



Corporate & Works Committee

Agenda: *Corporate & Works Committee*

Date: *Tuesday 3 October 2006*

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 September 2006

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

Dear Councillors

Corporate & Works Committee Meeting – 3 October 2006

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 Tuesday 3 October 2006 at 6.00pm.**

Gary James
General Manager

Meeting Agenda

Item	Subject	Pages
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	Election of Deputy Chairperson	1
D2	Confirmation of minutes of meeting held on 18 September 2006	2
D3	Woollahra Golf Club Limited – O’Sullivan Road Rose Bay – Sub Licence in favour of Oaklands House Pty Ltd - 221.G	3
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D5	Minutes of the Floodplain Risk Management Committee meeting held Thursday 7 September 2006	13

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

R1	Financial Reports for the year ended 30 June 2006 – 331.G	42
R2	Tender for supply & delivery of two rear loading compactor units – Tender 06/06 1	83

Item No: D1 Delegated to Committee
Subject: Election of Deputy Chairperson
Author: Les Windle - Manager Governance
File No:
Reason for Report: For the Committee to elect a Deputy Chairperson

Recommendation:

That Councillor _____ be elected as Deputy Chairperson of the Corporate and Works Committee for the ensuing twelve months.

Background:

It has been the practice for the Committee to elect a Deputy Chairperson who can chair the meeting in the absence of the chairperson.

Les Windle
Manager Governance

ANNEXURES:

Nil

Item No: D2 Delegated to Committee
Subject: **Confirmation of minutes of meeting held on 18 September 2006**
Author: Les Windle, Manager – Governance
File No: See Council Minutes
Reason for Report: The Minutes of the Meeting of Monday 18 September 2006 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 18 September 2006 be taken as read and confirmed.

Les Windle
Manager - Governance

Item No: D3 Delegated to Committee
Subject: **Woollahra Golf Club Limited, O'Sullivan Rd, Rose Bay –Sub Licence in favour of Oaklands House Pty Ltd.**
Author: Anthony Sheedy, Property Officer
File No: 221.G
Reason for Report: To seek Council's consent to Woollahra Golf Club Limited granting a Sub-Licence to Oaklands House Pty Ltd.

Recommendation:

- A. That Council consent to Woollahra Golf Club Limited granting a Sub-Licence to Oaklands House Pty Ltd for the purpose of a public restaurant, subject to the following conditions:
1. Certification from Council's solicitors that any proposed Sub-Licence agreements protect the Council's interests.
 2. An assessment by a registered Valuer of the financial impact of the Sub-Licence upon the terms and conditions of the Head-Licence. If necessary, the Head-Licence be varied to ensure that the Council's interests are protected.
 3. The Woollahra Golf Club Limited agreeing to pay all Council's costs associated with the Sub-Licence proposal.
- B. That the Golf Club be advised that permission is not granted to rent sections of the Golf Club building for auction presentations or conferences as these uses are not permissible under the current Open Space Zoning and Local Environment Plan (LEP).
- C. That Council consider the proposed uses of auction presentations and conferences specifically for the Club building when it prepares the new comprehensive Local Environmental Plan for the Municipality.

Background:

Woollahra Golf Club Limited has been a long term licence holder with Council. The current licence term commenced on 1 October 1994 and is due to expire on 30 September 2015. Their licence fee is determined by whichever is the greater of two amounts at rent review, being a CPI escalated base rent of \$13,120 or 12.5% of the "green fees". Currently, the percentage amount of green fees is the greater amount and during the 05/06 budget year this was \$46,280 (inclusive of GST). They have demonstrated good financial management over a long period and, notably, make timely rental payments.

Proposal:

Recently the Golf Club has been concerned about a "serious downturn" in revenues and has been examining ways in which to strengthen its financial position. In recent years, they have succeeded in increasing the number of 'twilight' golf games, played after 4.30pm during summer, at a reduced playing fee.

The Club initially approached Council in February 2006 proposing to Sub-Licence the restaurant and later, at their request, the matter was held in abeyance until August 2006 when Council was approached by Clinch Neville Long lawyers, who act for the Woollahra Golf Club with a firm intent to proceed with the proposal (Annexure 1).

This current proposal is to outsource the Club's restaurant operation by granting a Sub-Licence to Oaklands House Pty Ltd within a portion of the Club House (see attached plan in Annexure 2). We are advised that the Sub-Licencee will also provide a fitout renovation of the existing kitchen / dining area of the club for the benefit of the Club members and guests. The Club will have to submit a DA for all works proposed with this Sub-Licence.

The Sub-Licence document is, generally, drafted in accordance with the provisions of the Head Licence and, importantly, is tied to the licence expiration date of 30 September 2015. It is proposed that the Sub-Licencee will pay no licence fee for the seven year term, and will contribute to the Club's outgoings in relation to the restaurant activities. The Sub-Licence contains a 2 year option for the Sub-Licencee to exercise, and this is for the remainder of the Head-Licence term (30 September 2015). A market rent is to be charged to the Sub-Licence for the option term (approximately two years).

The Oaklands House Sub-Licence proposes that the Restaurant be used by Club members and their guests. We understand that Oaklands House Pty Ltd operates a function centre in Western Sydney (Oatlands) and that this is a use which they want to incorporate into the Woollahra Golf Club operations.

Clause 6 "Purpose" in the Licence clearly states that "The club must not use or allow to be used the Golf Course or any part of the Golf course other than for the purpose of playing Golf and for activities related to playing golf and Club registered under the Registered Clubs Act, 1976. We consider the Restaurant use for members and guests is consistent with the stated purpose of the licence.

Other proposals recently received from the Golf Club (Annexure 3) are "to rent sections of the building at various times to community service groups such the Lions Clubs and Rotary Clubs as well as real estate agents for auction presentations and other local business groups for conferences. We understand that two Golf Club members currently working for Ray White Real Estate, Bondi, have requested that the Golf Club 'sunroom' be used on Wednesday evenings for auctions from 6:30pm to 9pm and for sales meetings twice a week 8am to 9:30am (Annexure 3). We have been advised by the Manager Development Control that these purposes are not permitted by the Open Space Zoning or the LEP for the area. He maintains that auction presentations on a commercial basis are not ancillary to the permissible Golf Club use. The appropriate way to broaden, yet strictly control, a wider range of permissible uses within the Golf Club (Licensed Clubhouse) is through a revised Plan of Management.

Council could resolve at a further date to permit the proposed ancillary uses by the Golf Club by amending the LEP for the area and incorporate the relevant changes to the Head Lease. However, Council should be confident that these additional uses are acceptable for the site, taking into account the type, intensity and frequency of the use.

Income and Expenditure:

The Sub-Licence Agreement provides for a seven-year rent-free period to Oaklands House Pty Ltd in recognition of the refurbishment works for the restaurant. For the remaining two years of the Head Licence with Council, ie from 2013 to 2015, the Golf Club will charge market rent to Oaklands House Pty Ltd. Upon expiry of this Head Licence in 2015, as a prudent landlord, Council will need to evaluate the financial impact upon the terms and conditions of the Head-Licence to ensure that Council is not disadvantaged and its interests are protected.

