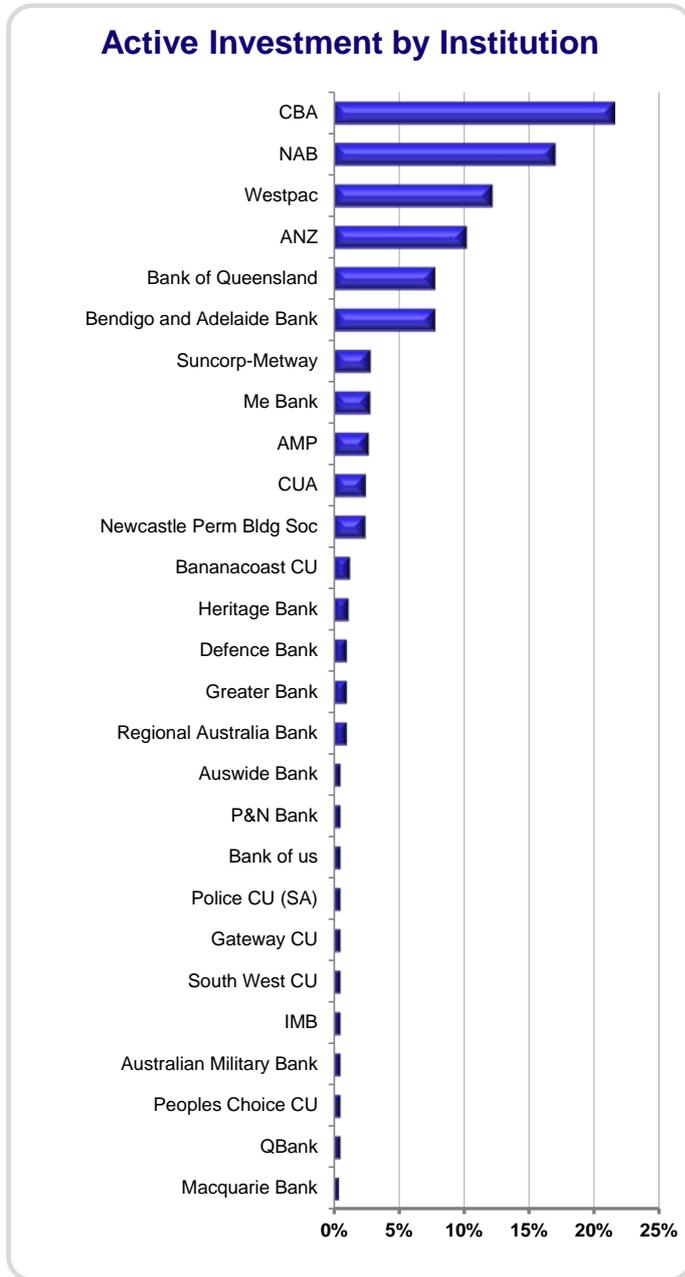
	Jan	12 Mth	FYTD
Return including Matured/Traded Investments			
Weighted Average Return	<b>2.84</b>	<b>3.00</b>	<b>2.84</b>
Benchmark Return: AusBond Bank Bill Index (%)	1.85	1.75	1.73
Variance From Benchmark (%)	<b>0.99</b>	<b>1.25</b>	<b>1.11</b>

**Investment Income**

	\$000's
This Period	486
Financial Year To Date	3,383
Budget Profile	2,490
Variance from Budget - \$	<b>893</b>

