

AGENDA

Finance and Governance Committee

Monday, 13 May 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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COMMITTEE REPORTS

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CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

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

Author: Executive Services Officer

Directorate: Office of the General Manager

Matter Type: Previous Minutes

FIN015-24

RECOMMENDATION:

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

ATTACHMENTS

Attachment [↓](#)1 Minutes of the Finance and Governance Committee Meeting held on 8 April 2024



MINUTES

Finance and Governance Committee

Monday, 08 April 2024

6:00 PM

Waratah Room

Georges River Civic Centre

Hurstville



GEORGES RIVER COUNCIL

UNCONFIRMED MINUTES

UNCONFIRMED MINUTES

PRESENT

COUNCIL MEMBERS

Councillor Christina Jamieson (Chairperson), Councillor Elise Borg, Councillor Veronica Ficarra, Councillor Nick Katris, Councillor Peter Mahoney and Councillor Colleen Symington.

COUNCIL STAFF

Director Business and Corporate Services - Danielle Parker, Chief Finance Officer – Scott Henwood, Head of Corporate Governance and Risk – Renata Sala, Executive Manager City Futures – Simon Massey, Integrated Planning and Reporting Officer – Rachel Teariki, Executive Services Officer – Marisa Severino (Minutes), Acting Executive Assistant to Director Business and Corporate Services – Ally Chand, Personal Assistant Chief People Officer – Barb Presti, Chief Information Officer - Brendan Scott, and Team Leader Technology Business Support – Mark Tadros.

OPENING

The Chairperson, Councillor Jamieson, opened the meeting at 6.03pm.

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

There were no apologies.

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

FIN010-24 Confirmation of the Minutes of the Finance and Governance Committee Meeting held on 11 March 2024 (Report by Executive Services Officer)

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Ficarra

That the Minutes of the Finance and Governance Committee Meeting held on 11 March 2024, be confirmed.

Record of Voting

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

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

COMMITTEE REPORTS

FIN011-24 Investment Report as at 29 February 2024 (Report by Senior Financial Accountant - Reporting)

Recommendation: Councillor Ficarra, Councillor Katris

That the Investment Report as at 29 February 2024 be received and noted by Council.

Record of Voting

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

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

FIN012-24 Draft Fraud and Corruption Control Policy and System (Report by Head of Corporate Governance and Risk)

RECOMMENDATION: Councillor Mahoney, Deputy Mayor, Councillor Borg

- (a) That Council approve the Fraud and Corruption Control System (Attachment 1) and Policy (Attachment 2) to be placed on public exhibition for a period of no less than 28 days and for the Independent Commission Against Corruption (ICAC) to be provided an opportunity to review and comment.
- (b) That Council endorse for the Fraud and Corruption Control System (Attachment 1) and Policy (Attachment 2) to become effective after public exhibition if no submissions have been received.
- (c) That the General Manager be delegated authority to make minor administrative changes, if required.

Record of Voting

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

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

CARRIED.

FIN013-24 2023/24 Half Yearly Progress Report for Quarter Ending 31 December 2023
(Report by Integrated Planning and Reporting Officer)

Recommendation: Councillor Katris, Councillor Symington

- (a) That Council receive and note the half yearly progress report July 2023 - December 2023.
- (b) That Council endorse the delivery program and operational plan items recommended for cancellation, being placed on hold, or altered as detailed in Attachment 1.
- (c) That a copy of the half yearly progress report July 2023 – December 2023 be published on Council's website.
- (d) That the General Manager be delegated authority to make minor editorial changes to the Half Yearly Progress Report prior to publishing on Council's website.

Record of Voting

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

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

FIN014-24 Enhance the Reporting and Logging of Community Requests
(Report by Chief Information Officer)

Note: This item was copied and voted on later in the meeting.

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Mahoney

- (a) That Council continue the use and promotion of 'Log It / Fix It' system as the primary method to lodge service requests with Council, incorporating customer feedback to:
 - (i) Develop additional user guides to be added to the 'Log It / Fix It' portal to improve customer ease in lodgement of enquiries.
 - (ii) Review placement of the 'Log It / Fix It' on Council websites to increase usage of this primary method by customers.
 - (iii) Better manage customer expectations in reporting issues to Council, in reviewing the current terminology and branding of the 'Log It / Fix It' to 'Report It' or similar.
- (b) That Council evaluate the benefits and efficiencies associated with a customer response management system as part of the Enterprise System Review and includes the above improvements in the relevant scoping documents when it market tests.