Conclusion:

The Sub-Licence has been reviewed by Council's solicitor, HWL Lawyers. The Head-Licence provides that the Club must not Sub-licence any part of the Golf Course (which includes the Clubhouse) without first obtaining Council's written consent. There is benefit to the Club in granting a Sub-Licence by Woollahra Golf Club to Oaklands House Pty Ltd. This will result in an upgrade of the Club Restaurant at no cost to members and Council will be the owner of a more valuable asset. The use is consistent with the Head-Licence and Sub-Licensing is permitted with Council consent under Clause 17.

Council could in future consent to a widened set of uses permitted at the Woollahra Golf Clubhouse, however, they are not permissible under the current Regulations.

Anthony Sheedy
Property Officer

Greg Stewart
Acting Director Technical Services

Annexures:

1. Letter from Clinch Neville Long Lawyers. dated 2 August 2006
2. Plan drawing of proposed Restaurant upgrade works
3. Letter from Woollahra Golf Club, dated 15 September 2006

Item No: D4 Delegated to Committee
Subject: **Tingira Beach, Rose Bay - Occupation Licence**
Author: Anthony Sheedy, Property Officer
File No: 498.G
Reason for Report: To formalise a Licence agreement for the placement of temporary structures and storage of watercraft in association with the use of a portion of Tingira Beach frontage, Rose Bay. for an aquatic school and small watercraft hire business.

Recommendation:

1. That Council grant approval under Section 68 Part D of the Local Government Act, 1993 for the placement of temporary structures and storage of watercraft in association with the use of a portion of Tingira Beach frontage, Rose Bay for an aquatic school and small watercraft hire business.
2. That Council enter into a Licence Agreement with Vance and Kent King trading as Rose Bay Aquatic Hire, for a period of five (5) years, at a commencement rental of \$7800 per annum, exclusive of GST, with annual rent review to CPI.

Background:

On 18 August 2003 and pursuant to DA 663/2002/1, Vance and Kent King trading as Rose Bay Aquatic Hire received consent for the commercial activity of operating an aquatic school and small watercraft hire business. This consent allowed for the erection of temporary structures and storage of watercraft in association with the use of a portion of the Tingira Reserve Beach frontage, and in accordance with the stamped "approved" plans and consent conditions (Annexure 1 & 2).

The number of watercraft upon the beach is limited by DA 663/2002 consent condition 4 which states that,

"Watercraft are to be stored neatly on the eastern end of the beach frontage of Tingira Reserve when not in use, Craft to be stored on the beach shall be limited to the following:

- Five (5) catamarans not exceeding 4.5m in overall hull length.
- Two (2) laser single hull sailing dinghies.

All water craft shall be clearly marked as belonging to Rose Bay Aquatic Hire."

The two (2) lockers shown in the North Elevation of drawing No DWG.20541002 (Annexure 2) were refused consent, and will not be allowed on the beach reserve.

Condition 5 of development consent requires that the applicant (Vance and Kent King trading as Rose Bay Aquatic Hire) enter into a licence agreement with Council. The licence agreement can be granted under S68 Part D of the Local Government Act, 1993. This section and part of the Act is also currently used for the limited display of shop goods on Council road reserve (footway).

Vance and Kent King purchased Rose Bay Aquatic Hire on 14 April 2000 and have continued trading to date on the basis of a holdover licence. They have been good tenants of Council, and currently pay \$9,162 per annum licence fee for no more than "twelve (12) sailboards or windsurfers and twelve Catamarans at any one time in connection with their hiring and coaching activities."

Councillors will note that this licence is for a greater intensity of use for the beach than currently approved by condition 4, DA 663/2002 development consent.

The NSW Department of Commerce, Property Valuation Services has determined a market rent of \$7,800 per annum for the licensed area, based on the current DA consent and comparable properties. This amount is exclusive of GST, which is payable by the licensee under the terms of the Licence Agreement.

The applicant has agreed to pay all Council's costs in regard to valuation, and licence preparation fees, including stamp duty as applicable. They have also provided written acceptance of Council's licence terms and conditions, and now request formalisation of the Licence Agreement. This agreement will include annual rent reviews having regard to the consumer price index (CPI).

Conclusion:

It is recommended that Council enter into a 5 year term licence agreement with Vance and Kent King trading as Rose Bay Aquatic Hire for use of a portion of Tingira Beach, Rose Bay in accordance with development approval DA 663/2002/1 at the current market rental of \$7800 per annum (exclusive of GST) as determined by the NSW Department of Commerce, Property Valuation Services, with annual rent review to CPI.

Anthony Sheedy
Property Officer

Greg Stewart
Acting Director, Technical Services

ANNEXURES:

1. Council's 'Approved' Plan DWG.20541002 showing the proposed licence area at Tingira Beach Reserve.
2. Elevation and Plan DWG.20541002 showing the temporary structure and storage area.

Item No: D5 Delegated to Committee
Subject: **Minutes of the Floodplain Risk Management Committee meeting held Thursday 7 September 2006**
Author: Myl Senthilvasan - Asset Management Engineer (Drainage)
File No: 626.G Committee
Reason for Report: To report on the outcomes of the Floodplain Risk Management Committee meeting held Thursday 7 September 2006.

Recommendation:

That the minutes of the Floodplain Risk Management Committee held on 7 September 2006 be noted.

Background:

The second meeting of the Floodplain Risk Management Committee (FPRMC) was held in the Council Dining Room on Thursday 7 September 2006. This report is to provide the Corporate and Works Committee with a copy of the minutes of that FPRMC meeting. These minutes provide the Corporate and Works Committee with an update on the various issues related to the Floodplain Management Program.

Conclusion:

Reporting on the minutes of the FPRMC will keep Councillors informed of the progress and main developments of the various issues associated with the Floodplain Management Program. The minutes will include actions recommended by the FPRMC for consideration by the Corporate and works Committee.

As all the items presented to this meeting were for noting only, there are no recommendations to the Corporate and Works Committee for action to be taken.

Identification of Income & Expenditure:

The recommendations on this report will have no financial impact on Council.

Myl Senthilvasan
Asset Management Engineer - Drainage

Greg Stewart
Acting Director Technical Services

Annexures:

Minutes of the FPRMC meeting held Thursday 7 September 2006

Annexure 1

FLOODPLAIN RISK MANAGEMENT COMMITTEE MEETING MINUTES 7 SEPTEMBER 2006

(File: 626.G Committee)

The meeting of the Floodplain Risk Management Committee was held in the Council Dining Room on Thursday 7 September 2006. Meeting commenced at 6.10 pm. The minutes were recorded by Mr Myl Senthilvasan, Asset Management Engineer (Drainage). Councillor Geoff Rundle chaired the meeting initially as Councillor Julian Martin, Chairperson was late to arrive. Councillor Martin chaired the meeting from 6.30 pm.

