

AGENDA

Finance and Governance Committee

Tuesday, 11 June 2024

6:00 PM

Waratah Room

Georges River Civic Centre

Hurstville



OATH OF OFFICE OR AFFIRMATION OF OFFICE

All Georges River Councillors are reminded of their Oath of Office or Affirmation of Office made at the time of their swearing into the role of Councillor.

All Councillors are to undertake the duties of the office of Councillor in the best interests of the people of the Georges River Council area and are to act faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the *Local Government Act 1993* or any other Act to the best of their ability and judgement.

DISCLOSURES OF INTEREST

All Georges River Councillors are reminded of their obligation to declare any conflict of interest (perceived or otherwise) in a matter being considered by Council or at any meeting of Council.

FINANCE AND GOVERNANCE COMMITTEE MEETING

ORDER OF BUSINESS

OPENING

ACKNOWLEDGEMENT OF COUNTRY

Council acknowledges the Bidjigal people of the Eora Nation, who are the Traditional Custodians of all lands, waters and sky in the Georges River area. I pay my respect to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples who live, work and meet on these lands.

APOLOGIES / LEAVE OF ABSENCE

REQUEST TO JOIN VIA AUDIO VISUAL LINK

NOTICE OF WEBCASTING

DISCLOSURES OF INTEREST

PUBLIC FORUM

CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

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CONFIDENTIAL (CLOSED SESSION)

FIN021A-24	Property Matter - 6 Dora Street, Hurstville (Report by Senior Property Officer)	
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CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Item: FIN021-24 Confirmation of the Minutes of the Finance and Governance Committee Meeting held on 13 May 2024

Author: Executive Services Officer

Directorate: Office of the General Manager

Matter Type: Previous Minutes

FIN021-24

RECOMMENDATION:

That the Minutes of the Finance and Governance Committee Meeting held on 13 May 2024, be confirmed.

ATTACHMENTS

Attachment [↓](#)1 Minutes of the Finance and Governance Committee Meeting held on 13 May 2024



