



# Corporate & Works Committee

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

**Date:** *Monday 18 June 2007*

**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

14 June 2007

To: Her Worship the Mayor, Councillor Huxley, ex-officio  
Councillors      Julian Martin                      (Chair)  
                         Marcus Ehrlich  
                         Wilhelmina Gardner  
                         Isabelle Shapiro  
                         David Shoebridge              (Deputy Chair)  
                         Fiona Sinclair King  
                         John Walker

Dear Councillors

### **Corporate & Works Committee Meeting – 18 June 2007**

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 18 June 2007 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 4 June 2007	1
D2	Secure Wireless Internet Service – 900.G	2
D3	Monthly Financial Report – May 2007	6

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

R1	Bad Debt Write Off	13
R2	2007/2010 Management Plan – 827.G 2007/2010 & 331.G 2007/2008	16
R3	Woollahra Preschool Subsidy – 45.G p19	22
R4	Lease of Stratum of Part of Oswald Lane adjoining 14 New Beach Road, Darling Point – 327.14	62
R5	The Cosmopolitan Centre Ground Lease – 2-22 Knox Street, Double Bay	68

**\*Note: Confidential Report Distributed Separately**

**Item No:** D1 Delegated to Committee  
**Subject:** **Confirmation of minutes of meeting held on 4 June 2007**  
**Author:** Les Windle, Manager – Governance  
**File No:** See Council Minutes  
**Reason for Report:** The Minutes of the Meeting of Monday 4 June 2007 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 4 June 2007 be taken as read and confirmed.

Les Windle  
Manager - Governance

**Item No:** D2 Delegated to Committee  
**Subject:** **Secure Wireless Internet Service**  
**Author:** Nabil Saleh  
**File No:** 900.G  
**Reason for Report:** Response to Notice of Motion

**Recommendation:**

1. That the planned secure wireless network to allow internet access in Council's customer service areas be extended to cover all public meeting rooms.
  2. That wireless internet access be provided on 24 hour basis without password protection for Councillors and customer convenience.
- 

**Background:**

Council at its meeting on 30 April 2007, in response to a Notice of Motion (NOM) from Councillors Boskovitz and Comino, resolved:

*That a report be submitted on how Council can implement a secure wireless internet service internally.*

This report provides details on current implementation of a wireless network for the customer service area and additional information on extending the network to cover meeting rooms.

**Proposal:**

Prior to this NOM, planning was already in place for the implementation of a secure wireless network for the customer service area. As a result of the NOM, it is now proposed to implement a secure wireless network to provide wireless Internet service to all Council public meeting rooms and customer service areas. Access can be provided on a 24 hour basis or on a time schedule during business hours including Council and Committee meetings.

The IT Department is in the process of implementing a wireless network to allow customers to access the internet in the customer service areas. The network can be extended with additional wireless access points to allow Internet access from all public meeting rooms. The wireless network will be separated from Council's existing network, therefore eliminating the need for additional security to protect Council's wide area network.

The wireless network will be secured with a firewall and access can be provided with or without password. However, it is more convenient for councillors and customers to gain access without the need to enter a password every time the service is used.

**Wireless Network Capital and Annual Operating Costs**

The wireless network will require an initial capital investment of \$5,600 and fixed annual operating costs of \$5,328. The following table provides a list of the capital and operating expenditures required to implement the network.

<b>Expenditure Description</b>	<b>Capital Costs</b>	<b>Annual Operating Costs</b>
Wireless network access points with bidirectional antennas to cover the following areas: - Ground Floor meeting Rooms - First Floor meeting Rooms - Customer Service Area	\$ 1,200 \$ 1,200 \$ 1,200	\$ 176 \$ 176 \$ 176
Installation and provisioning costs	\$ 2,000	
Broadband Internet link		\$4,800
<b>Total</b>	<b>\$5,600</b>	<b>\$5,328</b>

With recent reduction in broadband and hardware costs, the above costs can be funded from the 2006/2007 and 2007/2008 Information Technology budget. Therefore, no additional funding will be required to implement the wireless network.

### **Wireless Network Benefits:**

Wireless technology provides many benefits for Councillors and Customers including and not limited to the following:

- Access to Council's website from meeting rooms and customer service areas
- Speed and ease of access to the Internet
- Improved customer service through better access to information including websites, email and virtual private networks
- Meet customers' expectations on availability of wireless "Hotspot" Internet access from Council
- Ease of access to the Internet for external consultants who prefer to run presentations from their own wireless computing equipment.

### **Wireless Network Implementation:**

Complete implementation can take place within 4 weeks of approval to implement the network.