1. APOLOGIES

Present:

Members:

Councillor Julian Martin	Woollahra Municipal Council
Councillor Geoff Rundle	Woollahra Municipal Council
Mr Tony Gregory	Double Bay Resident Association
Dr Nina Mistilis	The Paddington Society
Dr Ben Goodman	Resident, Cecil Street, Paddington
Ms Adam Dunn for Susan Farr	Sydney Water
Mr Bart Foley	Department of Natural Resources (DNR)

Staff:

Mr Warwick Hatton	Director Technical Services
Mr Greg Stewart	Manager –Public Infrastructure
Mr Jake Matuzic	Team Leader Infrastructure Asset Management
Mr Myl Senthilvasan	Asset Management Engineer (Drainage)

Consultants:

Mr Richard Dewar	Webb McKeown & Associates Pty Ltd (Rushcutters Bay Catchment Flood Study)
Mr Don Still	Bewsher Consulting Pty Ltd (Double Bay Catchment Flood Study)

Apologies:

Councillor David Shoebridge	Woollahra Municipal Council
Ms Maureen Clark	Rose Bay Resident Association
Ms Nichole Richardson	Waverley-Woollahra State Emergency Service (SES)

2. CONFIRMATION OF MINUTES

The Minutes of the meeting held on 7 June 2006 was confirmed.
Moved by Councillor Geoff Rundle and seconded by Mr Tony Gregory

3 ITEMS FOR INFORMATION & DISCUSSION

3.1 Rushcutters Bay Flood Study

Progress report – presentation by Mr Richard Dewar, Webb McKeown & Associates

There was a presentation by Mr Richard Dewar of Webb McKeown and Associates Pty Ltd, consultants for Ruscutters Bay Catchment Flood Study, on the progress of the study. The following are the main points relating to the progress of the study.

All survey works completed, about 90% of flood modelling complete and the overall study is now 75% complete,
290 Questionnaires together with a Community Information Sheet were sent out to targeted residents and property owners to obtain past flood information. A total of 40 responses were received of which 22 had no flood experience and 18 responded with flood experience.

The slides of the presentation are attached.

RECOMMENDATION ADOPTED BY THE FPRMC

That the information be noted.

3.2 Double Bay Flood Study

Progress report –presentation by Mr Don Still, Bewsher Consulting Pty Ltd

Mr Don Still of Bewsher Consulting Pty Ltd, consultant for Double Bay Flood Study, gave a presentation on the progress of the study. Slides of the presentation are attached. The following are the main points relating to the progress of the study.

All survey works completed, about 75% of flood modelling complete and the overall study is now 40% complete,
219 Questionnaires together with a Community Information Sheet were sent out to targeted residents and property owners to obtain past flood information. A total of 39 responses were received of which 25% had experienced flooding.

RECOMMENDATION ADOPTED BY THE FPRMC

That the information be noted.

3.3 Woollahra Floodplain Management Program

Submitted by Myl Senthilvasan – Asset management Engineer (Drainage)

A summary of grant funding received during the financial year 2005/2006 from the NSW State Government for the Rushcutters Bay and Double Bay flood studies together with a summary of progress of these studies and a proposed program for the financial year 2006/2007 was presented to the committee for information. The report presented to the Committee is attached.

RECOMMENDATION ADOPTED BY THE FPRMC

That the information be noted.

4. GENERAL BUSINESS

Discussed how future mail outs to collect flood information could be done to improve the response rate. It was agreed that all future mail outs should be on Council letterhead and in Council envelopes. Also suggested that the Mayor's Column in the Wentworth Courier be used to try and improve the response rate.

4 DATE AND TIME FOR THE NEXT MEETING

The next FPRMC meeting is to be held at the Council Chambers on Thursday 2 November 2006, at 6.00 pm.

Meeting concluded at 7.45 PM

Item No: R1 Recommendation to Council
Subject: **Financial Reports for the year ended 30 June 2006**
Author: Don Johnston, Manager Finance
File No: 331.G
Reason for Report: To present the Financial Reports for the year ended 30 June 2006 to the Committee for the purpose of recommending to Council the adoption of its statement in regard to the Financial Reports and to set the date of the meeting at which the Reports will be presented to the public.

Recommendation:

- 1 That the review of the 2005/2006 actual results against Budget forecasts be noted;
- 2 That Council adopt the following statement in relation to its Financial Reports for the year ended 30 June 2006:

That, in relation to the Financial Reports for the Year Ended 30 June 2006, Council is of the opinion that:

The Financial Reports have been drawn up in accordance with:

- i. the Local Government Act 1993 (as amended) and Regulations made thereunder;
- ii. the Local Government Code of Accounting Practice and Financial Reporting and the Asset Accounting Manual; and
- iii. the Australian Accounting Standards and professional pronouncements

and to the best of our knowledge and belief these Reports:

present fairly Council's financial position and operating result for the year; and

accord with Council's accounting and other records;

and further, the signatories to the Reports, to the best of our knowledge and belief, know of nothing that would make the reports false or misleading in any way;

- 3 That Council formally refer the 2005/2006 Financial Reports for audit; and
- 4 In anticipation of receiving the Auditor's Reports, set the Corporate & Works Committee meeting to be held on 16 October 2006 as the meeting at which the Financial Reports will be presented to the public.

Background:

Each year, Council is required to prepare financial reports, and must refer them for audit as soon as practicable after the end of that year. The audited financial reports must be included in Council's Annual Report. The financial reports must include a general purpose financial report, other matters prescribed by regulation, that is the notes to the financial reports and special schedules, and a statement by the Council as to its opinion on the general purpose financial reports.

The Financial Reports for the Year Ended 30 June 2006 have been circulated as a separate Annexure to this report, **Annexure 1**. These Financial Reports are the consolidated financial reports of the Council incorporating the financial operations of Holdsworth Street Community Centre, Premsure Insurance Pool and the Waverley/Woollahra Process Plant.

The general purpose financial reports must be prepared in accordance with the Local Government Act 1993 and Regulations made thereunder, Australian Accounting Standards and professional pronouncements, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

Before the financial reports can be formally referred for audit, Council is required to adopt a statement on its financial reports. The statement must indicate:

- (a) Whether or not the financial reports have been drawn up in accordance with:
 - i. the Local Government Act and Regulations;
 - ii. the Code of Accounting Practice and Financial Reporting and the Asset Accounting Manual; and
 - iii. the Australian Accounting Standards and professional pronouncements
- (b) whether or not those reports present fairly Council's financial position and operating result for the year;
- (c) whether or not those reports accord with Council's accounting and other records; and
- (d) whether or not the signatories know of anything that would make the reports false or misleading in any way.

The statement must be signed by the Mayor, at least one Councillor, the General Manager and the Responsible Accounting Officer. The Manager Finance is the responsible accounting officer.

The financial reports have been informally referred for audit. The audit of the Financial Reports circulated was completed on 15 September 2006.

Presentation

There will be a presentation on the Financial Reports at the Committee meeting.