MINUTES

Finance and Governance Committee

Monday, 13 May 2024

6:00 PM

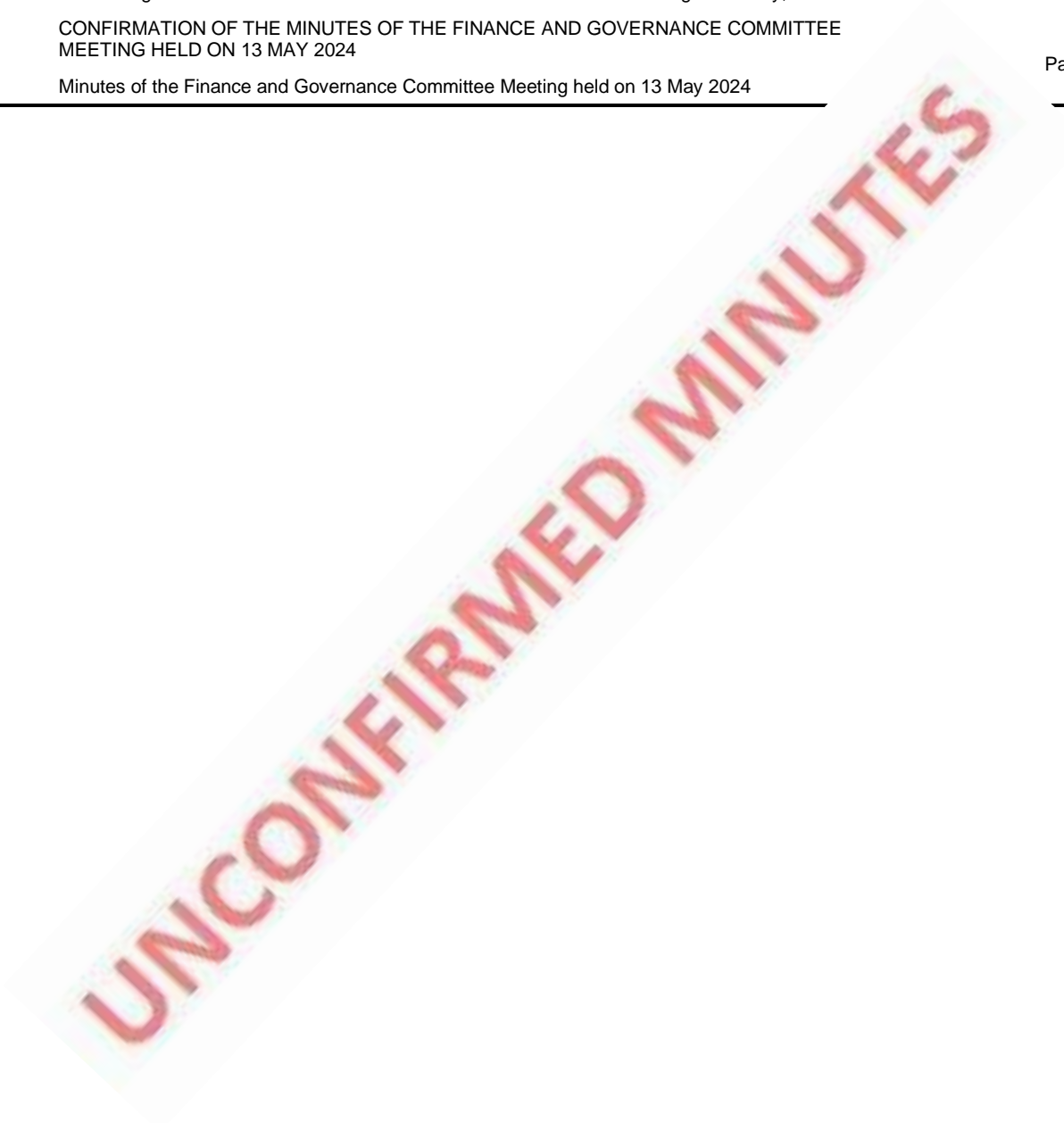
Waratah Room

Georges River Civic Centre

Hurstville



GEORGES RIVER COUNCIL



PRESENT

COUNCIL MEMBERS

Councillor Christina Jamieson (Chairperson), Councillor Elise Borg, Councillor Veronica Ficarra and Councillor Colleen Symington.

COUNCIL STAFF

Director Business and Corporate Services - Danielle Parker, Chief Finance Officer – Scott Henwood, Chief Audit Executive – Steven Baker, Head of Strategic Property - Bernard Morabito, Kristen O’Grady – Senior Property Officer, Executive Services Officer – Nickie Paras, A/Executive Assistant – Barb Presti, (Minutes) Chief Information Officer - Brendan Scott, Technology Business Support Officer – Earl Santos.

OPENING

The Chairperson, Councillor Jamieson, opened the meeting at 6.00pm.

ACKNOWLEDGEMENT OF COUNTRY

The Chairperson, Councillor Jamieson acknowledged the Bidjigal people of the Eora Nation, who are the Traditional Custodians of all lands, waters and sky in the Georges River area. I pay my respect to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples who live, work and meet on these lands.

REQUEST TO ATTEND VIA AUDIO VISUAL LINK

There were no requests to attend via Audio Visual Link.

APOLOGIES/LEAVE OF ABSENCE

That a leave of absence be accepted for Councillor Katris and Councillor Mahoney.

MOTION: Councillor Symington, Councillor Ficarra

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was CARRIED.

NOTICE OF WEBCASTING

The Chairperson, Councillor Jamieson advised staff and the public that the meeting is being recorded for minute-taking purposes and is also webcast live on Council’s website, in accordance with section 5 of Council’s Code of Meeting Practice. This recording will be made available on Council’s Website.

CODE OF MEETING PRACTICE

Council’s Code of Meeting Practice prohibits the electronic recording of meetings without the express permission of Council.

DISCLOSURES OF INTEREST

There were no disclosures of interest made.

PUBLIC FORUM

There were no registered speakers.

CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

FIN015-24 Confirmation of the Minutes of the Finance and Governance Committee Meeting held on 8 April 2024

(Report by Integrated Planning and Reporting Officer)

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Ficarra

That the Minutes of the Finance and Governance Committee Meeting held on 8 April 2024, be confirmed.

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was CARRIED.

COMMITTEE REPORTS

FIN016-24 Investment Report as at 31 March 2024

(Report by Senior Financial Accountant - Reporting)

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Ficarra

That the Investment Report as at 31 March 2024 be received and noted by Council.

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was CARRIED.

FIN017-24 Quarterly Budget Review Report for Period Ending 31 March 2024

(Report by Senior Business Performance Accountant)

RECOMMENDATION: Councillor Symington, Deputy Mayor, Councillor Borg

(a) That Council receives and notes the contents of this report in relation to the Quarterly Budget Review for the period ending 31 March 2024.

(b) That Council adopt the proposed amendments to the 2023/24 Budget as outlined in Attachment 1.

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was

CARRIED.

Note: The following Questions With No Notice were asked by Councillor Symington with regard to FIN017-24 - Quarterly Budget Review Report - Item Q24/020 Mayoral Replacement Vehicle (State Contract SCM0653):

Q1. Is the Mayoral replacement vehicle leased, if so how long for and cost per month?

Q2. What budget is this cost coming from?

Q3. What type of vehicle is it and what is its ecofriendly credentials e.g. hybrid or electric?

Q4. Is this vehicle a similar standard to other Council vehicles?

Q5. Who made the decision to replace the Camry Hybrid that was previously used by the Mayor?

The questions were taken on notice by the Director Finance and Governance and responses will be reported to the May 2024 Council Meeting.

FIN018-24 Quarterly Commercial Property Portfolio Report for Period Ending 31 March 2024
(Report by Senior Property Officer)

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Ficarra

That Council receive and note the contents of this report in relation to the Quarterly Commercial Property Portfolio, for the period ending 31 March 2024.

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was CARRIED.

FIN019-24 Property Matter - Ramsgate Car Park, Ramsgate
(Report by Head of Strategic Property)

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Ficarra

(a) That the report "Property Matter - Ramsgate Car Park, Ramsgate" be received and noted.

(b) That the General Manager acknowledge the unsolicited offer and express that Council is declining the offer for the sale of the Ramsgate Car Park based on their being no strategic justification for disposal.