### **Conclusion:**

Wireless technology provides many benefits for Councillors and customers. Prior to the NOM it was planned to introduce a secure wireless network in Councils customer service area. Council is in the process of implementing this network.

Subsequent to the NOM it is now proposed to extend the wireless network to provide additional access points to cover all meeting rooms. The costs for setting up the network will be funded from the Information Technology budget. The network will be implemented within 4 weeks of approval.

Nabil Saleh  
Manager Information Technology  
**Annexures:**

Don Johnston  
Acting Director Corporate Services

Nil

**Item No:** D3 Delegated to Committee  
**Subject:** **Monthly Financial Report - May 2007**  
**Author:** Tracey Walker, Financial Accountant  
Michelle Phair, Acting Finance Manager  
**File No:** 987G  
**Reason for Report:** To present the monthly financial report for May 2007

**Recommendation:**

A. THAT the monthly financial report for May 2007 be received and noted.

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**Background:**

The monthly financial report for May 2007 is submitted to the Committee for consideration.

The monthly report includes the following:-

- Summary of Investments
- Summary of Receipts, Payments and Bank Balance

**Summary of Investments:**

Investment results for the month of May 2007 were pleasing with both fund managers outperforming the benchmark. Annualised returns for Oakvale and Grange were 6.97% and 7.24% respectively.

Monthly reports from Oakvale and Grange are attached as **ANNEXURES 1 & 2** respectively.

Michelle Phair  
Acting Finance Manager

Tracey Walker  
Financial Accountant

Don Johnston  
Acting Director Corporate Services

**INVESTMENTS AS AT 31 May 2007**

CATEGORY	PURCHASE DATE	MATURITY DATE	DAYS	%	DAILY BANK BILL	MARGIN	AMOUNT \$	TOTAL \$
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**1. WMC INVESTMENTS**

COMMONWEALTH BANK

ONLINE SAVER				6.15			<u>5,925,396</u>	5,925,396
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CATEGORY	ANNUALISED RETURN %	BENCHMARK %	MARGIN	PRINCIPAL / CAPITAL VALUE \$	ACCRUED VALUE \$	MARKET VALUE \$	TOTAL \$
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**2. OAKVALE CAPITAL Limited \***

	<b>6.97</b>	<b>6.55</b>	<b>0.42</b>				
MERRILL LYNCH (DIVERSIFIED CREDIT FUND)	8.02	6.55	1.47	3,070,172	16,164	3,086,336	
MERRILL LYNCH (ASSET BACKED SECURITY)	7.19	6.55	0.64	1,000,196	12,689	1,012,885	
CALYON NICKEL (MOMENTUM-CDO)	7.36	6.55	0.81	1,000,000	3,430	1,003,430	
PERPETUAL	6.51	6.55	-0.04	3,040,302	2,217	3,042,520	
ADELAIDE BANK AAA SAVER	6.50	6.55	-0.05	3,926,093	-	<u>3,926,093</u>	12,071,263

\* See Annexure 1

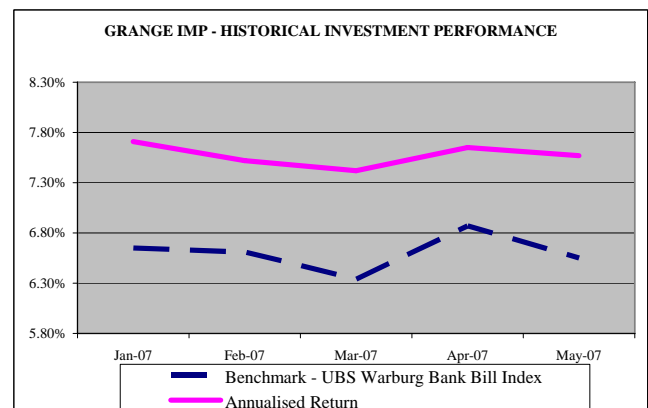
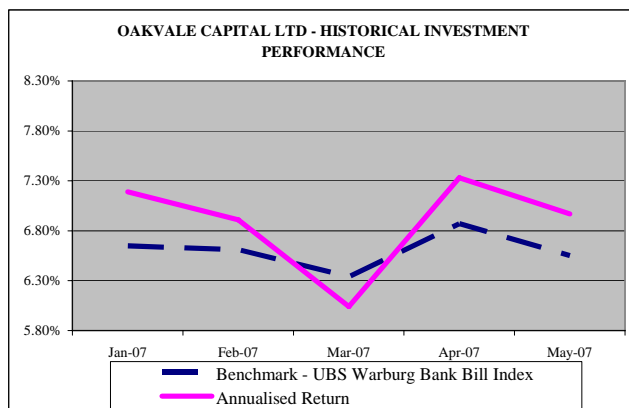
**3. GRANGE SECURITIES Limited**

Individually Managed Portfolio (IMP) *	<b>7.24</b>	<b>6.55</b>	<b>0.69</b>	10,755,800	102,796	<u>10,858,596</u>	10,858,596
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\* See Annexure 2

**GRAND TOTAL**

28,855,256



I hereby certify that the above investments have been made in accordance with Section 625 of the Local Government Act 1993, Clause 212 of the Local Government (General) Regulation 2005 and Council's investment policy.