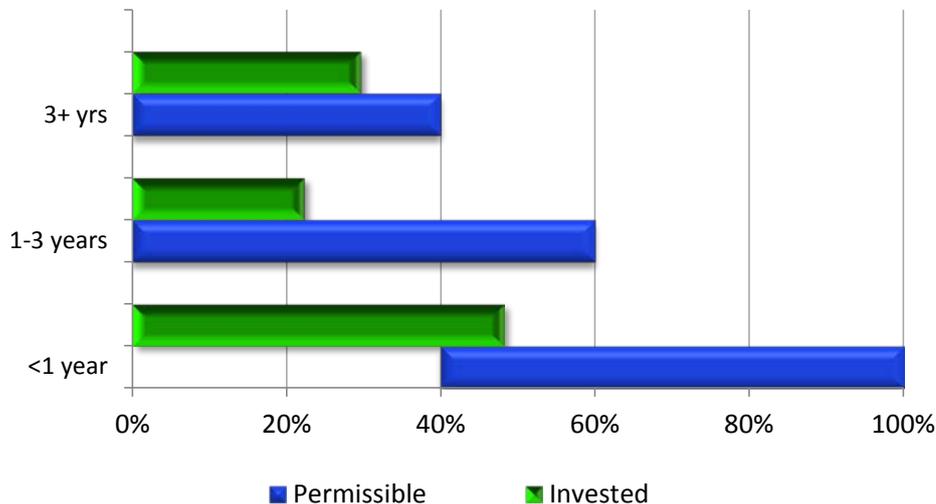
**ITEM 4 (continued)**

**Analysis of investments**



## ITEM 4 (continued)

### Policy Limits on Maturities



### Divestment of Fossil Fuel Aligned Financial Institutions

The recent resolution of Council to divest itself of investments in fossil fuel aligned financial institutions (subject to the conditions outlined in the council resolution) is now being implemented by Finance staff.

A separate report to Council recommending amendments to Council's existing Investment Policy and Guidelines to accommodate the intent of Council's resolution will be provided to the March Finance and Governance Committee Meeting.

### Financial Implications

Income from interest on investments and proceeds from sales of investments totals \$3.38M for the period ended 31 January 2018, \$893K above the Revised 2017/18 Budget. The December Quarterly Budget Review proposes a \$600K increase in Interest on Investments, \$500K of which relates to Developer Contributions (Section 94); with the balance of \$100K being reflected as a Working Capital gain.

### Summary

Council's financial year to date return is 2.84%, which is 1.11% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$2.38M for the period ended 31 January 2018, which is \$893K above the Original 2017/18 Budget. An appropriate adjustment has been made in the December Quarterly Budget Review.

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.

**ITEM 4 (continued)**

**Certificate of the 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.

Steven Kludass  
Chief Financial Officer

**ITEM 4 (continued)**

**ATTACHMENT 1**

**Council's Property Investment Portfolio**

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

<b>Property</b>	<b>\$' M</b>
1A Station St, West Ryde	0.95
2 Dickson Ave, West Ryde	1.20
8 Chatham Rd, West Ryde	1.38
202 Rowe Street, Eastwood	3.24
226 Victoria Rd, Gladesville	0.38
7 Anthony Road, West Ryde	5.23
7 Coulter Street, Coulter St Car Park, Gladesville	21.90
6-12 Glen Street, Glen Street Car Park, Eastwood	36.17
2 Pittwater Road, John Wilson Car Park, Gladesville	8.70
150 Coxs Road, Cox Rd Car Park, North Ryde	1.65
33-35 Blaxland Road, Argyle Centre, Ryde	5.55
19-21 Church Street and 16 Devlin Street, Ryde	10.87
6 Reserve Street, West Ryde	3.70
Herring Road Air Space Rights	0.51
741-747 Victoria Road, Ryde (Battery World)	7.06
53-71 Rowe Street, Eastwood	7.05
<b>Total Investment Properties as per the Financial Statements</b>	<b>115.54</b>
1 Constitution Road, Operations Centre, Ryde <sup>(1)</sup>	38.15
<b>PROPERTIES HELD FOR RE-SALE</b>	<b>153.69</b>

(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 4 (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 4 (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

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**5 DECEMBER QUARTERLY REVIEW REPORT - FOUR YEAR DELIVERY PLAN 2017-2021 AND 2017/2018 OPERATIONAL PLAN**

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**Report prepared by:** Team Leader - Management Accounting  
**File No.:** FIM/07/6/2/7/9 - BP17/1270

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**REPORT SUMMARY**

Council's Four Year Delivery Plan 2017-2021 and One Year Operational Plan 2017/2018 set out the strategic and financial objectives for the year. They also detail the goals and various performance measures for Council's seven key outcome areas, as well as the services and projects that Council plans to deliver in 2017/2018.

The attached Quarterly Report includes details for each of the seven Outcome areas and the twenty one Program areas, detailing the targets adopted by Council and the performance to date in achieving those targets by 30 June 2018. Also shown is a financial performance summary for each key outcome area and a progress status report on all Capital and Non-Capital Projects, by Program Area, that are being undertaken in 2017/2018.