PROCEDURAL MOTION

CONFIDENTIAL ITEMS (CLOSED SESSION)

MOTION: Deputy Mayor, Councillor Borg, Councillor Symington

At this stage of the meeting being 6.16pm the Chair, Councillor Jamieson advised that the meeting would move into a Committee of the Whole to allow consideration of a matter in Closed Session in accordance with Section 10A of The Local Government Act 1993. Accordingly, members of the press and public are excluded from the closed session and access to the correspondence and reports relating to the items considered during the course of the closed session will be withheld.

This action was taken to allow discussion of the following item(s):

**FIN014-24 Enhance the Reporting and Logging of Community Requests
(Confidential Attachment)**

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) (e) it is considered the matter contains information that would, if disclosed, prejudice the maintenance of law.

THAT in accordance with Section 10D(ii) it is considered that if the matter were discussed in an open Committee Meeting, disclose commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a competitor of the council

Councillor Jamieson asked the Director of Business and Corporate Services if any representations had been received from the public that the item should not be discussed in closed session.

The Director of Business and Corporate Services replied that no representations had been received to the item in closed session.

Councillor Jamieson asked if there were any members of the public gallery who would like to speak on the reasons Council proposes to consider the items in closed session.

There were none.

Record of Voting

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

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

**PROCEDURAL MOTION
OPEN SESSION**

MOTION: Deputy Mayor, Councillor Borg

That the meeting revert to Open Session, the time being 6.38pm.

Record of Voting

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

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

FIN014-24 Enhance the Reporting and Logging of Community Requests
(Report by Chief Information Officer)

RECOMMENDATION: Deputy Mayor, Councillor Borg, Councillor Mahoney

- (a) That Council continue the use and promotion of 'Log It / Fix It' system as the primary method to lodge service requests with Council, incorporating customer feedback to:
- (i) Develop additional user guides to be added to the 'Log It / Fix It' portal to improve customer ease in lodgement of enquiries.
 - (ii) Review placement of the 'Log It / Fix It' on Council websites to increase usage of this primary method by customers.
 - (iii) Better manage customer expectations in reporting issues to Council, in reviewing the current terminology and branding of the 'Log It / Fix It' to 'Report It' or similar.
 - (iv) Assess and improve the usability of the Logit/Fix It on the Council website.
 - (v) Test the functionality of the user experience on a mobile device to ensure the interface is mobile friendly.
 - (vi) Improve multi lingual accessibility.
- (b) That Council evaluate the benefits and efficiencies associated with a customer response management system as part of the Enterprise System Review and includes the above improvements in the relevant scoping documents when it market tests.

Record of Voting

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

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

CONCLUSION

The Meeting was closed at 6.44pm

Chairperson

COMMITTEE REPORTS

Item: FIN016-24 Investment Report as at 31 March 2024
Author: Senior Financial Accountant - Reporting
Directorate: Business and Corporate Services
Matter Type: Committee Reports

FIN016-24

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

EXECUTIVE SUMMARY

1. This report details Council's performance of its investment portfolio as at 31 March 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 31 March 2024 is 4.29% which is 0.10% above benchmark with income from interest on investments totalling \$7,985,000 which is \$1,032,000 higher than the year-to-date adopted budget of \$6,953,000.

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 March 2024, are as follows:

| | 1 Month | 3 Month | 12 Month |
|-----------------------|----------------|----------------|-----------------|
| Portfolio Performance | 0.395% | 1.164% | 4.29% |
| Performance Index | 0.367% | 1.085% | 4.19% |
| Excess Performance | 0.028% | 0.079% | 0.10% |

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.

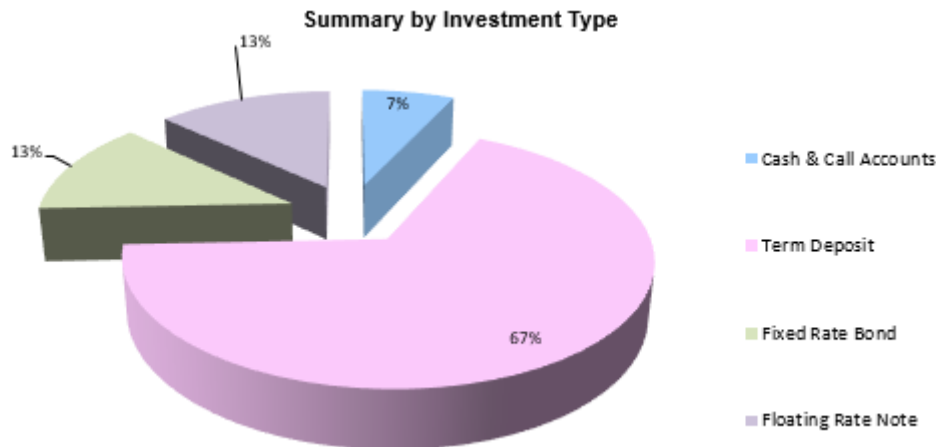
6. Council’s investment portfolio as at the end of March 2024 was as follows:

| Security Type | Market Value \$000's | % Total Value |
|------------------------|----------------------|---------------|
| At Call Deposit | 218 | 0.09% |
| Consolidated Cash Fund | 16,464 | 6.82% |
| Term Deposit | 162,700 | 67.44% |
| Fixed Rate Bond | 30,300 | 12.56% |
| Floating Rate Note | 31,580 | 13.09% |
| Portfolio Total | 241,262 | 100% |

7. At the end of March 2024, total cash and investments were \$241 million, which was a decrease of \$8 million from the previous month (February 2024: \$249 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 67% of total investments.

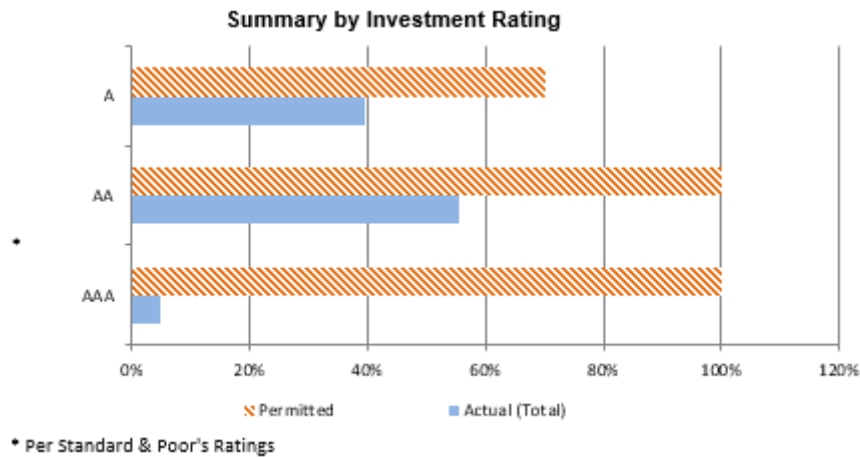
10. Floating Rate Notes (FRN) can offer liquidity and a higher rate of income accrual, which is highly recommended by our Investment Advisors (CPG Research & Advisory).

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.



FIN016-24

INVESTMENT INCOME

- 13. Income from interest on investments totals \$7,985,000 which is \$1,032,000 higher than the year-to-date adopted budget of \$6,953,000.
- 14. Investments have been made in accordance with the *Local Government Act 1993*, Minister’s Guidelines, Regulations and Council’s Investment Policy.