M. Phair  
ACTING FINANCE MANAGER

D. Johnston  
ACTING DIRECTOR CORPORATE SERVICES

**Summary of Receipts, Payments and Bank Balance**

Cash Book Balance as at 30 April 2007 195,979.76

**Receipts**

Rates 4,370,024.41  
Other 5,611,932.34

**Total Receipts** 9,981,956.75

Description	Amount
Rate Receipts	4,370,024
Deposits and Bonds	504,515
Parking Fines	365,827
Other Debtors	329,420
Financial Assistance Grant	302,297
Car Park Leases	210,492
S94 & S94A Contributions	209,978
Trade Waste	148,388
Parking Meters	93,692
GST Refund - April	79,565

**Payments - Cheque**

Cheque Payments (1,321,812.75)  
Cancelled Cheques 6,201.16

**Total Cheque Payments for period** (1,315,611.59)

Cheque No.	Cheque Date	Payee	Amount
194918	17/05/2007	Holdsworth St Community Centre	-184,250.00
194993	24/05/2007	Energy Australia	-90,825.63
195105	31/05/2007	State Debt Recovery Office	-54,529.20
194834	10/05/2007	Premier Parking	-39,332.05
194960	17/05/2007	Waverley Municipal Council	-36,319.40
194808	10/05/2007	City Ford, Mascot	-34,307.50
194797	28/03/2007	Property Asset Study Proposal	-29,238.00
194938	17/05/2007	Security Deposit Refund	-25,200.00
194945	17/05/2007	Security Deposit Refund	-24,362.25
194786	03/05/2007	Suttons City Holden-Rosebery	-23,180.24

**Payments - EFT**

EFT Payments (7,517,993.96)  
Returned EFT Payments 86,135.11

**Total EFT Payments for period** (7,431,858.85)

Reference	EFT Date	Payee	Amount
14180	17/05/2007	WSN Environmental Solutions	-270,197.53
14145	17/05/2007	Local Govt Super Scheme-Div.A	-121,494.52
14126	17/05/2007	Collex Waste Management Pty Ltd	-111,446.72
0205	16/05/2007	PAYG Tax Payment - Wk 44	-105,767.54
14095	10/05/2007	Civica Pty Ltd	-102,718.77
1605	16/05/2007	PAYG Tax Payment - Wk 43	-102,007.46
2905	29/05/2007	PAYG Tax Payment - Wk47	-99,120.37
1705	21/05/2007	PAYG Tax Payment - Wk 46	-98,270.14
3105	31/05/2007	PAYG Tax Payment - Wk 48	-97,989.14
0905	16/05/2007	PAYG Tax Payment - Wk 45	-97,297.14

**Payments - Direct Debits From Bank A/c**

Payroll (1,462,121.28)  
Credit Card Payments (5,687.01)  
Bank Charges (6,546.26)  
Councillor Fees (17,406.15)  
Council Properties Rates (34,238.00)  
**Total Direct Debits for period** (1,525,998.70)

**Total Payments** - 10,273,469.14

**Cash Book Balance as at 31 May 2007** - 95,532.63

Unpresented Cheques No. of Cheques: 198 302,393.06

Outstanding Deposits & Miscellaneous Items 583,283.03

**Reconciled Cash Book Balance as at 31 May 2007** 790,143.46

**Bank A/c Balance as at 31 May 2007** 790,143.46

**Unpresented Cheques > \$30,000.00**

Cheque No.	Cheque Date	Payee	Amount
195105	31/05/2007	State Debt Recovery Office	54,529.20

**Item No:** R1 Recommendation to Council  
**Subject:** **Bad Debt Write Off**  
**Author:** Michelle Phair, Acting Manager Finance  
**File No:**  
**Reason for Report:** To seek approval to write-off long-term debts of greater than \$5,000 which are considered not recoverable.

**Recommendation:**

- A. THAT the debts detailed in confidential Annexure 1 to this report, totalling \$69,601, be written off as bad debts against the provision for doubtful debts.
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**Background:**

Under the Local Government (General) Regulation 2005 (clause 131 & 213) Council has, by resolution, fixed the amount above which debts can be written off only by resolution of the Council at \$5,000. Debts below this amount can be written off by order of the General Manager.