Structure of this Report

This report provides an analysis of the Financial Reports in a number of different ways. There is an initial section providing an overview of Council's financial position as at 30 June 2006. There is then a statement from the General Manager and Responsible Accounting Officer (Manager Finance) in regard to the preparation of the Financial Reports. The report then steps through any changes to Accounting Standards and the Code of Accounting Practice and Financial Reporting that have had an affect on the disclosures made in the Financial Reports. This is followed by an analysis of major movements between 2004/2005 and 2005/2006 and an analysis of variations between the budget (March Review) and actual result in the form of reviewing our working funds result and liquidity.

Note 16 to the financial reports provides comments on variations to the original budget as adopted by Council.

Finally, the report introduces the financial reports of the consolidated entity (Holdsworth Street Community Centre) and Council's joint ventures (Premsure Insurance Pool and the Waverley / Woollahra Process Plant).

Overall Financial Position

At the end of the 2005/2006 financial year, Council's financial position remains sound. After allowing for revotes, the working funds balance was \$2,056,676 and unrestricted current ratio was 1.76:1. Working funds are accumulated funds that have not been set aside for a specific purpose and provide Council with some capacity to respond to unforeseen circumstances. The unrestricted current ratio is the ratio of current assets to current liabilities after allowing for external restrictions on our cash such as Section 94 Contributions and unexpended grants. It provides an indication of our capacity to cover our liabilities.

The 2005/2006 Budget, including revotes from the previous year, provided for a reduction in working funds of \$2,686,422 to \$1,979,100 and forecast an unrestricted current ratio of 1.69:1. Both actual results were close to these forecasts.

The actual working funds balance as at 30 June 2005 was \$4,435,457, an improvement of \$2,456,357 over the forecast result. Part of this is due to projects not being completed at year end which have been rolled over or revoted into the 2006/2007 Budget. Allowing for rollovers and revotes of \$2,378,781 (net working funds impact) working funds falls to \$2,056,676. This still represents an improvement of \$77,575 over the final forecast figure. Variations which gave rise to this improvement are detailed later in the report.

The actual unrestricted current ratio at 30 June 2006 was 2.43:1. After allowing for rollovers and revotes this would drop to 1.76:1. We were forecasting a level of 1.69:1. There has only been a small increase in liquidity over the year. At 30 June 2005 the unrestricted current ratio, allowing for rollovers and revotes, was 1.64:1.

The Income Statement discloses a deficit before capital movements of \$1,201k, an improvement on last year's \$2,362k. The deficit includes an expense of \$8,788k for Depreciation. Expenses increased from \$51,599k to \$52,905k, an increase of \$1,306k or just over 2.5%. Revenue increased from \$50,230k to \$52,630k, an increase of \$2,400k or just under 4.8%.

Statement by the General Manager and the Responsible Accounting Officer:

We acknowledge our responsibility for the preparation of the financial reports. We confirm, to the best of our knowledge and belief, the following:

The financial reports have been prepared in accordance with the Local Government Act 1993 (as amended) and Regulations made thereunder, Australian Accounting Standards and professional pronouncements, the Code of Accounting Practice and Financial Reporting and the Asset Accounting Manual so as to present fairly Council's financial position and operating result for the year.

There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

We have made available to the auditors all books of account and supporting documents and all minutes of meetings of Council.

The financial reports are free of material misstatements, including omissions.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial reports in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial reports in the event of non-compliance.

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed all guarantees that we have given to third parties.

There have been no events subsequent to the end of the financial year which require adjustment or disclosure in the financial reports or the Notes thereto.

All claims have been properly accrued in the financial reports. No other claims in connection with litigation have been or are expected to be received.

There are no formal or informal set-off arrangements with any of our cash and investment accounts. Except as disclosed in the financial reports we have no overdraft arrangements.

Changes to Accounting Standards and Code of Accounting Practice

The 2005/2006 financial reports are the first to be prepared under AIFRS. Last year, under AASB 1047, Council disclosed the likely impacts of adopting the Australian equivalents to International Financial Reporting Standards (AIFRS) in Note 1 to the 2004/2005 financial reports. The changes identified in making that disclosure have not been rolled into the financial reports and notes themselves.

The transition to AIFRS requires the restatement of comparative figures, with the exception of Financial Instruments. To effect this requirement the Balance Sheets as at 1 July 2004 and 30 June 2005, Income Statement for the year ended 30 June 2005 and Cash Flow Statement for the year ended 30 June 2005 have all been restated. These restatements, along with notes to the reconciliations, appear on Note 21 of the financial reports (pages 60 to 68). The key areas of changes are:

Current / Non current Assets - Investments

The split between current and non current investments of restricted cash used to be based on when Council anticipated it being spent. If it was not budgeted for expenditure in the following year it was disclosed as non current. This is no longer the case. All investments are now disclosed based on the liquidity of the investment. All of Council's investments are short term so all have been disclosed as current assets.

Investment Properties

Grafton Street Car Park and the O'Dea Avenue site leased to Schindler have been treated as Investment Properties. There are several changes to disclosures that result. Investment Properties are disclosed separately to Infrastructure, Property, Plant & Equipment (IPPE) resulting in a reduction to the IPPE disclosure. Additionally, the department has mandated that Investment Properties be valued at fair value. Valuations have been provided by Egans in this regard. Council is required to book the movement in fair value from one year to the next through the income statement. Also impacting on the income statement is a reduction in depreciation expense resulting from Investment Properties not being depreciable assets.

Shares in unlisted companies (StateCover Capital Levy)

Council is required to disclose changes in accounting policy retrospectively in its comparatives. With this in mind, one of the disclosure changes results from changing the treatment of the capital levy paid to StateCover, Council's workers' compensation insurer. Based on audit advice at the time, Council capitalised this annual payment and disclosed in as shares held in an unlisted company. Since adopting this treatment it has become clear that the levy will never be repaid to Council under any circumstances. As a result, the accounting treatment has been revised to expense the annual capital levy payment. The opening carrying amount was written back against opening retained earnings.

Current / Non current liabilities

The definition of 'current' and 'non current' liabilities has changed. A liability can only be disclosed as 'non current' when Council has an unconditional right to defer payment of the liability beyond 12 months. The two liabilities effected by this are Council's provisions for employee entitlements and refundable deposits. These are now shown as current liabilities except for the provision made for long service leave for staff with less than 5 years service which remains non current.

Current Assets – Non-current assets held for sale

Council carries its share of the Waverley Woollahra Process Plant joint venture in its books. Both Councils have resolved to sell the site and, far more recently, to enter into direct discussions with Landcom regarding the potential sale of the site. It is appropriate to disclose this asset as held for sale

Current Assets – Cash & cash equivalents / Investments

Guidance has been provided in the Code of Accounting Practice regarding the definition of 'cash and cash equivalents'. The Code states that an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. We previously took the view that if it matured within three months of balance date it qualified as a cash equivalent. This has resulted in a change in disclosure on Notes 6(a) and 6(b) where we now disclose as 'Investments' those investments that no longer qualify as a cash equivalent. All 'Investments' have been classified as 'Held to Maturity'.