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was CARRIED.

FIN020-24 Property Matter - Purchase of 23 Cook Street, Mortdale
(Report by Head of Strategic Property)

RECOMMENDATION: Councillor Ficarra, Councillor Symington

- (a) That Council purchase the residential property at 23 Cook Street, Mortdale, being Lots 20 and 21 in Deposited Plan 4817 on the terms outlined generally in this report and in confidential Attachment 1 to this report.
- (b) That Council authorise the General Manager to execute the Contract for Sale, Transfer Document, Lease Agreement and all other associated documentation to affect the purchase of Lots 20 and 21 in Deposited Plan 4817 located at 23 Cook Street, Mortdale.
- (c) That in accordance with Section 31 (2) of the Local Government Act 1993, the land be classified as Operational Land upon settlement.
- (d) That Council approve the budget for the acquisition as outlined in the associated attachments and the proposed funding source of the Strategic Centre Reserve.
- (e) That Council approve for the appropriate public notification to be undertaken for the property classification process and future community lease Expression of Interest (EOI) process.

Record of Voting

For the Motion: Deputy Mayor, Councillor Borg, Councillor Jamieson, Councillor Ficarra, Councillor Symington

On being PUT to the meeting, voting on this Motion was UNANIMOUS. The Motion was CARRIED.

CONCLUSION

The Meeting was closed at 6.10pm

COMMITTEE REPORTS

Item: FIN022-24 Property Matter - Proposed Reclassification and Sale of Part Moore Park, Beverley Park

Author: Senior Property Officer

Directorate: Business and Corporate Services

Matter Type: Committee Reports

FIN022-24

<Summary Section>

RECOMMENDATION:

- (a) That the General Manager, in accordance with Section 377(h) of the Local Government Act 1993, be authorised to execute the Contract for Sale, Transfer Document and all other documentation in this matter, to effect the disposal of part Lot 160 in DP19098, pursuant to the advice and terms provided within Confidential Attachment 3 of the report.
- (b) That prior to disposal, the subject part of Lot 160 in DP19098 (being approximately 330 square metres as shown in Attachment 1) be reclassified from Community to Operational land.
- (c) That any monies derived from a land sale be held in restricted reserve for the future embellishment or acquisition of public open space as referenced within the adopted Council Strategic documents.
- (d) That Council provides landowner consent to the proposed reclassification and/or rezoning of Part Lot 160 in DP19098.

EXECUTIVE SUMMARY

1. On 22 May 2023, Council resolved (FIN021-23) as follows:
 - a) *That Council seeks further information in regard to the future development plans of this site before this matter is considered further.*
 - b) *That during any future consideration of the matter the General Manager provides a further report to Council outlining details of all costs, consideration payable and options in regard to replacement of open space.*
2. This report provides the additional information sought by Council in further consideration of this matter and will consider an offer provided by the St George Leagues Club Ltd (the Club) to purchase approximately 330 square metres of part of Moore Park described as Lot 160 in Deposited Plan (DP)19098 and located at 33 Lobb Crescent, Beverley Park. A location plan is provided in Attachment 1.
3. The offer from the Club (Attachment 2) is favourable and should be considered by Council. Full details of the financial offer and proposed terms is outlined in Attachment 3. In support of the offer, market valuation advice is provided in confidential attachments 4 and 5.

BACKGROUND

4. Council was approached by the St George Leagues Club regarding their interest in acquiring approximately 330 square metres (subject to survey) of part of the adjoining Council owned Moore Park, to assist with car park traffic flow associated with the existing leagues club car park. The subject (part) parcel is triangular and is located at the rear of

the reserve between the Club boundary and the pathway that comes in from Lobb Crescent, Beverley Park as detailed in Attachment 1.

5. As per resolution (a) of FIN021-23, additional information was sought regarding the future development plans of this site. In this regard, the Club has outlined the purpose of their offer within their letter of offer (Attachment 2).
6. Regarding costs information as per resolution (b) of FIN021-23, details of all costs, consideration payable and options regarding replacement of open space are provided in Confidential Attachment 3.

FINANCIAL IMPLICATIONS

7. The Club has provided Council with a market value offer for the land. In addition to this market value payment, the Club is offering a substantial one-off cash incentive for Council to upgrade play equipment at an adjoining local reserve. The offer in total exceeds market value. Details of this offer together with officer recommendations, is provided in Confidential Attachment 3.
8. In accordance with Council's Acquisition and Disposal Policy, Council has obtained valuation advice to determine the market value of the land. In this regard, Southern Alliance Valuation Services (SAVS) and BEM Property Consultants and Valuers (BEM) were engaged to determine the market value of part of the reserve (approximately 330m²), the subject of this proposal. The valuations from SAVS and BEM are provided in Attachments 4 and 5 respectively.
9. Before the land can be sold, it will need to be reclassified from Community to Operational land. Due to the cost of reclassifying land, it is further proposed that all costs associated with the reclassification, rezoning and subdivision be at the expense of the applicant.
10. Expanding the open space within the Local Government Area (LGA) is a principal aim as outlined in the Community Infrastructure Needs Assessment and the Area Acquisition Strategy, as well as the Open Space, Recreation, and Community Facilities Strategy. It is recommended that funds generated from disposals be designated specifically for the acquisition or enhancement of open spaces as described in these strategies. Noting that the challenges associated with acquiring space, such as reputation, cost, and time, are significant due to the urban environment of the Georges River LGA.