The Local Government (General) Regulation 2005, clause 213 specifies restrictions on writing off debts to a Council:

- (5) A debt can be written off under this clause only:
- (a) if the debt is not lawfully recoverable, or
  - (b) as a result of a decision of a court, or
  - (c) if the council or the general manager believes on reasonable grounds that an attempt to recover the debt would not be cost effective.
- (6) The fact that a debt is written off under this clause does not prevent the council concerned from taking legal proceedings to recover the debt.

**Discussion:**

As with all suppliers of credit, some debtors fail to meet their obligations to pay despite the best efforts of officers to recover outstanding payments. When all avenues of collection have been exhausted by Council, debts are referred to a collection agency for action.

The following debts have been identified as uncollectable either due to the age of the debt, business closure or the financial status of the debtor. For reasons of privacy and confidentiality, the names and account numbers of the debtors have been circulated in **CONFIDENTIAL ANNEXURE 1**.

<b>Annexure Reference</b>	<b>Amount</b>	<b>Age of Debt</b>	<b>Action</b>
1	40,000	> 7.5 years	Debt raised speculatively at 30 June 1999 after hail storm damage in anticipation of receiving funding from the State Government. Unfortunately, the grant program did not eventuate and the invoice raised is not collectable.
2	9,783	> 1.5 years	Debt comprises property lease and associated expenses. While a small amount of the debt was repaid by lessee, further attempts by Council officers were unsuccessful. The collection agency served a summons on the debtor 26 July 2006 however further payments have not been forthcoming and the agency has advised the debt will not be recoverable.
3	7,102	> 4.5 years	Debt relates to a footpath licence. Council officers have been chasing this debt since 2002/2003. The debt was referred to a collection agency however their attempts to collect have also been unsuccessful.
4	7,002	> 7 years	Debt relates to recovery of costs. Abbott Tout solicitors were appointed however the debtor could not be located.
5	5,713	> 3 years	Debt relates to a trade waste account. Business closed 18/07/2003. Following unsuccessful attempts by Council to collect this debt it was referred to a collection agency. Attempts by the collection agency also failed as they have been unable to locate the owner. The agency has advised this debt is not collectable.
<b>TOTAL</b>	<b>69,601</b>		

Every attempt has been made to recover these outstanding debts, including reminder statements, letters of demand and other attempts of the collection agency. It is important to note that the write-off of a debt does prevent Council from taking legal proceedings to recover the debt particularly where new information is made available to Council.

The above potential write-offs will not impact on the current financial year's result as it they will be made against the provision for doubtful debts created in previous years. The current provision contains \$294K.

### **Conclusion:**

Council's debts of over \$5,000 can only be written off by resolution of Council. The Local Government (General) Regulation 2005, clause 213 specifies, specifies the circumstances under which a debt can be written off and these have been detailed in the report.

All reasonable attempts have been made to collect the outstanding amounts, however, debts totalling \$69,601 are considered to be not recoverable. It is recommended that these debts be written off to the provision for doubtful debts.

Michelle Phair  
Acting Manager Finance

Don Johnston  
Acting Director Corporate Services

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### **CONFIDENTIAL ANNEXURES**

1. List of Debtors Recommended for Write Off (Distributed Separately)

**Item No:** R2 Recommendation to Council  
**Subject:** **2007/2010 Management Plan**  
**Author:** Don Johnston  
Acting Director Corporate Services  
**File No:** 827G 2007/2010 and 331G 2007/2008  
**Reason for Report:** For the Committee to make a recommendation regarding the approved 3.4% rate increase, review the submissions received following public exhibition of the management plan and make a recommendation regarding the adoption of the 2007 - 2010 Management Plan.

**Recommendation:**

1. THAT, subject to the Minister approving Council's application for a special rate variation, Council adopt the exhibition copy of the Draft Management Plan 2007 – 2010 as its Management Plan 2007 – 2010, incorporating a 3.4% allowable rate increase and 6.29% special variation into Rating Structure Scenario 1
2. THAT, subject to the Minister approving Council's application for a special rate variation, Council make and levy the Rates set out in the Rating Structure incorporating a 3.4% allowable increase and 6.29% special variation
3. THAT, subject to the Minister approving Council's application for a special rate variation and Council's determination of the percentage increase to be taken up, a further report be prepared recommending the activities and projects to be reinstated in the 2007/2008 Budget
4. THAT, in the event Council's special variation application is not approved, or approved in part, a further report be presented quantifying the reduction in special levy income and proposing a means of addressing the reduction in income.

