



# Corporate & Works Committee

**Agenda:** *Corporate & Works Committee*

**Date:** *Monday 3 March 2008*

**Time:** *6.00pm*

### **Outline of Meeting Protocol & Procedure:**

- The Chairperson will call the Meeting to order and ask the Committee/Staff to present apologies or late correspondence.
- The Chairperson will commence the Order of Business as shown in the Index to the Agenda.
- At the beginning of each item the Chairperson will ask whether a member(s) of the public wish to address the Committee.
- If person(s) wish to address the Committee, they are allowed four (4) minutes in which to do so. Please direct comments to the issues at hand.
- If there are persons representing both sides of a matter (eg applicant/objector), the person(s) against the recommendation speak first.
- At the conclusion of the allotted four (4) minutes, the speaker resumes his/her seat and takes no further part in the debate unless specifically called to do so by the Chairperson.
- If there is more than one (1) person wishing to address the Committee from the same side of the debate, the Chairperson will request that where possible a spokesperson be nominated to represent the parties.
- The Chairperson has the discretion whether to continue to accept speakers from the floor.
- After considering any submissions the Committee will debate the matter (if necessary), and arrive at a recommendation (R items which proceed to Full Council) or a resolution (D items for which the Committee has delegated authority).

### **Delegated Authority (“D” Items):**

- General financial and corporate management of the Council, except those specifically excluded by statute, by Council direction or delegated specifically to another Committee.
- Note: This not to limit the discretions of nominated staff members exercising Delegated Authorities granted by the Council.
- Quarterly review of Council's Management Plan.
- Finance Regulations, including:-
  - Authorisation of expenditures within budgetary provisions where not delegated;
  - Quarterly review of Budget Review Statements;
  - Quarterly and other reports on Works and Services provision; and
  - Writing off of rates, fees and charges because of non-rateability, bad debts, and impracticality of collection.
- Auditing.
- Property Management.
- Asset Management.
- Traffic Management - Works Implementation.
- Works and Services - Monitoring and Implementations.
- Legal Matters and Legal Register.
- Parks and Reserves Management.
- Infrastructure Management, Design and Investigation.
- To require such investigations, reports or actions as considered necessary in respect of matters contained within the Business Agenda (and as may be limited by specific Council resolution).
- Confirmation of Minutes of its Meeting.
- Any other matter falling within the responsibility of the Corporate and Works Committee and not restricted by the Local Government Act or required to be a Recommendation to Full Council as listed below.

### **Recommendation only to the Full Council (“R” Items):**

- Such matters as are specified in Section 377 and within the ambit of the Committee considerations.
- The voting of money for expenditure on works, services and operations.
- Rates, Fees and Charges.
- Donations
- Matters which involve broad strategic or policy initiatives within responsibilities of the Committee.
- Matters not within the specified functions of the Committee.
- Asset Rationalisation.
- Corporate Operations:-
  - Statutory Reporting;
  - Adoption of Council's Management Plans;
  - Quality Service/Communications;
  - Leases.
  - Matters reserved by individual Councillors in accordance with any Council policy on "safeguards" and substantive changes
  - Delegations.
  - Policies.
  - Tenders as per Regulation requirements.

**Committee Membership:**

7 Councillors

**Quorum:**

The quorum for a Committee meeting is 4 Councillors.

# WOOLLAHRA MUNICIPAL COUNCIL

## Notice of Meeting

28 February 2008

To: His Worship The Mayor, Councillor Rundle, ex-officio  
Councillors Andrew Petrie (Chair)  
Anthony Boskovitz  
John Comino (Deputy Chair)  
Claudia Cullen  
Marcus Ehrlich  
Fiona Sinclair King  
John Walker

Dear Councillors

### **Corporate & Works Committee Meeting – 3 March 2008**

In accordance with the provisions of the Local Government Act 1993, I request your attendance at a Meeting of the Council's **Corporate and Works Committee** to be held in the **Council Chambers, 536 New South Head Road, Double Bay, on Monday 3 March 2008 at 6.00pm.**

Gary James  
General Manager

# **Additional Information Relating to Committee Matters**

**Site Inspection**

**Other Matters**

## Meeting Agenda

<b>Item</b>	<b>Subject</b>	<b>Pages</b>
1	Leave of Absence and Apologies	
2	Late Correspondence	
3	Declarations of Interest	

### **Items to be Decided by this Committee using its Delegated Authority**

D1	Confirmation of Minutes of Meeting held on 25 February 2008	1
D2	Progress Update – Preparation in the 2008/2009 Preliminary Draft Budget – 331.G 2008/2009	2
D3	Relocation of Watsons Bay Library from Dunbar House to the area adjacent to the Watson Bay Tea Rooms – 307.8	12
D4	104 Hopetoun Avenue, Vaucluse – Proposed Road Lease – 240.104	18

### **Items to be Submitted to the Council for Decision with Recommendations from this Committee**

R1	Report from Legal Sub-Committee Meeting held on 26 February 2008 – 795.G	24
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**Item No:** D1 Delegated to Committee  
**Subject:** **Confirmation of minutes of meeting held on 25 February 2008**  
**Author:** Les Windle, Manager – Governance  
**File No:** See Council Minutes  
**Reason for Report:** The Minutes of the Meeting of Monday 25 February 2008 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

**Recommendation:**

That the Minutes of the Corporate and Works Committee Meeting of 25 February 2008 be taken as read and confirmed.