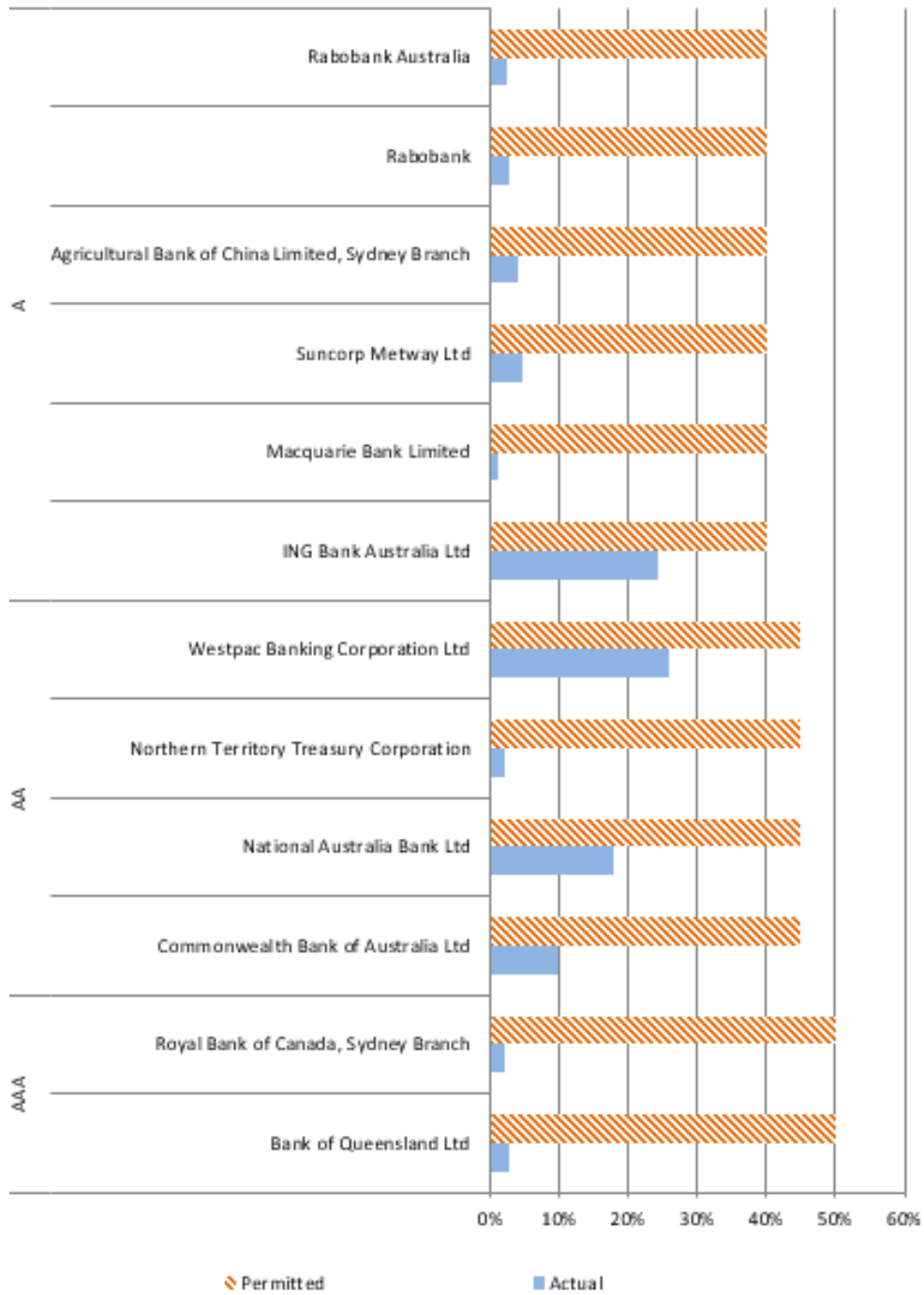
ANALYSIS OF INVESTMENTS

15. Investment Duration

| Investment Term | Market Value \$000's | % Total Value | Policy Limits % |
|------------------------|----------------------|---------------|-----------------|
| 0 to < 1 Year | 75,682 | 31.4% | 100% |
| 1 to < 3 Years | 69,030 | 28.6% | 60% |
| 3 to < 5 Years | 96,550 | 40.0% | 40% |
| Portfolio Total | 241,262 | 100.0% | |

- 16. Council’s portfolio is moderately liquid, with 31% of assets maturing within 12 months. As Council has reached the limit in the 3 to <5-year category, all new investments will be placed in the 0 to <1 and 1 to <3 years categories in the short term. FRNs, At-Call Funds and Fixed Rate Bonds also provide additional liquidity in an emergency.
- 17. The following graph shows the analysis of the total cash investment by institution as at 31 March 2024.

Investment by Institution



FIN016-24

CREDIT RATING

18. 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.
19. 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.
20. The credit quality of Council's portfolio is high with 100% of assets rated 'A' or higher.

COUNCIL'S INVESTMENT POWERS

21. 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.
22. 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

23. 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.

24. 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 able 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

25. Income from interest on investments totals \$7,985,000 which is \$1,032,000 higher than the year-to-date adopted budget of \$6,953,000.

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

D24/79178

ATTACHMENTS

Attachment [↓](#)1 Investment Portfolio as at 31 March 2024





INVESTMENT REPORT

As at 31 March 2024



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1. Portfolio as at 31 March 2024
2. Portfolio Valuation by Categories as at 31 March 2024