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**Background:**

Following consideration of the General Manager's Report, Council at its meeting on 14 May 2007 resolved:

*That the draft 2007-2010 Management Plan be placed on public exhibition for 28 days from Wednesday 16<sup>th</sup> May 2007.*

Exhibition of the Draft Management Plan (DMP) commenced on Wednesday 16 May 2007 and closed on Wednesday 13 June 2007.

The exhibition copy of the Management Plan has been circulated previously. Subject to the consideration of this report, and Council's adoption of the recommendation, a copy of the adopted 2007/2010 Management Plan will be circulated to Councillors.

This report provides a review of the submissions received and a discussion of the issues associated with the Minister's announcement of a 3.4% allowable increase in rates for 2007/2008.

## Allowable Rate increase for 2007/2008

Subsequent to the DMP going on public exhibition, the Minister for Local Government announced the allowable increase in rates for 2007/2008 to be 3.4%. The DMP included an estimated 3.0%, noting that the Minister had not yet announced the allowable increase.

In adopting the 2007/2008 Draft Budget, Council resolved in part:

2. *That Council apply for a special variation of 6.35% above the permissible increase, incorporating an additional provision for Wharves, Jetties and Baths, noting that the current Environmental Levy lapses on 30 June 2007 and the effective increase in rates will be 1.92% above the permissible increase subject to the Watsons Bay Baths reconstruction project being included in Council's Environmental and Infrastructure Renewal Program.*

Upon the announcement, Council submitted its application for a special variation 6.35% above the 3.4% allowable increase. Final detailed calculations in the application resulted in an application for an increase of 9.69%. As a result of the Environmental Levy lapsing, total rates for 2007/2008 will increase by only 1.8% above the allowable increase subject to the approval of the special variation application.

### Submissions received:

At the time of preparing this report, 1 submission had been received. The submission, received from the Vacluse Progress Association (VPA), is attached as **ANNEXURE 1**.

Submission	Response
Criticism of Council in enlarging its activities into "new and/or non-core fields" and that "Council should adjust its ongoing activities according to the available of funding for ordinary purposes".	There is no doubt that the range of services offered by local councils today is much broader than "roads, rates and rubbish". It is also widely acknowledged that there has been quite significant cost shifting into local government related to the delivery of a broader range of services. There is also no doubt that these issues have had an impact on local government's capacity to adequately fund infrastructure renewal. Times have changed, and Council does not share the view that any of its services are "non-core".
Critical of the budget process being based on the existing services and service levels.	Setting of services and service levels are policy decisions of the Council. The preliminary draft budget is prepared based on trying to retain services and service levels based on previous decisions, although this is becoming increasingly difficult. As part of the budget process staff identify opportunities to vary service levels (up and down) with a view to Council reaffirming or varying services. For 2007/2008 a strategy was adopted to allow consideration of these opportunities outside the budget process and plan for any service variations to be in place for 2008/2009.

Submission	Response
<p>Critical of the Plan not containing specific actions seeking removal of statutory limitation of development processing fees, statutory limit on library <i>per capita</i> grants or enlarged State contributions for community services undertaken by Council on behalf of the Government.</p>	<p>Council has made detailed submissions in regard to statutory impacts on both income and expenditure in the past. These include development application fees and the Fire Brigades contribution. In regard to the <i>per capita</i> grant, the State has recently reviewed its basis and Council received increased funding as a result. Notwithstanding this, the issue will be taken up as part of the Library Strategic Plan process.</p> <p>Council actively seeks grants under the funding programs offered by both State and Federal Government for both operational expenditure and capital projects.</p>
<p>Critical of there being no indication of any intent to enlarge the field of user charges under the control of Council, e.g. dinghy storage facilities.</p>	<p>Fees and charges are reviewed each year as part of the budget process. This year sees the introduction of several new fees and charges including exercise sessions at Council venues, charity clothing bin licensing, commercial fitness trainer fees and local history photographic fees. In the recent past Council has introduced credit card usage fees and a compliance levy to partly offset its costs in these areas.</p> <p>In regard to dinghy storage a preliminary report went to the Community &amp; Environment Committee on 28 May which was called to Council and considered on 12 June. The report recommended that a further report be provided dealing with a number of issues including the ongoing management of dinghy storage facilities, including a determination of whether or not to charge.</p>

For these reasons, the submission opposes the Environmental and Infrastructure Levy and the use of loan funding for commercial centre “beautification”.

No changes to the exhibited DMP are proposed as a result of the submission.