Les Windle  
Manager - Governance

**Item No:** D2 Delegated to Committee  
**Subject:** **Progress Update - Preparation of the 2008/2009 Preliminary Draft Budget**  
**Author:** Don Johnston, Manager Finance  
**File No:** 331G 2008/2009  
**Reason for Report:** To provide the Committee with an update on the progress of the 2008/2009 Preliminary Draft Budget and to outline the constraints facing Council in its preparation.

**Recommendation:**

1. That the update on the preparation of the 2008/2009 preliminary draft budget be received and noted
2. That a further report be presented to the Corporate & Works Committee in April with detailed estimates of operating income and expenditure and a comprehensive capital budget.

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**Background:**

The Budget Strategy report to the Corporate & Works Committee meeting of 3 December 2007 recommended the following:

*That the 2008/09 Draft Budget be prepared on the following basis:*

1. *The key objectives of the budget strategy be to continue to:*
  - *attempt to, as far as possible, absorb the external impacts on Council's budget;*
  - *grow the amount of capital funding available from the operating budget;*
  - *maintain and enhance service delivery from the operating budget; and*
  - *fund the identified capital works program, including the infrastructure renewal strategy;*
2. *While endeavouring to achieve the key objectives, the 2008/2009 draft operating budget incorporate:*
  - *taking up the full amount of the general rate variation;*
  - *increasing fees and charges by at least the CPI;*
  - *providing for a 3.5% increase in salaries and wages (effective from the beginning of November) discounted by a 5% vacancy factor;*
  - *fully funding the increase in employee leave entitlements;*
  - *budgeting for the full withdrawal of the superannuation 'holiday';*
  - *repayment of the \$6.525m streetscapes program loan funded from the loan repayments reserve and \$40,000 from s94A levies.*
3. *The capital budget should be prepared to include:*
  - *an increase in Council's commitment to infrastructure renewal of at least the amount of the rate increase;*
  - *a \$960,000 program of works funded by section 94A levies;*
4. *That the internal working documents be updated for the 2008/2009 draft budget and reviewed by Council in conjunction with the cuts identified by Directors*

5. *That a further report be prepared on funding Council's leave liability to an optimum level of 40% canvassing an allocation from working funds as part of achieving the strategy*

## **Introduction**

The constraints and opportunities associated with developing Council's operating budget each year have been highlighted in previous reports. This Council, through a process of expenditure containment and income growth, has been able to increase the capital funding available from the operating budget from \$1.5m in 2002/2003 to \$4.1m in 2007/2008. In setting the 2006/2007 budget strategy the Council established a policy position of increasing the annual amount of capital funding available from the operating budget by at least the amount of the permissible rate increase.

Council's goal to increase capital funding available from the operating budget by the estimated rate increase in 2008/2009 (3%) is a target of \$4.239m. At this stage in the budget preparation process a further \$553k is required from the operating budget to reach this target.

This report provides an update to the Committee on progress being made on the preparation of the preliminary draft 2008/2009 budget and the issues faced. It steps through both operating expenditure and operating revenue and highlights factors impacting on Council's capacity to meet its capital funding target for 2008/2009.

While the draft 08/09 budget currently allows for the withdrawal of the superannuation 'holiday' there is the potential for it to be continued. The Local Government Superannuation Scheme Board is due to meet this week to determine its position for 08/09. A continuation of the 'holiday' will be particularly beneficial in reaching the capital funding target, reducing our net expenditure by around \$321k.

The report also raises the prospect of funding the \$200k contribution to Double Bay Centre Management from either the 06/07 working funds surplus, the proceeds of the commercial arrangements for the Cosmopolitan Centre, in particular the additional proceeds received for the stairwell, or the interest earned on those proceeds.

Jointly, these possibilities increase capital funding available from the operating budget by \$521k and therefore reduce the target shortfall from \$553k to \$32k, a figure that could realistically be found without any impact on services or service levels.

The report also introduces the Internal Budget Working Documents that have been updated with the 08/09 budget as it currently stands. Council has already resolved that this document be circulated for review as part of the preparation cycle.

## **Review of Operating Expenditure**

Operating expenditure in the 2007/2008 original budget totalled \$55.645m. The preliminary draft budget for 2008/2009 as it stands includes total operating expenditure of \$59.246m, an increase of \$3.6m or 6.5%. A full review of the preliminary draft budget has been undertaken to ensure that only those initiatives that support the continued provision of current services and service levels are included. Specific provision has been made to restore parks and streetscapes service levels, in particular verge mowing, street tree maintenance, park furniture and lighting maintenance and weed spraying, in light of increased maintenance requirements. There have been some resultant increases in expenditure which are outlined in the summary of operating expenditure below.