One area of change identified last financial year that has not resulted in disclosure changes for 2005/2006 is in relation to Defined Benefits Superannuation. The standards require Council to recognise an asset or liability in regard to the net of its proportion of the Local Government Superannuation Scheme's (LGSS) assets and liabilities associated with the Retirement Scheme (a defined benefits scheme). The standards also mandate that disclosures can only be made when they can be reliably measured. Advice has been received from the LGSS that it is unable to provide councils with an accurate split of their share of the Scheme's assets and liabilities so no asset or liability can be recognised.

A note to this effect has been made in Note 1 to the financial reports.

30 June 2005 Actual compared to 30 June 2006 Actual

Revenues (Page 2 of Annexure 1)

Rates & Annual Charges (Increased from \$30,081k to \$30,945k (\$864k, 2.87%)) (Note 3 p.22 of Annexure 1)

None of this relates to consolidated entities. Council's variance was an increase of \$864k, 2.87%.

Rates income increased from \$23,647k to \$24,454k, and increase of \$807k or 3.41% which reflects the permissible increase of 3.5% less some minor changes to the rating base. The domestic waste management charge (annual charge) remained at \$251 for 2005/2006 and income increased only slightly from \$6,434 to \$6,492, an increase of \$58k or 0.90%, based on the number of services provided.

User Charges & Fees (Decreased from \$5,042k to \$4,696k (\$346k, 6.86%)) (Note 3 p.23 of Annexure 1)

There was a \$51k decrease related to consolidated entities. Council's variance was a decrease of \$295k, 5.85%.

The largest decrease in income was from restoration charges (\$103k) which reflects a reduction in the amount of work undertaken. 'Other' fees dropped by \$11k made up of a number of variations. There was a decrease in Rock Anchor income of \$170k. In 2004/2005 Council received a large payment (\$150k) for one project. This was transferred to the Infrastructure Reserve in that year. This large decrease in income was offset by a range of smaller increases including the credit card usage fee (\$40k), 2005/2006 being its first full year.

Interest (Decreased from \$1,474k to \$1,472k (\$2k, 0.14%)) (Note 3 p.23 of Annexure 1)

An \$11k increase relates to the consolidated entities. Council's variance was a decrease of \$13k, 0.88%.

Investment returns remained relatively static between the years, as did the level of investment resulting in similar results for each year. The decrease essentially relates to a reduction in interest on outstanding rates of \$10k as we continue to reduce the level of outstanding debt in this area.

Other Revenues (Increased from \$9,402k to \$11,170k (\$1,768k, 18.80%)) (Note 3 p.24 of Annexure 1)

There was a \$91k increase related to consolidated entities. Council's variance was an increase of \$1,677k, 17.84%.

Part of this increase relates to the new disclosure regarding the movement in the fair value of our investment properties. As mentioned earlier, the two properties are the Grafton Street Car Park and land and buildings at O'Dea Avenue (part of the Depot site) leased to Schindler. Valuations as at 1 July 2004, 30 June 2005 and 30 June 2006 have been provided by Egans. It is the movement in these valuations, along with any capital expenditure by Council, that gives rise to this disclosure. It is shown on Note 14 to the reports (page 47 of Annexure 1) and is restated below.

At Fair Value	Actual 2006 \$'000	Actual 2005 \$'000
Opening balance at 1 July	11,000	10,980
Capitalised subsequent expenditure*	-	195
Net gain (loss) from Fair Value adjustment	110	(175)
	11,110	11,000

* The capitalised subsequent expenditure in 2004/2005 was the replacement of the air conditioning in the leased building at O'Dea Avenue.

The movement in the fair value adjustment from one year to the next was \$285k.

The largest increase between the years arises from the \$750,000 developer's option fee paid in 2005/2006. Other increases include \$371k in parking fines, \$112k in property leases, \$124k in construction zone charges and \$226k in 'Other' revenue. The increase in 'Other' is made up of several amounts including \$163k in Risk Management bonuses and reimbursements (\$13k) and smaller increases across a range of income sources.

These increases were offset by decreases in 'Other' fines (\$60k) and recovered costs (\$115k).

Operating Grants & Contributions (Increased from \$3,238k to \$3,422k (\$184k, 5.68%)) (Note 3 p.25 of Annexure 1)

There was a \$125k decrease related to the consolidated entities. Council's variance was an increase of \$309k, 9.5%.

There is a number of increases that make up this amount including \$223k in transport grants, principally the \$174k in supplementary Roads to Recovery funding announced in the May Budget and received in June, \$40k in library special grants, \$78k in street lighting subsidy, arising from the correction of GST from prior years. 'Other' grants reduced by \$37k comprising reductions in sculpture prize sponsorships (\$15k) and an insurance settlement for Lyne Park bus shelter (\$20k).

Capital Grants & Contributions (Decreased from \$993k to \$925k (\$68k, 6.85%)) (Note 3 p.25 of Annexure 1)

None of this relates to consolidated entities. Council's variance was a decrease of \$68k, 6.85%.

Revenue from capital grants can vary significantly from year to year depending on the nature of projects being undertaken and the timing of related expenditure and also the payment policies of funding bodies.

The major variances between 2004/2005 and 2005/2006 are increases related to section 94 and 94A contributions (\$249k), Water grants for the installation of rainwater tanks at various locations (\$106k) and environmental grants (\$53k). These increases were offset by reductions in open space grants (\$135k), mainly a \$100k Greenspace grant for Robertson Park received in 2004/2005, transport grants (\$274k), mainly a \$250k grant for Old South Head Road roadworks received in 2004/2005 and reductions in general contributions to works of \$44k.

Expenses (Page 2 of Annexure 1)

Employee Costs (Increased from \$24,066k to \$24,764k (\$698k, 2.90%)) (Note 4 p27, Annexure 1)

The variance from consolidated entities was a reduction of \$163k. Council's variance was an increase of \$861k, 3.6%.

This increase is basically in line with the award increase in this area. While this may be the case overall, there are a number of variations worth noting. Direct salaries and wages only increase by \$361k or 1.95% over 2004/2005. The partial removal of the superannuation contributions 'holiday' saw an increase in superannuation expense of \$407k or 31% over 2004/2005. Changes to premium calculations and claims experience resulted in an increase in workers' compensation insurance of \$282 or 34% over 2004/2005. 'Other' employee costs were down by \$330k due to a reduction in redundancy payments between the years.

Materials & Contracts (Decreased from \$10,309k to \$10,297k (\$12k, 0.12%)) (Note 4 p27, Annexure 1)

This is a new disclosure in the financial reports. Materials & Contracts was not previously supported in a note to the reports but now is on Note 4(c). Variances are discussed below in each of the different areas.

Raw Materials & Consumables

The variance from consolidated entities was a reduction of \$151k. Council's variance was an increase of \$300k.