RISK IMPLICATIONS

11. By restricting funds from the sale of the land to enhance/acquire open space will ensure Council can deliver on actions committed to within the relevant adopted strategies.

COMMUNITY ENGAGEMENT

12. Community engagement will be required and undertaken as part of the reclassification process should Council resolve to dispose of part of Moore Park.

1.

FILE REFERENCE

D24/46757

ATTACHMENTS

Attachment [1](#) Location Plan Moore Park



Attachment 2 Moore Park offer 6 May 2024 - Lot 160 DP 19098 Beverley Park NSW 2217 - *published in separate document* (Confidential)

Attachment 3 Financial Considerations and Terms - Sale of Part Moore Park, Beverley Park - *published in separate document* (Confidential)

- Attachment 4 Valuation Report - SAVS - *published in separate document* (Confidential)
- Attachment 5 Valuation Report - BEM - *published in separate document* (Confidential)

Attachment 1: Location Plan – Moore Park, Beverley Park



Item: FIN023-24 Internal Audit Plan 2024-2028
Author: Chief Audit Executive
Directorate: Office of the General Manager
Matter Type: Committee Reports

RECOMMENDATION:

That the Audit, Risk and Improvement Committee endorsed Internal Audit Plan 2024-2028 be received, noted and endorsed by the Council.

EXECUTIVE SUMMARY

1. The purpose of this report is to table and seek endorsement for the 2024-2028 Internal Audit Plan (Plan).
2. The Plan was presented to the Executive at the 20 February 2024 meeting and then endorsed by the Audit, Risk and Improvement Committee (ARIC) at the meeting held on 28 February 2024.
3. The Plan covers the four (4) year period from 1 July 2024 to 30 June 2028. It outlines internal audit assurance activities to be performed or facilitated by the internal audit function.
4. The items included in the Plan have been compiled after consultation with the General Manager, individual Directors and selected Managers.

BACKGROUND

5. In 2016, the *Local Government Amendment (Governance & Planning) Act 2016* was enacted and subsequently updated. The mandated commencement date for the section of the legislation relating to internal audit and audit risk and improvement committees is 1 July 2024.
6. A council's audit, risk and improvement committee must develop a strategic work plan every four (4) years to ensure all matters listed in Section 428A of the Local Government Act are reviewed by the committee.
7. The Plan has been aligned to assist both the ARIC and management fulfil their responsibilities under legislation and in conjunction with other activities being performed across the council.
8. Implementing a risk-based internal audit plan is included as a deliverable action in Council's Draft Delivery Program and Operational Plan as part of the responsibilities to achieve the pillar of Leadership and Transparency.
9. The purpose of the Plan is to:
 - (a) Identify the most relevant and "best use" of internal audit resources, having regard to other sources from which Georges River Council (GRC) obtains assurance,
 - (b) Outline how the desired level of assurance is to be obtained by mapping the Plan against other external and internal assurance activities undertaken by GRC; and
 - (c) Prioritise and assign internal audit resources to meet the requirements of the agreed Plan.
10. The following internal stakeholders have been consulted in the development of this Plan:

- (a) The General Manager,
 - (b) Individual Directors,
 - (c) Selected Managers representing core service / activities; and
 - (d) The Audit, Risk and Improvement Committee.
11. The Plan will ensure internal audits are directed to the areas of greatest value and need within the organisation and allow the Audit, Risk & Improvement Committee and management to have assurance over those areas identified in the Plan.
 12. The ARIC will consider this Plan at the August 2024 meeting to review alignment to legislative requirements, resourcing available and relevance to existing and emerging priorities.
 13. The Plan is aligned to other initiatives of Council, including:
 - (a) IP&R Delivery Program and Operational Plan,
 - (b) Enterprise Risk Management Framework,
 - (c) NSW Audit Office Client Engagement Plan,
 - (d) Other assurances and accreditations performed or required by the organisation; and
 - (e) Compulsory compliance or accreditation requirements.
 14. The Georges River Council Internal Audit Plan 2024-2028 (see Attachment 1) contains the purpose, relationships, coordination and resourcing of the proposed 2024-2028 Internal Audit Plan and references the audit items from the existing 2021-2024 Internal Audit Plan (ending 30 June 2024).

FINANCIAL IMPLICATIONS

15. No immediate financial/budget impact for this report.
16. Noted as a recurrent operational budget included in the Draft 2024/25 Budget and the subsequent years being 2025/26, 2026/27 and 2027/28 are unfunded at this stage.

RISK IMPLICATIONS

17. Enterprise and operational risks exist with no adopted and adequately resourced internal audit program that meets our legislative obligations under the regulations.