#### **Additional Rate revenue available from allowable increase of 3.4%**

The announced 3.4% allowable rate increase will yield an additional \$100,000 in rate revenue if Council adopts the rating structure in the DMP which is consistent with earlier decisions of Council. For the purposes of discussion, let us assume that Council’s application for a special variation is approved. Council’s options are:

- Take up only a 3% general rate increase plus the full Environmental & Infrastructure Levy
- Take up the 3.4% allowable increase and reduce the levy accordingly, specifically the provision for Wharves, Jetties and Pools
- Take up the 3.4% and full levy and identify how the additional rate revenue is to be spent

The need for the Environmental and Infrastructure Levy has been well documented in recent years and is pivotal to the Infrastructure Asset Management Strategy. An additional provision for Wharves, Jetties and Pools has been incorporated into the works program, but yet to be allocated to specific projects, and could be reduced.

The long term compounding impact of not taking up the full amount of the increase in any one year is significant. In addition, there were reductions in expenditure across a range of activities and projects to “balance” the budget with a 3% rate increase.

If Council was to adopt option 1 or 2, it would have two years to “catch up” on not applying the full percentage increase.

On the basis of the long term financial impact of not taking up the full amount of the rate increase, and the reductions in expenditure made to meet the 3% increase, it has been recommended that option 3 be adopted.

If this recommendation is adopted, further report will be provided identifying the activities and projects recommended for reinstatement into the 2007/2008 Budget.

In its submission, the VPA strongly urge Council to adopt option 1 while option 2 is “acceptable”.

**Conclusion:**

The submission raises a number of issues that have been discussed in the report. It is not proposed to make any changes to the draft plan that has been on public exhibition as a result of the submission. It is noted, however, that changes to the plan will be required should approval of the special variation application not eventuate.

It is recommended that the management plan that has been on public exhibition be adopted as Council’s Management Plan 2007 – 2010 subject to the Minister approving Council’s application for a special variation and incorporating the 3.4% allowable increase into Rating Structure Scenario 1 (special variation application included) and that a further report be prepared recommending the activities and projects to be reinstated into the 2007/2008 Budget.

In the event the special variation is not approved, or is approved but for a reduced amount, a further report will be prepared quantifying the reduction in special levy income and proposing a means of addressing the reduction in income.

Don Johnston  
Acting Director Corporate Services.

Gary James  
General Manager

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**ANNEXURES:**

Annexure 1      Submission received from the Vaucluse Progress Association.

**Item No:** R3 Recommendation to Council  
**Subject:** **Woollahra Preschool Subsidy**  
**Author:** Kylie Walshe  
**File No:** 45.G, p19  
**Reason for Report:** To seek approval to affix Council's Seal to the NSW Department of Community Services Service Agreement 2007-2008 for the subsidy to Woollahra Preschool, and further, to affix the Seal to the Section 127 Certificate (NSW Industrial Relations Act 1996).

**Recommendation:**

That Council's Seal be affixed to:

1. the Service Agreement between Woollahra Municipal Council and the NSW Department of Community Services, and
2. the Section 127 Certificate - (Remuneration Payment Certificate) certifying that Council has remunerated all employees and contractors, in accordance with Section 127 of the New South Wales Industrial Relations Act 1996.

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**Background:**

The NSW Department of Community Services requires Council to sign and affix its seal to the annual Service Agreement 2007-2008. The Seal may only be affixed by resolution of Council.

Woollahra Council receives an annual subsidy for the operation of Woollahra Preschool from the NSW Department of Community Services. The subsidy for the twelve month period for 2007/2008 will be \$136,198.

It is specified in the Service Agreement that this subsidy is to be put towards providing:

- *"an education and development program for 60 places per day for children aged from 3 to 6 years, who do not ordinarily attend school" (for an aggregate of 33 hours per week, and an aggregate of 41 weeks per year);*
- *"the reduction in fee costs for 4 places per day for children from families on incomes under \$40,794 per annum, where the service is a 'registered service' as defined in the Commonwealth Government's Childcare Benefits Scheme".*

Council is the Licensee for the Preschool and will accept the subsidy to provide quality pre-school services adhering to Regulations and conditions according to the Service Agreement 2007-2008. A copy of the Service Agreement is attached as Annexure 1.

**Proposal:**

That Council's Seal be affixed to

- the Service Agreement between Woollahra Municipal Council and the NSW Department of Community Services, and
- the Section 127 Certificate - Remuneration Payment Certificate, certifying that Council has remunerated all employees and contractors, in accordance with Section 127 of the New South Wales Industrial Relations Act 1996.

**Consultation:**

Not required.