As a result of the December Quarterly Review, Council's available Working Capital is projected to reduce by \$1.04 million to \$4.61 million, noting \$1.5 million from Working Capital is recommended to be transferred to the Ryde Central Reserve to assist with the funding requirements associated with the redevelopment of the Ryde Central site.

The remaining uncommitted Working Capital balance of \$4.61 million is considered adequate given it exceeds Council's minimum uncommitted Working Capital balance of \$4 million.

This review brings to account additional RMS Grants, Developer Contributions, Building and Land Use Enforcement fees, additional investment income and rates income.

All departments are progressing well towards delivering their Corporate Performance Indicator targets with the vast majority of corporate indicators 'on track'. Any projects that are proposed to be deferred or cancelled are listed in this report for Council's consideration.

**RECOMMENDATION:**

- (a) That the report of the Chief Financial Officer dated 31 December 2017 on the December Quarterly Review Report - Four Year Delivery Plan 2017-2021 and One Year Operational Plan 2017/2018, *Quarter Two, October – December 2017* be received and endorsed.

**ITEM 5 (continued)**

- (b) That the proposed budget adjustments included in this report resulting in a net reduction of \$1.04 million to Council's Working Capital for a projected balance as at 30 June 2018 of \$4.61 million be endorsed and included in the 2017/2018 Budget.
- (c) That the proposed \$5.46 million transfers from the following Internal Reserves and Working Capital to the Ryde Central Reserve be noted and endorsed:
- \$3.74 million from Merger and Transition Reserve to be transferred to Ryde Central Reserve.
  - \$1.5 million from Working Capital
  - \$0.20 million from Porters Creek Reserve to be transferred to Ryde Central Reserve;
  - \$0.02 million from Stockland Creche Contribution Reserve to be transferred to Ryde Central Reserve;
- (d) That the proposed transfers to and from Reserves as detailed in the report, and included as budget adjustments, totalling a net increase in Transfers to Reserves of \$0.80 million be noted and endorsed.
- (e) That the Certificate of the Responsible Accounting Officer dated 31 January 2018 be endorsed.
- (f) That the Projects recommended for cancellation, deferral, being placed on hold or proposed to be carried over as detailed in the Report be noted and endorsed.

**ATTACHMENTS**

- 1 Quarterly Review Report - Quarter Two - October - December 2017 -  
CIRCULATED UNDER SEPARATE COVER

Report Prepared By:

**Jifeng Huang**  
**Team Leader - Management Accounting**

Report Approved By:

**Steven Kludass**  
**Chief Financial Officer**

**Roy Newsome**  
**Director - Corporate and Organisational Support Services**

**ITEM 5 (continued)****Discussion**

As required under Section 407 of the Local Government Act, 1993 the quarterly review of the One Year Operational Plan 2017/2018 as at 31 December 2017 is presented to Council.

This Quarterly Review reports on the performance of Council in undertaking its Principal Activities in terms of its stated objectives and financial position. The following sections are included in the document, *Quarterly Review Report, Four Year Delivery Plan 2017-2021 including One Year Operational Plan 2017/2018, Quarter Two, October – December 2017* – **ATTACHMENT 1 - CIRCULATED UNDER SEPARATE COVER;**

- General Manager's Overview, Financial Management and Corporate Performance Overview - provides a 'snapshot' of Council's performance in the quarter relative to several high profile activities.
- Outcome Area Reports – including overview, operational indicators, financial outcome and graphical representation of performance measures.
- Capital and Non Capital Projects Quarterly Status Report – provides comments regarding the status of all of Council's Capital and Non Capital Expenditure projects.
- Base Budget Quarterly Status Report.
- Reserves Listing Report – outlines the opening balance, approved budgeted transfers to/from Reserves and proposed additional transfers to/from Reserves, with a projected balance as at 30 June 2018. **Appendix A**
- Quarterly Changes Report – provides comments and details of those budget items that are proposed to be increased or decreased in the 2017/2018 budget. **Appendix B**
- Consolidated Income and Expenditure Estimates 2017/2018, summary of the budget in two pages, showing the original budget and quarterly changes. **Appendix C**

**Report**

The December 2017 Quarterly Review has been completed and is submitted to Council for endorsement.