COMMUNITY ENGAGEMENT

18. Community engagement was not required for this report.

FILE REFERENCE

D24/123203

ATTACHMENTS

Attachment [↓](#)1 Internal Audit Plan 2024-2028





Georges River Council

Internal Audit Plan

2024-2028

Endorsed by Executive Team on 20 February 2024

Tabled at Audit, Risk & Improvement Committee on 28 February 2024

Endorsed by Audit, Risk & Improvement Committee on 28 February 2024

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Introduction

The development of this Internal Audit Plan (Plan), also known as the strategic work plan, is prescribed in the Office of Local Government – Guidelines for Risk Management and Internal Audit (updated November 2023). It covers the four (4) year period from 1 July 2024 to 30 June 2028.

The Plan outlines internal audit assurance activities to be performed or facilitated by the Internal Audit function as well as other audit and assurance activities to be undertaken within Council over this period.

1. Purpose

The purpose of the Plan is to:

- Identify the most relevant and “best use” of internal audit resources, having regard to other sources from which Georges River Council (GRC) obtains assurance;
- Outline how the desired level of assurance is to be obtained by mapping the Plan against other external and internal assurance activities undertaken by GRC; and
- Prioritise and allocate internal audit resources to meet the requirements of the agreed internal audit program.

The Plan is divided up into annual Audit Programs as follows:

Year 1 – 1 July 2024 to 30 June 2025

Year 2 – 1 July 2025 to 30 June 2026

Year 3 – 1 July 2026 to 30 June 2027

Year 4 – 1 July 2027 to 30 June 2028

2. Caveat

The ability to implement the Plan is dependent on several factors that may impact it, not limited to:

- Workloads and recommendations received from other agencies that require priority of internal audit resources such as ICAC, Ombudsman, OLG, NSW Audit Office, Department of Planning and Infrastructure recommendations and requests.
- Availability of internal audit resources.
- Internal priorities that take precedence over the use of internal audit resources. This may include Complaint Coordinator, Public Interest Officer, Online Corruption investigations and customer response duties.
- Changing risks and audit priorities over the four (4) year period of the Plan.
- Budget allocations.

This may require the Plan being subject to reassessment and adjustments. The Plan should be flexible to allow such circumstances to be accommodated.

3. Relationship to Integrated Planning & Reporting (IP&R) Framework

Development of a four (4) year Internal Audit Plan will be consistent with and support the Delivery Program (2024 and 2025, then 2025-2028) and Operational Plan 2024/25, aiming to support Council’s achievement of goals in the Community Strategic Plan 2022-2032. The most relevant Community Strategic Plan reference is Pillar 6 “Leadership &

Item: FIN024-24 Audit, Risk and Improvement Committee - Minutes of Meeting held on 28 February 2024 (Confirmed) and 23 May 2024 (Unconfirmed)

Author: Chief Audit Executive

Directorate: Office of the General Manager

Matter Type: Committee Reports

FIN024-24

RECOMMENDATION:

- (a) That the confirmed Minutes of the Audit, Risk and Improvement Committee meeting held on 28 February 2024 be received and noted by Council.
- (b) That the unconfirmed Minutes of the Audit, Risk and Improvement Committee meeting held on 23 May 2024 be received and noted by Council.

EXECUTIVE SUMMARY

1. Council's Audit, Risk and Improvement Committee Model Terms of Reference provides for the reporting of Audit, Risk and Improvement Committee (ARIC) Minutes to the Council.
2. The Minutes of the ARIC meeting held on the 28 February 2024 were confirmed by the ARIC at its 23 May 2024 meeting and are now submitted for Council's information.
3. The Minutes of the ARIC meeting held on the 23 May 2024 are unconfirmed. They will be confirmed at the next scheduled ARIC meeting to be held on 22 August 2024.

BACKGROUND

4. The attached Minutes relate to the ARIC meetings held on 28 February 2024 and 23 May 2024 respectively.
5. The minutes are also available to Councillors on the ARIC HUB accessible via the Councillor HUB.

FINANCIAL IMPLICATIONS

6. No budget impact for this report.

RISK IMPLICATIONS

7. No risks identified for this report.


COMMUNITY ENGAGEMENT


8. Community engagement was not required for this report.

FILE REFERENCE

D24/133570

ATTACHMENTS

Attachment [↓](#)1  CONFIRMED Minutes - Audit, Risk and Improvement Committee 28 February 2024

Attachment [↓](#)2  UNCONFIRMED Minutes - Audit, Risk and Improvement Committee 23 May 2024

Item: FIN025-24 Investment Report as at 30 April 2024

Author: Senior Financial Accountant - Reporting

Directorate: Business and Corporate Services

Matter Type: Committee Reports

FIN025-24

RECOMMENDATION:

That the Investment Report as at 30 April 2024 be received and noted by Council.

EXECUTIVE SUMMARY

1. This report details Council’s performance of its investment portfolio as at 30 April 2024 and compares its performance against key benchmarks.
2. This report also includes the estimated market valuation of Council’s investment portfolio, loan liabilities and any required update on Council’s legal action against various parties.
3. Council’s annualised rate of return as at 30 April 2024 is 4.38% which is 0.14% above benchmark with income from interest on investments totalling \$8,913,000 which is \$1,188,000 higher than the year-to-date adopted budget of \$7,725,000.

BACKGROUND

4. Council’s Responsible Accounting Officer is required to report monthly on Council’s investment portfolio and certify that the investments are held in accordance with Council’s Investment Policy, section 625 of the Local Government Act 1993 and Local Government (General) Regulation 2021.