**Identification of Income & Expenditure:**

Funding of \$136,198 will be used only for the purpose of subsidising operational costs at Woollahra Preschool. This equates to approximately 20% of the operational costs included in the draft 2007/2008 budget. The remainder of the costs are funded from parent fees and general revenue.

**Conclusion:**

That Council's Seal be affixed to the Funding and Performance Agreement between Woollahra Municipal Council and the NSW Department of Community Services, and the Section 127 Certificate, as required by that Department.

Kylie Walshe  
Director  
Community Services

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ANNEXURES: These documents are not available electronically.  
Annexure 1: The NSW Department of Community Services Agreement 2007-2008.  
Annexure 2: Section 127 Certificate (Remuneration Payment Certificate)

**Item No:** R4 Recommendation to Council  
**Subject** **Lease of Stratum of part of Oswald Lane adjoining 14 New Beach Road, Darling Point.**  
**Author:** Anthony Sheedy – Property Officer  
**File No:** 327.14  
**Reason for Report:** To recommend the granting of a lease of road stratum to the adjoining owners of 14 New Beach Road, Darling Point, and entering into a Deed of Agreement to Lease during the construction period.

**Recommendation:**

- A. That Council enter into an Agreement for Lease with Gregory William Solomons and Andrew Peter Solomons in respect of the garage construction on the stratum of land below the surface of the road portion adjoining 14 New Beach Road, Darling Point.
- B. That Council enter into a Lease with Gregory William Solomons and Andrew Peter Solomons, subject to Council's satisfaction as to completion of the garage on the stratum of land below the surface of the road portion adjoining 14 New Beach Road, Darling Point, and in accordance with the Roads Act, 1993.
- C. That the term of the lease be twenty years with an option to renew for a further twenty years.
- D. That the lease have a commencement rental of \$2,700 per annum plus GST, with review to market on every fifth anniversary of the commencement date of the lease and annual review to CPI in the intervening years. The lessee is to pay all outgoings, including but not limited to all rates and taxes.
- E. That the lessee is to pay all Council's lease preparation costs, including but not limited to advertisement, valuation, reasonable legal fees and survey, etc associated with the stratum lease.

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**Background:**

The Corporate and Works Committee resolved on 27 June 2005 in the following terms:

- A. *That approval in principle be sought from the Minister for Infrastructure, Planning & Natural Resources to the stratum lease of land below the surface of Oswald Lane, in accordance with the provisions of Section 149 of the Roads Act, 1993.*
- B. *That the term of the lease be twenty years with an option to renew for a further twenty years.*
- C. *That a market rent valuation be determined for the proposed lease of road stratum to the adjoining owners of 14 New Beach Road, Darling Point.*
- D. *That following the conclusion of (A & C) above, a further report be submitted to this Committee recommending a grant of lease at the market rent pursuant to the proposed lessee's acceptance.*

Approval was obtained on 26 April 2006 from the Minister for Infrastructure, Planning & Natural Resources for the stratum lease of land below the surface of Oswald Lane, in accordance with the provisions of Section 149 of the Roads Act, 1993.

Section 149 allows Council to grant a lease of up to ninety-nine years. A period of forty years is considered acceptable having regard to the capital outlay to be incurred by the applicant and the fact that there are no plans to extend Oswald Lane as a trafficable road to Mona Lane because of the physical constraints. The lease term will be twenty years, with an option for a further twenty years, as previously adopted by Council on 27 June 2005. This will give the option to the lessees to not continue with the lease, subject to removal of the improvements if required by Council. A further provision of the lease is that Council may require removal of the improvements in circumstances where Council has resolved to carry out roadworks, subject to a reasonable period of notice. Because of the substantial capital outlay of the lessees, the agreement provides that Council will not exercise this right before the date which is ten years after the commencing date of this lease.

A fair market valuation of the rental applicable to the subject stratum road portion has been provided by the NSW Department of Commerce in accordance with Council's instructions. The Valuer determined that, as at 11 July 2005, this equated to a rental range of \$2,000 to \$2,600 per annum exclusive of GST, taking into consideration that the lessees would be liable for all outgoing payments.

Subsequently, there have been protracted negotiations with the lessees. The lessees have agreed to a commencement rental of \$2,700 per annum plus GST, and to pay all outgoing. The lessees have also agreed to rent reviews to market on the fifth anniversary of the lease commencement and to CPI in the intervening years.