**ITEM 5 (continued)**
**The key points to note in this Review are;**

- \$3.96 million additional funding to be transferred from various Internal Reserves to Ryde Central Reserve;
- \$1.50 million Working Capital to be transferred to Ryde Central Reserve to fund the future redevelopment of Ryde Central site;
- \$1.00 million for a new project, 146 Bowden Street Trunk Drainage, funded by developer contributions;
- \$0.85 million additional funding for West Ryde Plaza project, funded by the VPA Reserve;
- \$0.60 million additional SRV funding for Delange Road, Farm Street and Brabyn Street in the Stormwater Asset Replacement Renewal Program;
- \$0.48 million additional SRV funding for projects Terry Road (Eastwood) (Shaftsbury Road - Brush Road), Terry Road (Ryde) (Blaxland Road - Inkerman Road) and William Street (Blaxland Road - Gowrie Street) in the Road Kerb Renewal Capital Program;

Working Capital Summary

Council's projected Working Capital balance as at 30 June 2018 was originally \$6.11 million. Following the 2017/18 September Quarterly Review, the projected Working Capital balance was reduced to a projected balance of \$5.64 million. As a result of the proposed budget adjustments in this 2017/18 December Quarterly Review, Council's Working Capital balance is now projected to reduce by \$1.04 million to \$4.61 million (this decrease includes a \$1.5 million transfer to the Ryde Central Reserve from Working Capital).

<b>Opening Working Capital</b>	<b>4,854</b>
End of Year Changes	249
<b>Final Opening Working Capital</b>	<b>5,103</b>
Delivery Plan	1,008
<b>Revised Working Capital</b>	<b>6,111</b>
September Quarterly Review Adjustments	(470)
December Quarterly Review Adjustments	465
<b>Sub Total</b>	<b>6,106</b>
Working Capital to be transferred to Ryde Central Reserve	(1,500)
<b>Closing Working Capital</b>	<b>4,606</b>

Council's projected Working Capital balance of \$4.61 million is considered adequate and exceeds Council's minimum desired Working Capital balance of \$4 million.

**ITEM 5 (continued)**Overview of December Quarterly Review

Council's projected available Working Capital of \$4.61 million is a result of the proposed budget adjustments contained within the 2017 December Quarterly Review.

The following are the proposed major changes to be made, with a complete listing provided in the circulated document (**Appendix B**), and more detailed explanations in each Outcome area of that document.

Operating Budget

- **Operating income is projected to increase by \$1.87 million (1.31%).** The primary contributors to this result are summarised below;

Increase

- \$1.00 million additional Developer Contributions in relation to 146 Bowden Street Trunk Drainage Project (court settlement);
- \$0.60 million additional interest received from investments. \$0.50 million of this additional interest is related to Section 94 Contributions and accordingly, will be transferred to the Section 94 Reserve;
- \$0.33 million additional Roads to Recovery Grant funding received for the Road Resurfacing Renewal Capital Program;
- \$0.20 million additional Rates Income received from growth; and
- \$0.20 million additional Environmental Compliance revenue received.

Reduction

- \$0.33 million reduction in RMS Grant funding due to delay in negotiating delivery agreement and construction with RMS & Department of Transport for Bennelong Park Groyne and Foreshore Improvement project; and
- \$0.13 million reduction in operating grant funding for the Road Safety Plan project as the Road Safety Plan is funded through Morrison Road LATM Project

**ITEM 5 (continued)**

- **Operating expenditure is projected to decrease by \$0.04 million (0.04%).**  
The primary contributors to this result are summarised below;

Increase

- \$0.15 million increased budget for Road Drainage Operating Program – offsetting saving to be transferred from the Road Drainage Maintenance Program;
- \$0.10 million additional funding for the 'Managing Waste Reduction in Multi Unit Dwellings' project - funded by an unspent EPA Grant;
- \$0.09 million increased budget for the Synthetic Playing Surface Maintenance Program - funding to be transferred from Sportsground, Parks & Gardens Program;
- \$0.08 million increased budget for the Traffic Facilities Maintenance Program due to high requests and maintenance of traffic infrastructure;
- \$0.04 million increased budget for the Cycleways Maintenance Program due to high requests and maintenance of traffic infrastructure;
- \$0.04 million increased budget for the Rates & Revenue Administration Program due to increased credit card transactional business.