	<b>07/08 Original Budget</b>	<b>08/09 Draft Budget</b>	<b>\$ Inc.</b>	<b>% Inc.</b>
<b>Overall increase in operating expenditure</b>	<b>55,645</b>	<b>59,246</b>	<b>3,601</b>	<b>6.5</b>
<i>Increases in essential expenditure:</i>				
Retirement Scheme Superannuation	324	710	386	119.1
Tipping Charges	2,149	2,438	289	13.4
Insurance Premiums	2,221	2,460	239	10.8
Interest on Loans	192	675	483	251.6
Double Bay Business Centre Cont'n	0	200	200	100.0
Fire Brigade Levy	1,588	1,778	190	12.0
IT contracts	500	604	104	20.8
Street Lighting Charges	1,053	1,106	53	5.0
Election Expense	50	100	50	100.0
	<b>8,077</b>	<b>10,071</b>	<b>1,994</b>	<b>24.7</b>
<b>Overall increase after essential expenditure</b>	<b>47,568</b>	<b>49,175</b>	<b>1,607</b>	<b>3.4</b>
<i>Increases in other expenditure</i>				
Parks & Street Trees contracts	322	495	173	53.7
Self funded losses (Insurances)	365	525	160	43.8
Organics Trial	10	150	140	1,400.0
	<b>697</b>	<b>1,170</b>	<b>473</b>	<b>67.9</b>
<b>Overall increase after essential &amp; other exp.</b>	<b>46,871</b>	<b>48,005</b>	<b>1,134</b>	<b>2.4</b>

Applying a 'normal' level of increase to these items would result in an overall increase in expenditure of 2.8% which is in line with the annual CPI increase as at December 2007 which was 2.4%, acknowledging that materials costs and salaries and wages increase at a higher rate than CPI.

It should be noted that:

- the increase in retirement scheme superannuation is partly (approx. \$65k) funded from an increase in the Domestic Waste Management charge;
- the increase in tipping charges is largely (\$219k) funded from an increase in the Domestic Waste Management Charge;
- the increase in insurance premiums is partly (\$100k) funded from reserve;
- the increase in interest on loans is fully funded from reserve; and
- the Organics Trial is fully funded from DWM.

Where there is no funding source, these increases in expenditure are directly contributing to the \$553k shortfall in capital funding from the operating budget that we are continuing to pursue.

#### Staffing Costs

The largest area of operating expense is staffing costs. As noted in the budget strategy report to Corporate & Works in December last year, staffing costs make up almost half of our operating expenditure. Increases in staffing costs between the 07/08 original budget and 08/09 draft budget are summarised below.

	<b>07/08 Original Budget</b>	<b>08/09 Draft Budget</b>	<b>\$ Inc.</b>	<b>% Inc.</b>
Salaries & Wages	21,419	22,276	857 <sup>1</sup>	4.0
Overtime	570	591	21	3.7
Superannuation	1,952	2,490	538 <sup>2</sup>	27.6
Leave Liability Accrual	644	708	64	9.9
Workers' Compensation Premium	1,100	1,320	220 <sup>3</sup>	20.0
Other	242	242	0	0.0
	<b>25,927</b>	<b>27,627</b>	<b>1,700</b>	<b>6.6</b>

1. includes transfer of staff from Gaden Reserve which adds 0.5% to salaries & wages.
2. includes 'holiday' withdrawal noted above
3. noted above

Due to the current skills shortages and Council's need to remain competitive in the employment market, the Budget Strategy report of 3 December 2007 recommended the salaries and wages budget be discounted by a 5% vacancy factor compared to 6% in the 07/08 budget. While it is crucial for Council to remain proactive in both attracting and retaining quality employees, the 08/09 budget cannot afford this 1% increase and also absorb the costs outlined above plus other expenditure subject to inflationary pressures. With this in mind the preliminary draft budget has been adjusted to allow for a 6% vacancy factor to assist in containing budget expenditure.

At 3.5% the increase in salaries & wages, transferred staff aside, is in line with previous years' annual increases and considered to be reasonable. The latest average weekly earnings figures published by the ABS indicate an increase of 4.9% from November 2006 to November 2007. More recent figures for February 2008 are not expected to be released until mid May. This highlights the continuing struggle Council will face in remaining competitive in the employment market.

### Review of Operating Revenue

Operating revenue in the 2007/2008 original budget totalled \$56.785m. The preliminary draft budget for 2008/2009 as it stands includes total operating revenue of \$59.041m, an increase of \$2.3m or 4%.

The increases within each category of revenue are summarised below.

	<b>07/08 Original Budget</b>	<b>08/09 Draft Budget</b>	<b>\$ Inc.</b>	<b>% Inc.</b>
Rates & Annual Charges	35,617	36,928	1,311	3.7
Fees & Charges	5,023	5,167	144	2.9
Interest	2,897	3,170	273	9.4
Grants & Contributions	2,547	2,427	(120)	(4.7)
Other Revenue	10,701	11,350	649	6.1
	<b>56,785</b>	<b>59,041</b>	<b>2,256</b>	<b>4.0</b>

### Rates & Annual Charges

The draft budget includes an estimated 3% permissible increase in rates for 2008/2009. The Domestic Waste Management charge, arising from the need to cover increases in superannuation and tipping changes has been forecast to rise by 5.4% from \$267 to \$281.35. The increases in superannuation and tipping charges add approximately \$2.50 and \$8.50 respectively to the DWM charge.