Fuel costs were the largest increase in this area (\$113k). Other increases relate to reclassification of preschool expenses (\$47k), materials, goods and services generally (\$73k) and smaller increases in vehicle parts and repairs (\$23k), printing and stationery (\$26k) and stores issues (\$20k).

Contractor & Consultancy Costs

The variance from consolidated entities was an increase of \$119k. Council's variance was a decrease of \$303k.

The main reductions were in the use of temporary staff (\$223k), general contracts (\$54k) and assessment consultants (\$131k). These reductions were offset by increases in recycling contract payments (\$38k), infringement processing (\$45k) and recurrent maintenance and security contracts (\$39k).

Audit Fees

No major variances

Legal Expenses

Legal expenses remained basically unchanged, only increasing from \$1,367k in 2004/2005 to \$1,375k in 2005/2006. There was, however a reduction in planning and development related legal costs (\$24k) and an increase in 'Other' legal costs (\$32k).

Operating Leases

No major variances.

Depreciation (Increased from \$8,407k to \$8,788k (\$381k, 4.53%) (Note 4 p.28 of Annexure 1)

\$1k of this resulted from consolidated entities. Council's variance was an increase of \$382k.

The major increases in depreciation were plant and equipment (\$61k) relating to the replacement of several items of heavy plant that were depreciated to zero, office equipment (\$94k) relating to the depreciation of 2005/2005 purchases and other assets (\$48k) largely due to the first year's depreciation of the library management system 'Libero'. There were smaller increases in other asset categories also related to the depreciation of 2004/2005 acquisitions.

Other Expenses (Increased from \$8,670k to \$8,734k (\$64k, 0.74%) (Note 4 p.28 of Annexure 1)

The variance from consolidated entities was an increase of \$152k. Council's variance was a decrease of \$88k.

There are numerous increases and decreases making up this overall variance. Among the increases are insurance costs, other than workers' compensation, (\$253k), street lighting charges (\$76k) and statutory contributions (\$53k). To offset these increases there were decreases in waste disposal costs (\$73k), advertising expenses (\$23k) and 'Other' expenses (\$120k). The reduction in 'Other' expenses is reductions due to the reclassification of preschool expenses (\$120k) and a decrease in recoverable expenses (\$44k) offset by increases in a range of items including postage, registration, catering and meals and plant selling expenses.

Gain/(Loss) on Sale of Assets (Increased from \$109k Loss to \$274k Loss (\$165k)) (Note 5 p.29 of Annexure 1)

The variance from consolidated entities was a profit of \$42k. Council's variance was an increase in loss on sales of \$207k.

This variance arises from the timing of the disposal of plant and vehicles and to a general downturn in the proceeds from sales.

30 June 2005 Result compared to Budget - Working Funds & Liquidity

As mentioned earlier in the report, the working funds position as at 30 June 2006 was \$2,056,676 after adjusting for the rollover and revote of unexpended 2005/2006 projects totalling \$2,378,781 which have been rolled over and revoted into the 2006/2007 Budget.

At \$2,056,676, the working funds balance at 30 June 2006 was \$77,575 greater than forecast at the March Review. This increase arose from a number of major variations to the forecasts which are detailed in the table below.

Description	Amount Favourable/ (Unfavourable) \$'000
Rates This very small variance in percentage terms over a \$25m rating base arises from changes in the rating base over the course of the year.	(44)
Trade Waste Service Charges The forecast of \$1,080k was an ambitious target that was not quite met. In percentage terms this is only a 3% variance.	(33)
Miscellaneous Sales This improvement relates mainly to the disposal of abandoned vehicles	29

Description	Amount Favourable/ (Unfavourable) \$'000
which is not budgeted for and also the disposal of old small plant such as brushcutters, blowers and chainsaws	
Recovered Costs This improvement relates mainly to recovered legal costs in Development Control (\$16k) that were not anticipated in the budget	18
Road Restoration Charges Charges exceeded budget expectations due to additional work undertaken. This improvement is slightly offset by additional contract expense	16
Parking Meters The revised forecast of \$1.15m was a little conservative. In percentage terms this is only a 1.6% variance	18
Roads Act Fees There is an issue with the allocation of income between this item and Vehicle Crossing inspections. While Roads Act Fees exceed budget substantially, Vehicle Crossing was under budget. The net variance is only \$10k	21
Development Application fees DA Fees showed a downward trend up to the last quarter and the forecast income was revised down accordingly. Toward the end of the year activity pick up resulting in the forecast being exceeded.	53
Vehicle Crossing Inspections See comment above in Roads Act fees	(31)
Work Zones Improved management of work zones has resulted in a significant improvement to this income stream. Notwithstanding an increase in the forecast income budget expectation were still exceeded at year end	23
Interest on overdue rates Interest raised in the last quarter exceed expectations resulting in this improved return	20
Interest on investments This variance arises from a combination of a conservative forecast, higher than anticipated levels of investment and interest rate rises during the year	58
Interest Distribution – WWPP This distribution, received in June, was not anticipated in the budget	50
Parking Fines The forecast for parking fines was increased during the year. It can be difficult to forecast because of the lumpy nature of payments from the State Debt Recovery Office following referral from the IPB. \$178k was received from the SDRO in the final quarter alone. In addition to this, June was a larger than average month for fines by some \$60k.	209
Car Park Leases Returns from all three car parks were down on budget expectations. Grafton Street and Kiaora Lane were down by \$29k and \$25k respectively. The shortfall from Cross Street was more substantial at \$124k and should have been picked up in a budget review.	(171)
Other Property Leases Other property leases exceeded budget forecasts by \$40k, predominantly in footpath licences and tennis court leases.	40

Description	Amount Favourable/ (Unfavourable) \$'000
Sportsfields Hire This variance reflects increased utilisation of Council's various sportsfields	34
Pensioner Rebate (Net) Pensioner rebates granted were some \$52k less than provided in the budget which is offset by a consequential reduction in the subsidy of \$29k	23
Traffic route lighting subsidy This variation arises from the correction of the GST treatment of prior year's subsidy payments	48
Salaries and Wages Across Council there were savings in direct salaries and wages arising from vacancies. This saving was more than offset by use of temporary staff leading to over expenditure of \$224k (see below)	100
Superannuation Savings in superannuation arose from reduced salaries and wages and a reduction in the number of staff in the defined benefits scheme requiring a Council contribution	122
Leave entitlements Payment of leave entitlements on termination exceed budget. The gross over expenditure of \$100k was partly funded from the DWM Reserve	(85)
Fringe benefits tax This over expenditure results from an increase in the number of staff receiving a motor vehicle benefit	(38)
Fuel costs Fuel prices increased dramatically during the year resulting in this over expenditure	(139)
Materials and other consumables There were savings in materials and other consumables across Council. In percentage terms this is a 4% variance	99
Temporary staff Temporary staff were used throughout the year to fill vacant positions or increase resources. This over expenditure was partly offset by savings in salaries and wages	(224)
Contract and Consultancy expenses There was overall over expenditure in contract and consultancy expenditure across Council. Over expenditure on Appeal Consultants of \$38k was partly offset by savings in other areas. In percentage terms this is a variance of only 0.6%	(27)
Advertising The key areas of over expenditure on advertising were Development Control (\$24k) and Recruitment (\$18k). There was a number of other areas with minor over expenditure	(57)
Contributions A budget provision was made for a contribution to business centre marketing studies which did not proceed (\$20k) along with a contribution to the City of Sydney for cleaning and maintenance of Paddington Library (\$24k) which was not billed make up the majority of this saving	50
	(122)