Reduction

- \$0.15 million reduced budget for the Road Drainage Maintenance Program - offset by increased budget for Road Drainage Operating Program;
- \$0.13 million reduced budget for the Road Safety Plan project as Road Safety Plan is funded through the Morrison Road LATM Project;
- \$0.12 million reduced budget for the Footpaths & Nature Strips Operating Program - saving to be transferred to Maintenance of Cycleway & Traffic Facilities;
- \$0.09 million reduced budget for the Sportsgrounds, Parks & Gardens Operating Program - saving to be transferred to the Synthetic Playing Surface Maintenance Program;
- \$0.02 million reduced budget for the Macquarie-Ryde Futures-PhD-Urban Planning project;

**ITEM 5 (continued)**

- \$0.02 million reduced budget for the Macquarie-Ryde Futures-PhD Social Inclusion project; and
- \$0.01 million reduced budget for the Centres Activation Program (Town and Neighbourhood Centres).

In total, the **Operating Surplus is projected to increase by \$1.91 million**, most of which is being utilised for Capital projects or transferred to Reserves.

Capital Budget

- **The capital budget is projected to increase by \$2.05 million (3.63%).** The primary contributors to this result are summarised below;

Increase

- \$1.00 million additional funding for a new project, 146 Bowden Street Trunk Drainage - funded by developer contributions;
- \$0.85 million additional funding for West Ryde Plaza project - funded by the VPA Reserve;
- \$0.80 million additional funding for the Stormwater Asset Replacement Renewal Capital Program in relation to Delange Road; Brabyn Street and Farm Street projects - \$0.60 million is funded by the Infrastructure Special Rate Reserve and \$0.20 million funded by the Stormwater Management Reserve;
- \$0.47 million additional funding for the Road Kerb Renewal Capital Program in relation to Morrison Road, William Street, Terry Road projects - funded by the Infrastructure Special Rate Reserve;
- \$0.45 million additional funding for the Road Resurfacing Renewal Capital Program – jointly funded by additional Road to Recovery Grant funding and the Assets Replacement Reserve;
- \$0.27 million additional funding for the Footpath Construction Expansion Capital Program - funded by Section 94 Reserves;
- \$0.22 million additional funding for the Playground Renewal & Construction Renewal Capital program - funded by savings from the Synthetic Playing Surfaces Expansion Capital Program;

**ITEM 5 (continued)**

- \$0.12 million additional funding for the Shrimptons Creek Corridor Embellishment Project - funded by savings from the Town Centre Renewal Public Art and savings from the Centres Activation Project;
- \$0.04 million additional funding for the Bridge Upgrade / Renewal Capital Program - funded by the Assets Replacement Reserve; and
- \$0.02 million additional funding for the Sportsfield Floodlighting Renewal Capital Program - funded by savings from the Sportsfield Floodlighting Expansion Capital Program.

**Reduction**

- \$1.08 million reduced budget for Multi Function Poles in Macquarie Park project, as project is deferred until after the Macquarie Park Bus Priority Works is scheduled;
- \$0.33 million reduced budget for Bennelong Park Groyne and Foreshore Improvement project due to delay in negotiating delivery agreement and construction with RMS & Department of Transport;
- \$0.22 million reduction for the Synthetic Playing Surfaces Expansion Capital Program - saving to be transferred to the Playground Renewal & Construction Renewal Capital Program;
- \$0.20 million reduction for Porters Creek Precinct Project due to change in the scope of work;
- \$0.20 million reduction for the 33-35 Blaxland Road Redevelopment Project due to change in the scope of work;
- \$0.11 million reduction for the Town Centre Upgrade Implementation Renewal Capital Program - funding to be transferred to Shrimptons Creek Corridor Embellishment Project;
- \$0.04 million reduction for the Update Open Space Plans of Management and Site Masterplans Project; and
- \$0.02 million reduction for the Sportsfield Floodlighting Expansion Capital Program - offset by increasing budget for the Sportsfield Floodlighting Renewal Capital Program.

**ITEM 5 (continued)**Reserve Movements

- **Transfers from Reserves are projected to increase by \$5.31 million (6.37%).**  
The primary contributors are summarised below;