INVESTMENT PERFORMANCE COMMENTARY

5. Council’s performance against the benchmark for returns of its investment portfolio for April 2024, are as follows:

	1 Month	3 Month	12 Month
Portfolio Performance	0.38%	1.15%	4.38%
Performance Index	0.35%	1.07%	4.24%
Excess Performance	0.03%	0.08%	0.14%

Notes:

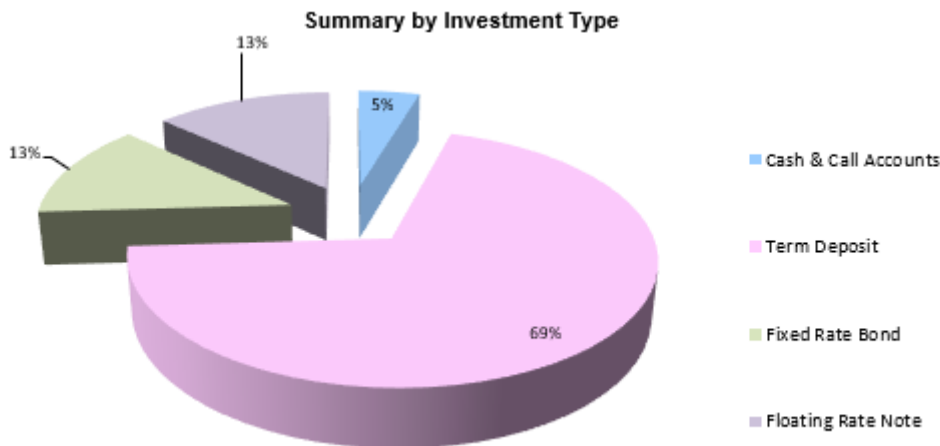
- (a) Portfolio performance is the rate of return of the portfolio over the specified period.
- (b) The Performance Index is the Bloomberg Ausbond Bank Bill Index.
- (c) Excess performance is the rate of return of the portfolio in excess of the (b) Performance Index.

6. Council’s investment portfolio as at the end of April 2024 was as follows:

Security Type	Market Value \$000's	% Total Value
At Call Deposit	218	0.09%
Consolidated Cash Fund	10,751	4.51%
Term Deposit	165,700	69.46%
Fixed Rate Bond	30,300	12.70%
Floating Rate Note	31,580	13.24%
Portfolio Total	238,550	100%

- 7. At the end of April 2024, total cash and investments were \$239 million, which was a decrease of \$2 million from the previous month (March 2024: \$241 million).
- 8. Council continues to utilise the Federal Government’s current guarantee (\$250,000) investing in term deposits with a range of Authorised Deposit Taking Institutions (ADI’s).

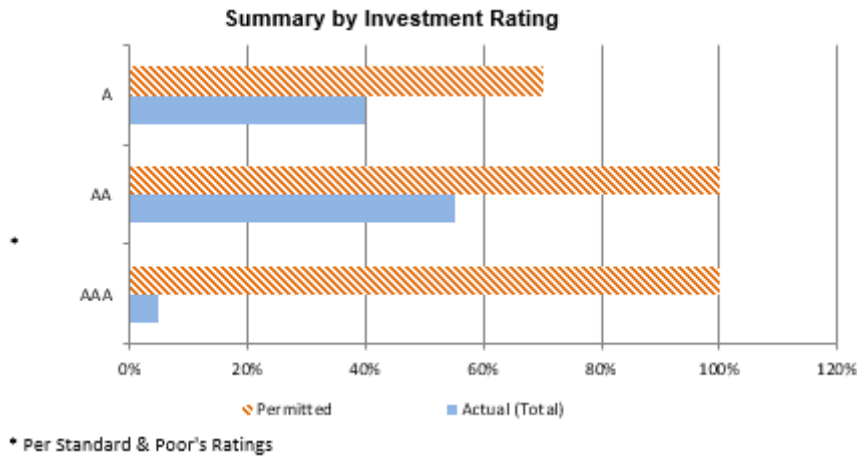
TYPE OF INVESTMENTS



- 9. The majority of Council’s investment portfolio is made up of term deposits, which account for approximately 69% of total investments.
- 10. Floating Rate Notes (FRN) can offer liquidity and a higher rate of income accrual, which is highly recommended by our Investment Advisors (CPG Research & Advisory).
- 11. The following are the types of investments held by Council:
 - a) Cash and Call Accounts refer to funds held at a financial institution and can be recalled by Council either same day or on an overnight basis.
 - b) A Floating Rate Note (FRN) is a debt security issued by a company with a variable interest rate. This can either be issued as Certificates of Deposit (CD) or as Medium-Term Notes (MTN). The interest rate is floating, where the adjustments to the interest rate are usually made quarterly and are tied to a certain money market index such as the Bank Bill Swap Rate.
 - c) A Term Deposit is a debt security issued by a company with a fixed or floating interest rate over the term of the deposit, where the adjustments to the interest rate are usually made quarterly and are tied to a certain money market index such as the Bank Bill Swap Rate.
 - d) A Fixed Rate Bond is a debt security can be issued by a company or government in a form of fixed rate of interest at a specified time.