### Fees & Charges

Revenue from fees and charges has, overall, increased generally in line with inflation. Some decreases in revenue have been forecast for PCA Service fees, Development Application and related fees, Construction Certificates, Advertising Fees and Hoarding Applications.

### Interest

Forecast interest on investments has increased due to an increase in funds invested and increased rates of return. It should be noted that from the interest earned transfers are made to the Section 94 Contributions Reserve (from unexpended contributions) and Property Reserve (from the WWPP proceeds and Cosmopolitan Centre arrangements).

### Grants & Contributions

The decrease in this category relates purely to a \$150,000 grant for flood studies in the 07/08 operating budget that will not be received in 08/09.

### Other Revenues

Almost half of the forecast increase in revenue in this area relates to parking fines which are estimated to increase by \$300k. A similar increase in revenue has been taken up in the 07/08 budget forecasts. This increase aside, other revenues are forecast to increase by 3.2% which is generally in line with CPI and the forecast permissible increase in rates.

### **Potential Funding Option – Double Bay Centre Management**

Centre Management is a new service area for Council. Council has committed to a contribution of \$200k for year 1 on a dollar for dollar basis with a proposal for subsequent years to be funded by a special rate levy.

In reporting the 2006/2007 financial reports to the Corporate & Works Committee in October 2007, it was noted that Council's workings funds result was some \$1.2m over the forecast result. There is an opportunity to apply some of this improvement to fund the Business Centre contribution on a one off basis.

Alternatively, as a result of the Cosmopolitan Centre commercial arrangement, Council recently received \$6.5m. This amount was \$400k in excess of the figure originally anticipated due to the inclusion of stairwell space in the building. There is clearly a strong nexus between the Centre Management contribution and the works taking place in the Cosmopolitan Centre which will provide improved facilities in Double Bay. The additional payment of \$400k or indeed interest on the proceeds could be used to fund the Centre Management contribution in 2008/2009, again on a one off basis.

This can be determined by Council as part of the budget consideration process.

## **Potential Expenditure Reduction**

### Retirement Superannuation Scheme

Prior to the 2005/2006 budget Council had the benefit of a Superannuation Contribution ‘holiday’ and we were not required to fund employer contributions to the Retirement Scheme within the Local Government Superannuation Scheme for a period of time. The full contribution ‘holiday’ is now anticipated to cease. There was a partial withdrawal of the contribution “holiday” in the 2006/2007 budget which continued into the 2007/2008 budget.

There is approximately 80 staff in this scheme as it was closed to new entrants some years ago. Those staff in the Retirement Scheme may elect to contribute up to 9 percent of their annual salary to the scheme. The Council is required to contribute 1.9 times this amount plus 2.5% of the employee’s annual salary. During the ‘holiday’ the employer contributions were funded by the earnings on the funds held by the Scheme which have been in surplus of assessed requirements.

The full withdrawal of the ‘holiday’ will cost Council an additional \$386k.

We understand that the Local Government Superannuation Scheme Board is due to meet Thursday 28 February 2008 to determine the future of the ‘holiday’.

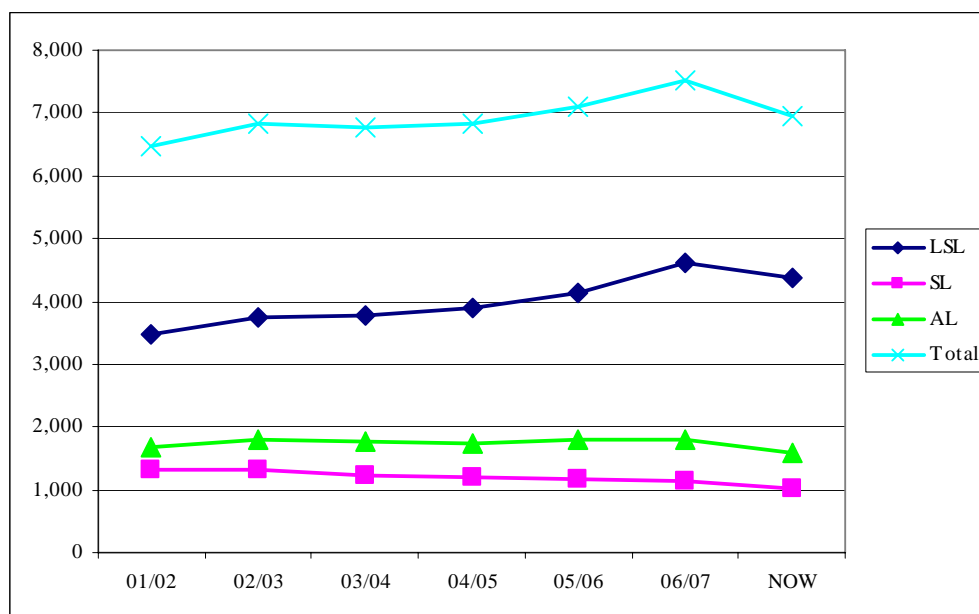
### Employee Leave Entitlements

Council’s current total leave liability is \$6,963m as outlined below.