Description	Amount Favourable/ (Unfavourable) \$'000
<p>Workers' Compensation Insurance A change to premium calculations and deterioration in claims experience resulted in an increased premium for 2005/2006. This over expenditure was funded from the Insurance Reserve (see below)</p>	
<p>CTP Insurance The budget for CTP insurance was deficient and was exacerbated by the timing of plant and vehicle replacements leading to pro rata premium adjustments</p>	(40)
<p>Legal expenses As has been the case in previous years, legal expenses have been over expended, particularly in the areas of Development Control (\$153k), Public Liability (\$16k) and Property Management (\$27k). In Development Control, ten matters incurred costs in excess of \$30k and totalled \$433k of the total expense of \$828k</p>	(195)
<p>SES subsidy Since the construction of the new depot facility the call for funds by Waverley Council has diminished.</p>	23
<p>Phone Charges Council renewed its land line contract with a new carrier during the year resulting in a reduction in expenditure</p>	18
<p>Self funded losses (net of claims recoveries) Self funded losses in both public liability and motor vehicles classes exceeded budget as a result of increased claims against Council</p>	(42)
<p>File retrieval charges An increase in the per file charge came into effect during the year and was not anticipated in the budget. There was also an increase in file movement from off site storage.</p>	(20)
<p>Council rates The rates paid to the City of Sydney for the O'Dea Avenue depot site fell in 2005/2006 compared to the previous year and resulted in a saving against budget</p>	15
<p>Water rates During the year Council explored the opportunity of receiving water bills electronically. As a result of issues at Sydney Water billing was not (and has not) been issued since April 2006. The saving in 2005/2006 will result in over expenditure in the current year.</p>	45
<p>Courses and seminars Specific provision for courses in Domestic Waste and Street Cleansing remained unspent at year end (\$45k). In addition, numerous other small budget provisions also remained unspent at year end.</p>	78
<p>Capital projects Overall expenditure on capital projects is managed through the roll over and revote process. Even though this is the case, there were some minor savings in projects resulting in an overall saving of \$20k.</p> <p>It should be noted that savings of \$452k due to not proceeding with the Lyne park Wharf project has been transferred to the Infrastructure Reserve for future expenditure.</p>	20
	122

Description	Amount Favourable/ (Unfavourable) \$'000
Insurance reserve The over expenditure on workers compensation insurance was funded from the Insurance Reserve	
Total of Major Variations	84

Council's unrestricted current ratio at 30 June 2006 was 2.43:1 compared to a forecast 1.69:1. Taking rollovers and revotes into account, the 30 June 2006 ratio would have been 1.76:1 which is close to our forecast. At this level liquidity is sound.

Restricted Cash

The levels of restricted cash as at 30 June 2006 are as follows:

Purpose	Opening Balance July 05	Transfer To	Interest Earned	Transfers From	Closing Balance June 06
Externally Restricted Cash					
Developer Contributions	3,569,531.37	470,287.58	171,124.78	998,687.68	3,212,256.05
Unexpended Grants	343,040.45	423,576.14		156,659.26	609,957.33
Environmental Levy	1,291,371.72	1,010,690.20		814,867.19	1,487,194.73
Domestic Waste	1,455,841.00	880,967.00		427,503.43	1,909,304.57
	6,659,784.54	2,785,520.92	171,124.78	2,397,717.56	7,218,712.68
Internally Restricted Cash					
Employee Leave Entitlements	2,493,707.00			269,156.02	2,224,550.98
Plant Replacement	325,861.00			24,371.00	301,490.00
Insurance	786,986.00			106,489.02	680,496.98
Computer	188,149.00			11,737.55	176,411.45
Infrastructure	1,344,645.00	452,182.00		237,149.55	1,559,677.45
Election Reserve	50,000.00	50,000.00			100,000.00
Deposits	5,406,000.00			406,000.00	5,000,000.00
Kindergarten	18,382.00			8,885.00	9,497.00
Loan	0.00	3,070,000.00		804,386.73	2,265,613.27
General Reserve	0.00	1,229,532.00			1,229,532.00
	10,613,730.00	4,801,714.00	0.00	1,868,174.87	13,547,269.13
Total Restricted Cash	17,273,514.54	7,587,234.92	171,124.78	4,265,892.43	20,765,981.81

Total Resourcing Costs

One of the comparatives required by Council when considering the 2003/2004 financial reports was the total 'resourcing costs' of Council. This includes our utilisation of staff, temporary staff, consultants and contractors to deliver services and projects in the day-to-day operations of Council (as opposed to capital projects). The comparative for the current year (2004/2005) to the previous year (2003/2004) appears below.

Total Resourcing Costs				
	Current Year	Previous Year	Movement	
Salaries & Wages	20,325,895	19,156,755	1,169,140	6.1%
Temporary Staff	339,248	562,627	-223,379	-39.7%
Consultants	793,618	920,317	-126,699	-13.8%
Contractors	3,622,160	3,565,050	57,110	1.6%
	24,204,750	24,204,750	876,171	3.6%

Total resourcing costs increased by 3.6% over the previous year. There was a shift back to salaries and wages away from temporary staff and consultants as vacant positions from the previous year were filled. The overall increase is in line with the award increase.

Other Entities

Holdsworth Street Community Centre's financial reports are consolidated into Council's as a controlled entity. The HSCC is subject to separate audit and Council receives financial reports from it for consolidation purposes.

The Financial Reports provided to Council are attached as **ANNEXURE 2**.

Two other organisations are included in Council's Financial Reports by way of joint ventures. These are the Premeure Insurance Pool and the Waverley Woollahra Process Plant. Again these organisations are subject to separate audit and Council is provided with financial reports for the purposes of consolidation.

The Financial Reports provided to Council by the Waverley / Woollahra Process Plant are attached as **ANNEXURES 3**.

Council continues to have zero equity in the Premeure insurance pool, which is close to being wound down. As a result there are no financial statements to provide. Notwithstanding this, Council is still a participating member of the pool and is required to disclose its participation. This disclosure is made in Note 19 and appears on page 58 of Annexure 1.

Conclusion:

Whilst there have been a number of variances, which have been detailed in this report, Council's year end result was still favourable. Working funds and liquidity are both adequate and Council's overall financial position as at 30 June 2006 is sound.

While the financial reports have been audited, the adoption of the statement in relation to the financial reports will allow them to be formally referred for audit and the auditors reports signed off.