Increase

- \$3.75 million transfer from the Merger and Transition Reserve to the Ryde Central Reserve;
- \$0.85 million increase from the VPA Reserve to fund the West Ryde Plaza Project;
- \$0.60 million increase from the Infrastructure Special Rate Reserve to fund the Stormwater Asset Replacement Renewal Capital Program;
- \$0.47 million increase from the Infrastructure Special Rate Reserve to fund the Road Kerb Renewal Capital Program;
- \$0.27 million increase from the Section 94 Reserve to fund the Footpath Construction Expansion Capital Program;
- \$0.22 million increase from the Assets Replacement Reserve to fund the Playground Renewal & Construction Renewal Capital Program;
- \$0.20 million increase from the Stormwater Management Reserve to fund the Stormwater Asset Replacement Renewal Capital Program;
- \$0.20 million transfer from the Porters Creek Reserve to the Ryde Central Reserve;
- \$0.12 million increase from the Assets Replacement Reserve to fund the Road Resurfacing Renewal Capital Program;
- \$0.11 million increase from the Section 94 Reserve to fund the the Shrimptons Creek Corridor Embellishment Project;
- \$0.10 million increase from the unspent 'Better Waste & Recycling Grant' Reserve to fund the 'Managing Waste Reduction in Multi Unit Dwellings' Project;
- \$0.09 million increase from the Synthetic Sports Surface Reserve to fund the Synthetic Playing Surface Maintenance Program;
- \$0.04 million increase from the Assets Replacement Reserve to fund the Bridge Upgrade / Renewal Capital Program;
- \$0.02 million increase from the Section 94 Reserve to fund the Sportsfield Floodlighting Renewal Capital Program; and

**ITEM 5 (continued)**

- \$0.02 million transfer from the Stockland Creche Contribution Reserve to the Ryde Central Reserve.

Reduction

- \$1.08 million reduction from the Macquarie Park Corridor Special Rate Reserve due to deferring the Multi Function Poles in Macquarie Park Project until after the Macquarie Park Bus Priority Works have been scheduled;
  - \$0.22 million reduction from the Assets Replacement Reserve for works related to the Synthetic Playing Surfaces Expansion Capital Program - offset by increased funding for Playground Renewal & Construction Renewal Capital Program;
  - \$0.20 million reduction from the Domestic Waste Management Reserve for the Porters Creek Precinct Project due to change in the scope of work;
  - \$0.11 million reduction from the Section 94 Reserve for the Town Centre Upgrade Implementation Renewal Capital Program, offset by increased budget for the Shrimptons Creek Corridor Embellishment Project;
  - \$0.10 million reduction from the Investment Property Reserve for the 33-35 Blaxland Road Redevelopment Project due to change in the scope of work;
  - \$0.02 million reduction from the Section 94 Reserve for the Sportsfield Floodlighting Expansion Capital Program, offset by increased funding for Sportsfield Floodlighting Renewal Capital Program.
- **Transfers to Reserves are projected to increase by \$6.11 million (8.75%).**  
The primary contributors are summarised below;

Increase

- \$5.46 million increase to the Ryde Central Reserve, offset by reductions in the Merger and Transition Reserve, Porters Creek Reserve, Stocklands Creche Contribution Reserve and a reduction in Working Capital;

**ITEM 5 (continued)**

- \$0.50 million increase to the Section 94 Reserve as additional interest from investments has been brought to account in the second quarter of 2017/18; and
- \$0.15 million increase to the Synthetic Sports Surface Reserve as additional income has been received for the Synthetic Playing Surface Program.

Ryde Central Reserve

The December Quarterly Review was used as an opportunity to review Council's Internal Reserves with a view to rationalising those Reserves where their original purpose had been satisfied and further funding was no longer required. The following Internal Reserves satisfy that criteria;

1. Merger and Transition Reserve
2. Porters Creek Reserve
3. Stocklands Creche Contribution Reserve

It is proposed that the uncommitted funds remaining in these 3 Internal Reserves be transferred to the Ryde Central Reserve to assist in the funding required for the redevelopment of the Ryde Central site. Furthermore, it is proposed to transfer \$1.5 million in available Working Capital to the Ryde Central Reserve as part of the December Quarterly Review.

Below is a table that reconciles the funds now available in the Ryde Central Reserve:

<b>Ryde Central Reserve</b>	<b>\$</b>
<b>Current Available Balance in Ryde Central Reserve</b>	<b>648,954</b>
ADD: Transfer from Merger and Transition Reserve	3,746,072
ADD: Transfer from Porters Creek Reserve	199,349
ADD: Transfer from Stocklands Creche Contribution Reserve	16,693
ADD: Available Working Capital	1,500,000
<b>Revised Available Balance in Ryde Central Reserve</b>	<b>6,111,068</b>

Council should also note that a further \$2.2 million has been earmarked for inclusion in the Ryde Central Reserve as part of the 2018/19 Budget preparation process. This would bring the potential available balance to \$8,311,068 by 1 July 2018, if endorsed by Council.