<b>Entitlement</b>	<b>Total Liability \$’000</b>	<b>General Liability \$’000</b>	<b>DWM Liability \$’000</b>
Annual Leave	1,581	1,464	117
Long Service Leave	4,378	3,883	495
Sick Leave	1,004	831	173
	<b>6,963</b>	<b>6,178</b>	<b>785</b>

The provision for leave entitlements at 30 June 2008 is anticipated to be \$1.229m which represents 17.7% of Council’s total leave liability.

The movement in Council’s ELE liability from 2001/2002 through to now is shown below:



The total liability has remained reasonably constant with the average liability over the last 7 years being approximately \$6.9m. Increases in liabilities are largely offset by the payout of entitlements as staff leave Council. The exception to this was in 2006/2007 where there were a number of long serving staff who retired from Woollahra.

Based on a simple age analysis, assuming retirement age of approximately 65 years, the potential cashflow for payment of Council’s ELE liability falls into the following payment periods:

Estimated Period to Payment (Years)	Total Leave Liability (Today’s Dollars)	General Leave Liability (Today’s Dollars)	DWM Leave Liability (Today’s Dollars)
0-1	161	133	28
2-5	640	532	108
6-10	1,727	1,334	393
11-15	1,354	1,243	111
16-20	2,122	2,013	109
20+	959	923	36
	<b>6,963</b>	<b>6,178</b>	<b>785</b>

In the short term, provided we continue to fully fund the provision for leave entitlements, the reserve will be maintained at an adequate level to cover un-budgeted payments. For example: average payments of entitlements as staff leave Council is approximately \$650k per year, the 2008/2009 draft budget provides for increased liabilities of \$708k which should allow a small transfer to reserve.

Further, given that the DWM service is effectively a stand alone entity, it is intended that its leave liability be separated from other staff along with a proportionate adjustment to the existing reserve. As it stands there is the potential for DWM liability payments to be subsidised by general funds in any one year. The separation of the liability will overcome this potential problem and allow its ongoing funding to form part of the DWM charge.

## **NSW Planning System**

The NSW Government has released a discussion paper, "Improving the NSW Planning System", which contains more than 90 recommendations to improve the planning system. Recommendations include:

- New targets to reduce the processing times of development applications and local plans;
- Allowing more small scale development, such as home renovations, to be approved within ten days if set standards are met;
- Tailoring development application assessment and local plan-making systems to the size and complexity of proposals;
- Increasing online planning information and support;
- Improved oversight of the building certification system; and
- Reducing the Minister's determination role for development proposals and increasing the use of assessment panels.

Despite the potential for a decrease in the number of applications to be processed by Council as a result of these proposals, the 2008/2009 budget has been set with no change to current levels. We will continue to monitor changes to the planning system and will review Council forecasts once a final decision is reached.

## **Impacts - 2009/2010 and beyond**

Council's budget for 2009/2010 and beyond will become increasingly difficult to meet. The 2008/2009 preliminary draft budget has been a struggle to meet Council's strategy to increase the annual amount of capital funding from the operating budget and it is not going to get easier. Council continues to face a range of issues, both certain and uncertain, including:

### Certain:

- Continued restrictions on ability to raise revenue
- Continued pressure to improve services
- Continued need to fund infrastructure renewal

### Uncertain:

- Changes to planning system (with potential impacts on expenditure and income)
- Superannuation impacts
- Employment market pressures
- Rate of inflation
- Extraordinary uncontrollable increases in expenditure (e.g. Fire Levy)

## **Internal Budget Working Documents**

Following on from Part 4 of the resolution of the meeting of 3 December 2007, the Internal Budget Working Documents have been updated for 2008/2009 and will be circulated at the meeting for the Committee's review.

## **Capital Budget**

A preliminary draft capital budget has been prepared. Work continues in regard to prioritisation of projects.

### Section 94 & Section 94A Levies

The preliminary draft capital budget includes a substantial program of works funded from section 94A contributions. In November 2007 the Department of Planning provided a circular to Councils providing early advice with regard to recent changes to the setting and collection of infrastructure contributions in NSW.

The circular states that councils will only be able to impose levies under Section 94 and 94A for:

- Local infrastructure costs
- Local bus infrastructure
- Local parks that service a development site or precinct
- Drainage and water management expenses
- Land and facilities for local community infrastructure that services a development site or precinct
- Land for other community infrastructure and recreation facilities.

Under the proposal all other costs, such as facilities benefiting existing communities, will no longer be permitted to be recovered through section 94 and 94A contributions.

If the proposed changes do proceed, it would appear that Councils would no longer be able to use section 94 or 94A contributions for: local community facilities (i.e. libraries, child care centres), other than in relation to the land on which they are constructed; *or* improvements to existing parks; *or* facilities that service more than just one development site/precinct (i.e. facilities that meet demands generated by multiple small developments across a wider area).

It is proposed that any local environmental plan, planning agreement or section 94 or 94A contributions plan made prior to 12 November 2007 will continue to operate as if the proposed changes were not made. Additional transitional measures have not been detailed at this stage.

The Department of Planning, NSW Treasury and NSW Growth Centres Commission are working to develop guidelines and procedures to give effect to these changes. Council will not know the full impact of the proposed reforms until details are released as to how they will be implemented and what exactly will be affected.