**Proposal:**

Because the lessees propose to construct a single space garage on the subject stratum parcel, in accordance with DA 421/2002/1 & DA 526/2004/1 consent, Council's Solicitors, Gadens Lawyers, recommend that Council first enter into a Deed of Agreement for Lease during the construction period and then, upon completion of the construction works to Council's satisfaction, enter into a Deed of Lease. The Deed of Agreement for Lease provides that, if the Lease has not commenced by the date that is 15 months after the date of commencement of the 'Agreement for Lease' document, then the tenant must pay to the Council a licence fee equal to the rent payable under the lease (\$2700 per annum plus GST), starting on the date which is 15 months after the date of the commencement of the 'Agreement to Lease' Deed and ending on the day before the commencement date of the Lease. The said Deeds have been prepared in accordance with the Roads Act, 1993 by Gadens Lawyers. The lessees have agreed to all the Council's proposed terms, conditions and rental.

Anthony Sheedy  
Property Officer

Warwick Hatton  
Director Technical Services

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**ANNEXURES:**

1. Minister's written approval as stated in NSW Department of Planning letter dated 26/4/06
2. Subdivision Plan DA 526/2004/1
3. Development Application Plan for the Garage Construction DA 421/2002/1

**Item No:** R5 Recommendation to Council  
**Subject:** **The Cosmopolitan Centre Ground Lease - 2-22 Knox Street Double Bay**  
**Author:** Zubin Marolia - Manager Property and Projects  
**File No:** 269.2 part 14  
**Reason for Report:** To seek approval to affix Council's seal to all necessary legal documents for the commercial arrangement with Gloxinia Pty Ltd, previously approved by Council.

**Recommendation:**

That the Committee resolve into "Closed Session" and the meeting be closed to the press and public in accordance with Section 10A(2)(c) of the Local Government Act, as the information to be considered could confer a commercial advantage on the organisation with whom the Council proposes to conduct business if it was conducted in "Open Session".

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This report is to seek approval in accordance with the Local Government Act, to affix Council's seal to all necessary legal documents for the commercial arrangement with Gloxinia Pty Ltd previously approved by Council on 26 February 2006.

**Background:**

Council, at its meeting on 26 February 2006, when considering a confidential report regarding various options for the Cosmopolitan Centre, resolved the following:

- A. *That this report in relation to commercial negotiations between the Cosmopolitan Centre Working Party and Gloxinia Investments Pty Ltd be received and accepted.*
- B. *That the legal agreements be prepared in accordance with the financial summary as contained in the PricewaterhouseCoopers correspondence dated 13th February 2006 and the commercial considerations contained in this report including the agreement to accept the payment for the residential components in two equal instalments and further that all the transactions be GST exclusive including any payments for the residential strata component.*
- C. *That Council agrees in principle to enter into a new 99 year lease agreement with Gloxinia Investment Pty Ltd letter dated 10th February 2006, as recommended by PricewaterhouseCoopers, provided legal documents are prepared which protect Council's interests.*
- D. *That reports in relation to legal documentation and the certification report from Council's lawyers, as detailed in 'Legal Documentation' section of this report, be submitted to the Strategic and Corporate Committee for consideration prior to affixing Council's Seal to any documents.*
- E. *That Gloxinia Investments Pty Ltd be advised that Council will require the Bay Room and Chamber of Commerce areas to each have separate staircase access from Bay Street. These staircases to be included in the Council stratum.*
- F. *That Gloxinia Investments Pty Ltd be advised that Council will require adequate and convenient lift access to the public car parking from the retail stratum.*
- G. *That further confidential advice be obtained on Council's GST liability in relation to the commercial arrangements.*
- H. *That Council seek to include in the legal documentation an option for the right of first refusal to buy out the lease in any future sale or transfer of the lease.*

- I. That Council not enter into any legal agreements in relation to this project until endorsement has been received from the Local Government Project Review Committee to enter into the Public Private Partnership (PPP).*
- J. That the recommendations A) to I) above be made public and that the contents of the offer from Gloxinia Investments Pty Ltd and the advice from PricewaterhouseCoopers and the confidential reports to committees and the Council, remain confidential until the legal agreements between the parties are signed.*
- K. That Council consider the future role of the Cosmopolitan Centre Working Party and future membership of the Working Party now that the commercial terms of the project have been finalised.*

Since this meeting, staff, with the assistance of Minter Ellison Lawyers, have had a number of meetings and exchanged correspondence with Gloxinia Investments Pty Ltd to finalise the legal documentation for the new 99 year ground lease of the Cosmopolitan Centre in Double Bay, in accordance with the above resolution. Representatives of Minter Ellison will be present at the meeting to answer any queries in relation to their report.

**Conclusion:**

During discussion of this item, confidential information will be considered by Committee members. Accordingly, it is recommended that the Committee close the meeting to the press and public.

Zubin Marolia  
Manager - Property and Projects

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**Annexure:**