Don Johnston
Manager Finance

Gary James
General Manager

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- ANNEXURE 1** Financial Reports for the year ended 30 June 2006 (**Circulated separately**)
ANNEXURE 2 Financial Reports for the year ended 30 June 2006 – Holdsworth Street Community Centre
ANNEXURE 3 Financial Reports for the year ended 30 June 2006 – WWPP

Item No: R2 Recommendation to Council
Subject: **Tender for supply and delivery of two rear loading compactor units**
Author: Mark Ramsay - Manager Depot & Waste Services
File No: Tender 06/06 1
Reason for Report: To recommend to Council the acceptance of a tender for the supply and delivery of two rear loading compaction units

Recommendation:

- A. That Council accept the tender received from Garwood International Pty Ltd for the supply and delivery of two "Compact 8" rear load compactor units at a total cost of \$168,520.00 (incl GST) for use in the collection of street litter bins, street sweeping and dumped rubbish.
- B. That the purchase of the rear load compactor units be funded from the allocation for these vehicles included in the 2006/2007 Capital Budget.
- C. That the budget shortfall of \$12,927 be funded from expected savings from other capital plant purchases provided in the 2006/07 Capital Plant Budget.
- D. That the successful and unsuccessful tenderers be advised accordingly.

Background:

A total of \$337,040 (incl GST) has been allocated in the 2006/2007 Capital Budget for the replacement of two complete rear loading compactor units. The expenditure is to be divided between the purchase of the two cab/chassis and the two compaction units. The vehicles identified for replacement are plant numbers 96803 & 97802, which were purchased in June 1998.

Prior to commencing the purchasing process, a review of the vehicle requirements was carried out, based on the planned usage of these vehicles. This process identified that there was a need for one of the units to be fitted with a toolbox located between the compaction body and the cabin, which would necessitate the vehicle being supplied with a longer wheelbase.

The purchase of the Hino cab-chassis has been undertaken under NSW State Government Contract 653-C following consultation with the appropriate operators. The cost of the long wheel base unit is \$83,425 with the short wheel base priced at \$79,575. The total cost for both units is therefore \$163,000 (Inc GST)

As the estimated value for the two compaction units exceeds \$150,000, public tenders were called for the supply and delivery of the two compaction units, in accordance with the Local Government Act.

The tender specification consisted of four main parts.

1. Conditions of Tender
2. General Condition of Contract
3. Tender Specification
4. Tender Response

A copy of Tender 06/06 1 is on file for perusal.

Tender Evaluation

1. TENDER ADVERTISEMENT, CLOSE DATE AND TIME

The tender for the supply and delivery of two 8 cubic meter Rear Loading Compactors was advertised in the tender section of the Sydney Morning Herald and the Wentworth Courier on Tuesday 15 August 2006.

The tender closed on Wednesday 6 September 2006 at 10.00am.

2. TENDER PANEL

A tender panel was formed, comprising Gary Gale-Business Centre & Street Cleaning Coordinator, Brian Toms – Plant & Fleet Coordinator, Joe Cavagnino - Purchasing Team Leader, Wayne Heffernan - Street Sweeping Operational Worker and Robert Caldwell – Team Leader Business Centres.

The selection criteria and their weightings were as follows:

CRITERIA DESCRIPTION	WEIGHTINGS
Technical Capability	35%
Competitive Pricing	35%
Warranty Information	10%
Proven Track Record	10%
Environmental Considerations	10%
Total	100%

3. TENDER OPENING AND EVALUATION

Prior to the evaluation of the tenders, each member of the tender panel signed a pecuniary interest declaration.

Council received two tenders, these being from:

1. Garwood International Pty Ltd, and
2. MacDonald Johnston Engineering Company Pty Ltd

MacDonald Johnston Engineering Company Pty Ltd also offered a non-conforming tender. This non-conforming tender consisted of the supply and delivery of two 6 cubic meter compactors in place of the 8 cubic meter compactors that were specified. As these units were considered to be too small for the purpose for which they will be used, the non-conforming tender was not considered and, therefore, not discussed in this report.

4. Pricing

The tenders received were as follows:

MacDonald Johnston Model JM8-8cm	GARWOOD INTERNATIONAL PTY LTD COMPACT 8
\$210,034	\$186,927

5. WORKING DEMONSTRATION

Macdonald Johnston

The units offered by Macdonald Johnston were not suitable for fitment to the shorter wheel base vehicle that was specified as a requirement in the tender documentation and were therefore not considered for use on this vehicle.

The unit was considered suitable for the long wheel base vehicle but Macdonald Johnston declined Council's offer to demonstrate their tendered unit as the body is of a similar design to those used in the larger 19 cubic meter compactors currently in operation in the solid waste section.

Garwood

As Council is already operating one of the units tendered by Garwood, Garwood declined Council's offer to demonstrate their tendered compaction unit.

The compaction unit tendered has been in operation in the Council's Waste Services Section for 3.5 years and has proven to be extremely reliable. The units meet all current OH&S and Workcover requirements.

6. Tender Assessment

A summary of the tender assessment undertaken by the tender panel is as follows:

CRITERIA DESCRIPTION	WEIGHTINGS	TENDER EVALUATION & ASSESSMENT	
		GARWOOD	MJ
Technical Capability	35%	31%	29%
Competitive Pricing	35%	35%	27%
Warranty Information	10%	10%	8%
Proven Track Record	10%	8%	10%
Environmental Considerations	10%	8%	10%
Total	100%	92%	84%

*Note: The signed tender assessment form by the tender panel is attached as Annexure 1.

The purchase of the units has been discussed with operational staff in the Business Centre and Street Cleaning sections, who support the results of the Tender Assessment.

Options:

Given the age of the existing compaction units that the new vehicles will replace and the increasing incidence of down time required for their servicing, there has been an adverse impact on the level of plant availability to meet community expectations. Therefore, these purchases are required as soon as possible.

The purchase of these units will improve the efficiency of the service provided in all aspects of street litter and litter bin collection within the Woollahra Council Municipality.

Identification of Income & Expenditure:

The total cost of two units from Garwood International Pty Ltd is \$186,927 (incl GST).

The total cost of the two Hino cab/chassis, already purchased under Government Contract 653-C, is \$163,000 (incl GST).

The total cost to Council for the two complete vehicles is \$349,927 (incl GST).

A total budget estimate of \$337,040.00 (incl GST) was provided for in the 2006/2007 Capital Budget for these vehicles. The cost of these units will be recovered by means of Woollahra Council's internal plant hire service charges.

It is expected that the \$12,927 shortfall will be able to be offset through expected savings from other capital plant purchases budgeted for in the 2006/2007 capital plant budget.

Recommendation:

The tender panel recommends that Council accept the tender offered by Garwood International Pty Ltd for the supply and delivery of two "Compact 8" rear load compactor units at a total cost of \$168,520.00 (incl GST) for use in the collection of street litter bins, street sweeping and dumped rubbish.

Mark Ramsay
Manager Depot & Waste Services

Greg Stewart
Acting Director Technical Services

ANNEXURES:

1. Tender Evaluation and Assessment
2. Risk Assessments