It has recently been reported, however, that the proposal will only relate to six growth councils, namely Baulkham Hills, Penrith, Liverpool, Blacktown, Camden and Campbelltown. If this is correct then our current contribution plans will remain unchanged.

While there is still some uncertainty we propose to budget for the continued receipt of section 94 and 94A levies in 2008/2009 and will continue to monitor developments in this regard.

### **Conclusion:**

Preparation of the 2008/2009 preliminary draft budget is well advanced. The report has outlined a range of issues that are making it particularly difficult to meet the strategy target of increasing the level of capital funding available from the operating budget. At this stage there is a \$553k shortfall in reaching the \$4.239m target.

There is still some uncertainty surrounding the withdrawal of the superannuation 'holiday'. Its continuation will be particularly beneficial in regard to reaching the target by reducing net expenditure by \$321k. The report also raises the possibility of funding the \$200k contribution to Double Bay Centre Management from either the 06/07 working funds surplus, the proceeds from the Cosmopolitan Centre commercial arrangement or the interest to be earned from it. There is a nexus between two. Jointly, these opportunities would increase available capital funding by \$521k and see Council very close to achieving its target. The remaining \$32k is a figure that could realistically be found without any impact on services or service levels.

A preliminary draft capital budget for 2008/2009 has also been prepared. Work is continuing in regard to prioritisation of projects. Details of projects included in the draft budget, or scheduled for a future capital budget, will be provided when the draft budget comes to the Corporate and Works Committee for consideration.

It is proposed to report back to the Corporate & Works Committee in April with detailed draft operating and capital budgets. In the meantime, the internal budget Working Documents will be tabled for review by the Committee.

Don Johnston  
Manager Finance

Geoff Clarke  
Director Corporate Services

**Gary James**  
**General Manager**

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**Annexures:**

Nil.

**Item No:** D3 Delegated to Committee  
**Subject:** **Relocation of Watsons Bay Library from Dunbar House to the area adjacent to the Watsons Bay Tea Rooms**  
**Author:** Vicki Munro, Manager, Library and Information Services and Zubin Marolia, Manager, Property Services  
**File No:** 307.8  
**Reason for Report:** To seek Council approval for the relocation of Watsons Bay Library from Dunbar House to the area adjacent to the Watsons Bay Tea Rooms.

**Recommendation:**

- A. That Council endorse the development strategy for the Watsons Bay Tea Rooms as follows:
- i) Upgrade one existing toilet/change room wing to provide male and female toilet and change room facilities including disabled facilities.
  - ii) Convert the other toilet/change room wing to the Watsons Bay Library.
- B. That Council support the relocation of Watsons Bay Library from Dunbar House to the area adjacent to the Watsons Bay Tea Rooms.
- 

**Background:**

The Council on 19 September 2005 resolved the following in relation to the space at Watsons Bay Tea Rooms, made available by the consolidation of the amenities area:

- A. *That Council invite quotes from experienced industry practitioners for management of the cafe for a period for up to two years.*
- B. *That all costs associated with the set up be borne by the operator.*
- C. *That the future use of the building be referred to the Assets Working Party.*

Parts A & B have already been undertaken and a Manager appointed. This matter was considered by the Assets Working Party in August 2007 and the next action adopted by Corporate and Works Committee was to “investigate alternative locations for the branch library and prepare briefs for calling tenders”.

Accordingly, this matter has been investigated by the Director Community Services. In the report regarding the Library Strategic Plan, submitted to the Community and Environment Committee on 26 November 2007 and considered by Council at its meeting of 17 December 2007, Council resolved to endorse in principle the strategies outlined in The Way Forward: Woollahra Library and Information Services Strategic Plan 2007.

The key recommendation relating to Watsons Bay Library was as follows: “*The Watsons Bay Library be converted into a Community Lounge Room with collections tailored to the needs of local residents with an emphasis on younger children and recreational material for older residents*”

Watsons Bay Library is currently located on the lower level of Dunbar House, Clovelly Street, Watsons Bay and occupies only 44.18sqm. This size falls well below the standard of 139sqm based on the population catchment of 2610 residents. Furthermore it is not fully accessible and has restrictions on the functionality of the library due to the current layout of two small rooms, limiting supervision and security.

The relocation of the library from Dunbar House also has a significant commercial advantage by providing an opportunity for the whole facility to be available for commercial use.

The Library is currently open for only eleven hours per week, Monday and Friday 3-5pm and Wednesday 12-7pm. The Library is well used by young mothers and older persons, with many older residents walking to the library. Over the past two year period the Watsons Bay Library has seen an increase in loans of 36 % .