**ITEM 5 (continued)**Projects recommended to be cancelled, deferred, put on hold or to carryover

The following projects are listed in the December Quarterly Review and are recommended to be cancelled, deferred, put on hold or to carryover for the reasons indicated, with budget adjustments included;

- Multi Function Poles in Macquarie Park – this project is deferred until after the Macquarie Park Bus Priority Works have been scheduled.

Brief Overview of Corporate Performance Indicators1. Customer related Indicators

Council's performance in respect of responding to Customer Requests, Inward Correspondence and Complaints were all above target during the quarter with details as follows:

- Customer Requests – 94% (acknowledged within 10 working days)
- Inward Correspondence – 91% (acknowledged within 10 working days)
- Complaints – 100% (1 Complaint resolved within agreed timeframe)

The corporate performance indicator that was below target this quarter was Audit Recommendations as detailed below:

- Audit Recommendations – 56% (5 of 9 recommendations were implemented during the quarter)

There will be a focus to implement the remaining audit recommendations during the next quarter.

2. Staff turnover

The staff turnover rate has increased from 10.73% (2017 September Quarter) to 11.41% (2017 December Quarter) and the vacancy rate has decreased from 9.73% (2017 September Quarter) to 8.67% (2017 December Quarter).

**ITEM 5 (continued)**Critical Dates

The following deadlines are required to be met;

- In accordance with Section 407 of the Local Government Act 1993, the General Manager must report to the Council within 2 months after the end of each quarter as to the extent to which the performance targets set by the Council's current Management Plan have been achieved during that quarter.

The Chief Financial Officer as Council's Responsible Accounting Officer, in accordance with the Part 2 Clause 7 of the Local Government (Financial Management) Regulation 1999 is required to certify whether the Council's financial position is satisfactory having regard to the original estimates of income and expenditure.

**Financial Implications**

Overall, Council's financial position and performance continues to be sound.

The December Quarterly Review identifies a \$465k improvement to our budget position prior to a recommended \$1.5 million transfer to the Ryde Central Reserve. Following this adjustment, Council's projected Working Capital is estimated to be \$4.61 million as at 30 June 2018. This figure remains comfortably above Council's desired minimum Working Capital balance of \$4 million.

**ITEM 5 (continued)****Certificate**

In accordance with the Local Government (Financial Management) Regulation 1999, Part 2, Clause 7, I report that the financial position of the Council was satisfactory as at 31 December 2017, having regard to the original estimates of income and expenditure.

Variations in total income, operating and capital expenditure as at 30 June 2018 are of a quantum and nature that overall end of year financial targets will be achieved.

Steven Kludass

Chief Financial Officer  
Responsible Accounting Officer  
31 January 2018

**CONFIDENTIAL ITEMS****6 REQUEST FOR TENDER - EXPRESSION OF INTEREST - COR-EOI-04/17-REGISTER FOR PRE-QUALIFIED SUPPLIERS FOR LANDSCAPE ARCHITECTURAL DESIGN SERVICES**

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**Report prepared by:** Team Leader Landscape Architect**Report approved by:** Manager - Project Development; Acting Director - City Works and Infrastructure

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**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.

**File Number:** GRP/09/3/15 - BP18/72**Page Number:** 59**7 REQUEST FOR TENDER - TENDER - COR-RFT-18/17-DESIGN AND CONSTRUCTION - RYDE OUTDOOR YOUTH AND FAMILY RECREATION SPACE**

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**Report prepared by:** Project Manager, Project Development**Report approved by:** Manager - Project Development; Acting Director - City Works and Infrastructure

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**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.

**File Number:** GRP/09/3/15 - BP18/78**Page Number:** 102

**CONFIDENTIAL ITEMS (CONTINUED)****8 ADVICE ON COURT ACTIONS**

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**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.

This matter is classified confidential because it contains advice concerning legal matters that are:-

- (a) substantial issues relating to a matter to which the Council is involved.
- (b) clearly identified in the advice, and
- (c) fully discussed in that advice.

It is not in the public interest to reveal all details of this matter as it would prejudice Council's position in any court proceedings.

**Report prepared by:** Solicitor

**File No.:** GRP/09/5/8 - BP18/77

**Page No.:** 118