POLICY LIMITS

12. The graph below shows the investment rating limits, as a percentage of total cash investments, which are allowed under Council’s Investment Policy. All funds invested are within the limits set in the Investment Policy.



FIN025-24

INVESTMENT INCOME

- 13. Income from interest on investments totals \$8,913,000 which is \$1,188,000 higher than the year-to-date adopted budget of \$7,725,000.
- 14. Investments have been made in accordance with the Local Government Act 1993, Minister’s Guidelines, Regulations and Council’s Investment Policy.

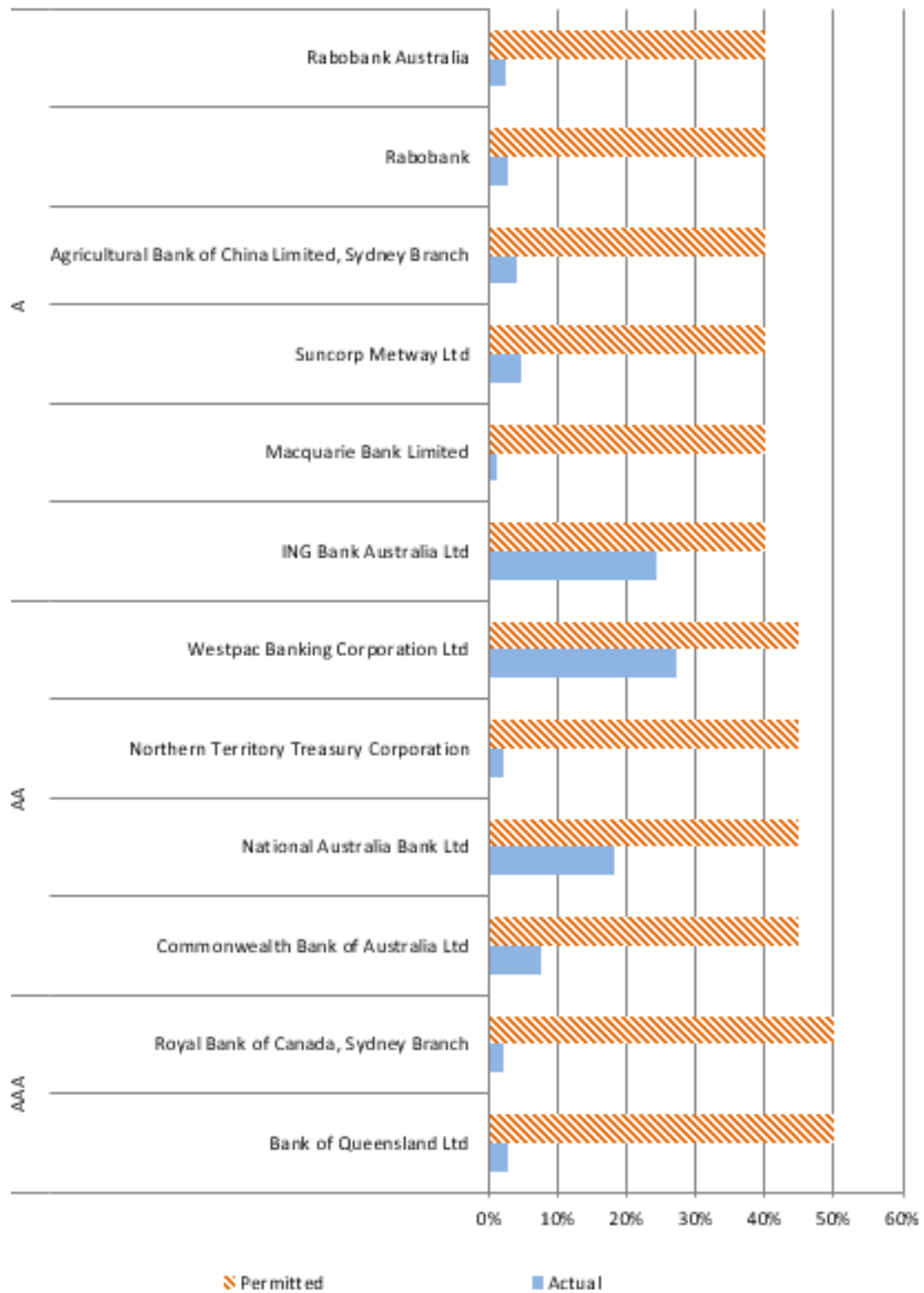
ANALYSIS OF INVESTMENTS

15. Investment Duration

Investment Term	Market Value \$000's	% Total Value	Policy Limits %
0 to < 1 Year	72,970	31.0%	100%
1 to < 3 Years	69,030	29.0%	60%
3 to < 5 Years	96,550	40.0%	40%
Portfolio Total	238,550	100.00%	

16. Council’s portfolio is moderately liquid, with 31% of assets maturing within 12 months. All future new investments will be placed in the 3 years and below categories until the 3 to 5 years category decrease to around 35%. FRNs, At-Call Funds and Fixed Rate Bonds also provide additional liquidity in an emergency. The following graph shows the analysis of the total cash investment by institution as at 30 April 2024.