In considering the future service provision of Watsons Bay Library, the consultants of the Library Strategic Plan, AEC Group, stated

*The building is limited and expansion would not be an option. If additional space were required, consideration would need to be given to the provision of 139 sq m in conjunction with the retail precinct. However, it is considered that with the provision of a new library at Double Bay and the high level of mobility that residents could travel to access more in-depth material. Existing users prefer the existing location given the ease of parking and the personal service. It will be important to ensure that the building is maintained to an adequate standard and existing moisture problems will need to be dealt with.*

*A possibility for the provision of a community lounge in Watsons Bay is the relocation of the existing Library to the nearby Watsons Bay Tea Gardens. This will provide a space more than double the existing space and, as it is adjacent to the café, will facilitate the community lounge outcome desired by the local community.*

*It is proposed that a review of Library hours is undertaken to ascertain the preferred opening hours by the community and that a more targeted service be provided to the key target groups, given the limitations of space. The Library could become more of a community lounge room, providing a focus on children's materials and popular recreational collections.*

Watsons Bay Tea Rooms are located at 8 Marine Parade, Watsons Bay, across the road from the Watsons Bay Baths. The Tea Rooms are situated on Crown Land and Council is responsible for the care, control and management of the site. The facility services the patrons of the Tea Rooms, swimmers and other visitors to the area. The building is in need of an upgrade.

The Tea Rooms agreement is being extended to May 2009 to allow for the redevelopment of the adjoining change rooms and toilets and the Watsons Bay Baths. It is proposed to invite tenders for the operation of the Tea Rooms café in early 2009 with a view to the lease commencing in June 2009.

The Tea Rooms building currently has two large change rooms, including showers and toilets for male and female users on either side of the Tea Rooms. These change rooms are too large for the current needs of Baths users and are poorly planned and equipped.

## **Proposal:**

In view of the findings of the Library Strategic Plan, it is proposed to relocate Watsons Bay Library from Dunbar House to the area adjacent to the Watson Bay Tea Rooms. The proposed library facility will be approximately 75 sqm, an increase of approximately 60%. It would be an ideal opportunity to develop the Library as a “community lounge” as recommended in the consultant’s report. This would also entail reviewing and extending the Library’s opening hours.

In summary the advantages in moving the Library to the area adjacent to the Tea Room site are as follows:

- Increase in size from 44sqm to approximately 75sqm;
- The Library Branch would be one room rather than two small rooms, allowing for better usage of the space, improved surveillance and security;
- Increased functionality due to a larger open space;
- Better accessibility for mobility impaired and parents with prams and strollers;
- Better access to parking;
- Ability to utilise the outside playground area which is fully fenced; and
- The library and the Café would complement each other.

The relocation of the library offers the opportunity to improve the commerciality of the café during the winter season and redevelop the ancillary facilities. This will improve the services to users of the Tea Rooms and the Baths and also allow for the development of a larger library at this location in Watsons Bay. The works proposed are detailed below.

## **Change Rooms/Toilets**

It is proposed to convert the current Male change room wing, to separate Male and Female change rooms/toilets, including facilities for disabled, with new cubicles, fittings and fixtures. If Council agrees to proceed with this now, budgeted funds are available and the works can be organised to be carried out before the next summer season.

## **Library**

It is proposed to convert the current Female change room wing into a space that can be used for branch library purposes. This involves minor structural alterations; however the library will need new furniture and fitout such as shelving, seats, circulation desk etc.

## **Proposed Program**

It is proposed that once the DA is approved for the above works (June 2008), tenders for the refurbishment of the Tea Rooms can be invited. Once a suitable contractor is appointed (August 2008), the refurbishment of the amenities will commence. When completed (September 2008), the library works will be undertaken and completed by end of October 2008. This will ensure the minimum inconvenience to the users of this facility by allowing both the café and the baths to continue to operate.

## **Identification of Income and Expenditure:**

The current rental for Dunbar House is \$85,922 (excluding GST) per annum. It is envisaged that the net rental income will increase significantly, if the facility is able to be totally utilised for commercial purposes. This additional space has the best vantage point and offers excellent views of the harbour.

The sum of \$75,610 has been allocated in the current capital works Budget for the refurbishment of the toilet and change room facility. A sum of \$100,000 for the Library relocation and fitout has been included in next year's draft capital budget (2008/2009). It is anticipated that this refurbishment will be offset by the increased income from Dunbar House and the Tea Rooms in approximately three years.

**Conclusion:**

The opportunity exists to upgrade the standard of facilities at the Watson Bay Tea Rooms for users of the café and of the Watsons Bay Baths, to improve the return to Council of the Tea Rooms and Dunbar House, and to improve library facilities in Watsons Bay. The development strategy outlined above addresses these objectives and complies with Council's adopted policy by proposing to call for competitive tenders for the operation of Dunbar House.

In order for the Library to be opened before Christmas 2008, it is recommended that the change room refurbishment works be proceeded with as soon as possible.

Vicki Munro  
**Manager, Library and Information Services**

Zubin Marolia  
**Manager, Property & Projects**

Kylie Walshe  
**Director Community Services**

Warwick Hatton  
**Director Technical Services**

**Annexures:**

1. Preliminary drawing
2. Site plan

**Item No:** D4 Delegated to Committee  
**Subject:** **104 Hopetoun Avenue, Vacluse - Proposed Road Lease**  
**Author:** Anthony Sheedy, Property Officer  
**File No:** 240.104  
**Reason for Report:** To give consideration to the lease of unmade roadway adjoining the property.

**Recommendation:**

- A. That the site be inspected prior to the Corporate and Works Committee meeting of 17 March 2008 and a further report be submitted.
- B. That, should the Corporate and Works Committee choose not to proceed with a lease, an Order be given by Council to the applicant for the removal of all unapproved structures on the Road Reserve adjoining 104 Hopetoun Avenue, Vacluse.

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**Background:**

Council has received an application from the owners of 104 Hopetoun Ave, Vacluse, to lease a 51.52 square metre rectangular shaped section of unmade road adjoining their property. Their intention is to formalise an existing encroachment, which is used to extend the available area at the front of the property for children to play in.

The subject unmade road reserve has steeply sloping topography, which increases the difficulty for easy pedestrian passage on areas other than the Council's concrete footpath. This area of encroachment is significant and takes up a large portion of the unmade road reserve; other than the pedestrian footway. The owners have constructed a low-rise rendered masonry wall and metal fence, which forms a boundary fence to the annexed road reserve, and is identified as notional Lot 100 in the attached Survey drawing (Annexure 1). Aerial and site photos are contained in Annexures 2 & 3.

Council records indicate that the adjoining owner has constructed the masonry wall and placed other improvements on Council's road reserve without express approval. In such circumstances, where large scale unauthorised and encroaching works have been constructed, Council may formalise them through lease or sale to the adjoining property owner responsible for the structures or issue an 'Order' to remove the encroaching structure.

Further to the owner's request to lease, the subject site was inspected with the Manager Public Infrastructure and he advised that Council's Technical Services Department had no plans, at this time, for road widening at this location. Due to the steeply sloping topography of the road reserve, the Manager also believed that the subject land was of little practical value for pedestrian access.

The Manager Public Infrastructure concluded that the land was suitable to lease, subject to any proposed lease, including terms and conditions which ensured access for Utility providers, lessee public liability insurance and a short lease term, that was immediately revocable.

I note that Council's standard road lease includes such terms and conditions as described by the Manager Public Infrastructure to protect its interests.

The owners have agreed to pay all Council's costs in connection with the lease of the unmade road portion.

**Conclusion:**

The Manager Public Infrastructure has advised that there are no road widening plans in respect of land adjoining 104 Hopetoun Avenue and, because of the steeply sloping topography, the subject land was of little practical value for pedestrian access.

It is beneficial for the owner of 104 Hopetoun Avenue to lease the unmade road portion. There is also community benefit to the Council in the proceeds from the lease of a portion of road, which is not required for road purposes.

Council's Property staff recommends that the Committee consider the leasing option and arrange to inspect the site in the first instance.

Alternatively, if Council takes the view not to lease this parcel, it is recommended that an 'Order' to demolish and make good the site be issued to the owners in respect of these unauthorised encroachments.

Anthony Sheedy  
Property Officer

Warwick Hatton  
Director Technical Services

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**Annexures:**

1. Land Surveyor's plan of the proposed unmade road portion for lease.
2. Aerial Photo showing detail of the locality and proposed lease area.
3. Site photos of proposed lease area.

**Item No:** R1 Recommendation to Council  
**Subject:** **Report from Legal Sub-Committee Meeting held on 26 February 2008**  
**Author:** Allan Coker - Director Planning and Development  
**File No:** 795.G  
**Reason for Report:** To consider the recommendations from the Legal Sub-Committee meeting held on 26 February 2008.

**Recommendation:**

1. That the Recommendations for Items R1 to R3 of the Legal Sub-Committee meeting held on 26 February 2008 be adopted.
  2. That the confidential Agenda and Reports for the meeting of the Legal Sub-Committee meeting held on 26 February 2008 remain confidential.
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**Background:**

The Legal sub-Committee met on Tuesday 26<sup>th</sup> February 2008 and considered the following matters:

- R1 Staff changes at our legal firms
- R2 Monthly legal services status report
- R3 Review of performance

As the matters discussed by the Sub-Committee contained legal advice and personal information of the staff at the legal firms, the meeting Agenda and reports were prepared on a confidential basis.

**Discussion:**

**R1 Staff changes at our legal firms**

The report contained details relating to staff changes at the three firms providing legal services to Council.

The Committee's recommendation is:

1. THAT Council receive and note the correspondence about staff changes within each of our legal firms.
2. THAT Council proceed to tender for the provision of legal services in a manner similar to the 2005 tender process
3. THAT the tender documents include:
  - (a) the basis on which the prospective tenderers will retain counsel
  - (b) the basis on which the prospective tenderers will select or agree to Court appointed experts and the basis on which they will make such decisions.

## **R2 Monthly Legal Services Status Report**

The January status reports from the 3 legal firms were reviewed and the Committee's recommendation is:

1. THAT Monthly Status Reports be received and noted.

## **R3 Review of Performance**

The report contained details of the cases conducted by each of the legal firms since their appointment and included:

- if prospects of success advice was provided
- the results of proceedings
- whether the outcome of the proceedings was satisfactory
- whether a case outcomes report was received.

The Committee's recommendation is:

1. THAT the information be noted.

## **Conclusion:**

It is recommended that the Recommendations of the Legal Sub-Committee be adopted and that the confidential Agenda and Reports for the meeting remain confidential as they contain legal advice and personal information of the staff of the legal firms.

Allan Coker  
Director Planning and Development

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## **Annexures:**

Minutes of the Legal Sub-Committee meeting of 26 February 2008.