Investment by Institution



FIN025-24

CREDIT RATING

17. Credit ratings are generally a statement as to an institution's credit quality. Council's investment advisors (CPG Research & Advisory) use standard & poor's credit ratings to classify the investments held by Council. Ratings ranging from AAA to A are considered investment grade.
18. A general guide for the meaning of each credit rating that Council deals with is as follows:
 - AAA: The highest possible quality. An obligor's capacity to meet its financial commitments on the obligation is extremely strong.
 - AA: The best quality companies, reliable and stable. An obligor's capacity to meet its financial commitments on the obligation is very strong.
 - A: The obligor's capacity to meet its financial commitments on the obligation is still strong but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.
19. The credit quality of Council's portfolio is high with 100% of assets rated 'A' or higher.

COUNCIL'S INVESTMENT POWERS

20. Council's investment powers are regulated by Section 625 of the Local Government Act 1993, which states:
 - A council may invest money that is not, for the time being, required by the council for any other purpose.
 - Money may be invested only in a form of investment notified by order of the Minister published in the Gazette.
 - An order of the Minister notifying a form of investment for the purposes of this section must not be made without the approval of the Treasurer.
 - The acquisition, in accordance with Section 358, of a controlling interest in a corporation or an entity within the meaning of that section is not an investment for the purposes of this section.
21. Council's Investment Policy and strategy requires that all investments are to be made in accordance with:
 - *Local Government Act 1993 - Section 625*
 - *Local Government Act 1993 - Order (of the Minister) dated 12 January 2011*
 - *The Trustee Amendment (Discretionary Investments) Act 1997 - Sections 14A (2), 14C (1) & (2)*
 - *Local Government (General) Regulations 2021*
 - *Investment guidelines issued by the Department of Local Government*

LEGAL MATTERS

22. Georges River Council is participating in a Group Class Action since January 2019 against Fitch Ratings Inc and Fitch Ratings Ltd (collectively Fitch), in respect to losses suffered in relation to products Council acquired which were rated by Fitch, specifically the Corsair (Cayman Islands) No.4 Ltd Series 6 Kakadu Collateralised Debt Obligation (CDO) notes (rated AA by Fitch but estimated in fact BB). Council suffered a capital loss of \$215,000 on these investments dating back to December 2006 and will seek damages of the capital loss including lost interest, as part of the action.
23. As a Group Member, Council will not incur any legal costs or disbursements, or be liable for any adverse costs order that the Court may make in the proceedings. The Banton

Group Pty Ltd (Banton) is the legal firm acting for Council in relation to the class action proceedings against Fitch, engaged on November 2020. Banton has been working on the matter and conferring with consultant experts on a new potential fraud issue within Fitch's ratings methodology. The latest correspondence on this matter was in early March 2024, where Banton is still conferring with Counsel and experts regarding the arguments and alternative strategies in this matter and they expect to be in a position to provide a substantive update in the coming weeks. The anticipated substantive update has been delayed slightly for commencement of the proceedings against Fitch.

FINANCIAL IMPLICATIONS

24. Income from interest on investments totals \$8,913,000 which is \$1,188,000 higher than the year-to-date adopted budget of \$7,725,000.
25. The majority of Council's cash is restricted for specific purposes, with less than 10% available as unrestricted operating cash. Around 60% of the cash is externally restricted by legislation or formal agreements, mainly involving developer contributions and unspent grants. Internally restricted, about 30% of the funds are reserved for governance and sustainability to support funding strategies and asset renewal. This financial structure highlights the need for effective management of these restricted funds to ensure the Council's financial health and operational requirements.

RISK IMPLICATIONS

26. Enterprise risk/s identified, and management process applied.
27. Council's enterprise risk identified was 'poor financial management adversely impacts Council's long-term financial sustainability'. The risk has been managed by Council's management of investments in accordance with the relevant Act and Regulations, along with Council's adopted Investment Policy and introduction of the SRV. To further minimise the risk, Council is progressively moving towards the placement of investments only in investments rated A or above.

COMMUNITY ENGAGEMENT

28. No community consultation is required.

FILE REFERENCE

D24/143806

ATTACHMENTS

Attachment [↓](#)1 P10. Investment Portfolio as at 30 Apr 2024



CONFIDENTIAL ITEMS (CLOSED MEETING)

Council's Code of Meeting Practice allows members of the public present to indicate whether they wish to make representations to the meeting, before it is closed to the public, as to whether that part of the meeting dealing with any or all of the matters listed should or should not be considered in closed session.

RECOMMENDATION

That in accordance with the provisions of Part 1 of Chapter 4 of the Local Government Act 1993, the following matters be considered in closed Meeting at which the press and public are excluded.

FIN021A-24 Property Matter - 6 Dora Street, Hurstville (Report by Senior Property Officer)

THAT in accordance with the provisions of Part 1 of Chapter 4 of the Local Government Act 1993, the matters dealt with in this report be considered in closed Council Meeting at which the press and public are excluded. In accordance with Section 10A(2) (c) it is considered the matter information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

THAT in accordance with Section 10D it is considered that if the matter were discussed in an open Council Meeting, it would on balance, be contrary to the public interest as it information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

That in accordance with the provisions of Section 11(2) of the Act, the reports and correspondence relating to these matters be withheld from the press and public.