Investment Report
Georges River Council
as at 31 March 2024

1. Portfolio Valuation As At 31 March 2024

| | Fixed Interest Security | ISIN | Face Value Original | Market Value | % Total Value |
|---------------------------|---|--------------|------------------------|----------------------|------------------|
| Cash at Bank | | | | | |
| | CBA Consolidated operating 70 & 18 | | 16,463,507.24 | 16,463,507.24 | 6.82% |
| | | | 16,463,507.24 | 16,463,507.24 | 6.82% |
| At Call Account | | | | | |
| | CBA Cash deposit 167242 | | 218,225.97 | 218,225.97 | 0.09% |
| | CBA Online saver 7676 | | - | - | 0.00% |
| | | | 218,225.97 | 218,225.97 | 0.09% |
| Fixed rate bond | | | | | |
| | NTTC 1.0 15 Dec 2024 1206DAY Fixed | | 5,000,000.00 | 5,000,000.00 | 2.07% |
| | NAB 4.95 25 Nov 2027 1826DAY Fixed | AU3CB0294502 | 7,400,000.00 | 7,400,000.00 | 3.07% |
| | ING 4.70 8 Dec 2025 1096DAY Fixed | AU3CB0294759 | 3,750,000.00 | 3,750,000.00 | 1.55% |
| | Suncorp 4.80 14 Dec 2027 1826DAY Fixed | AU3CB0294957 | 5,200,000.00 | 5,200,000.00 | 2.16% |
| | Rabobank 5.71 21 Nov 2028 1827DAY Fixed | AU3CB0304525 | 6,750,000.00 | 6,750,000.00 | 2.80% |
| | Suncorp 4.75 19 Mar 2029 1826DAY Fixed | AU3CB0307809 | 1,200,000.00 | 1,200,000.00 | 0.50% |
| | ING 4.84 22 Mar 2027 1095DAY Fixed | AU3CB0307908 | 1,000,000.00 | 1,000,000.00 | 0.41% |
| | | | 30,300,000.00 | 30,300,000.00 | 12.56% |
| Floating rate note | | | | | |
| | MACQ 0.48 09 Dec 2025 FRN | AU3FN0057709 | 3,000,000.00 | 2,975,280.00 | 1.23% |
| | Suncorp 0.45 24 Feb 2026 FRN | AU3FN0058343 | 2,100,000.00 | 2,075,377.50 | 0.86% |
| | BOQ 1.07 14 May 2025 FRN | AU3FN0054086 | 6,500,000.00 | 6,529,380.00 | 2.71% |
| | RBCSyd 0.73 30 Jun 2026 FRN | AU3FN0079133 | 5,000,000.00 | 5,000,000.00 | 2.07% |
| | Suncorp 1.05 12 Jul 2028 FRN | AU3FN0079406 | 3,000,000.00 | 3,000,000.00 | 1.24% |
| | CBA 0.95 17 Aug 2028 FRN | AU3FN0080396 | 2,000,000.00 | 2,000,000.00 | 0.83% |
| | ABOCSyd 0.90 4 Sep 2026 FRN | AU3FN0080859 | 10,000,000.00 | 10,000,000.00 | 4.14% |
| | | | 31,600,000.00 | 31,580,037.50 | 13.09% |



Investment Report
Georges River Council
as at 31 March 2024

Term Deposit

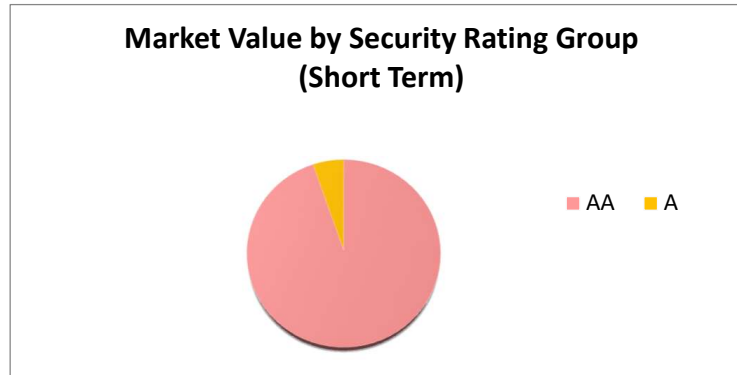
| | | | |
|----------------------------------|-----------------------|-----------------------|---------------|
| WBC 0.80 09 Sep 2024 1098DAY TD | 4,000,000.00 | 4,000,000.00 | 1.66% |
| NAB 0.82 06 Sep 2024 1095DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| WBC 0.88 08 Oct 2024 1099DAY TD | 4,000,000.00 | 4,000,000.00 | 1.66% |
| WBC 3.29 02 May 2024 731DAY TD | 6,000,000.00 | 6,000,000.00 | 2.49% |
| ING 3.40 02 May 2024 731DAY TD | 2,000,000.00 | 2,000,000.00 | 0.83% |
| ING 3.90 08 Aug 2025 1096DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 4.67 30 Aug 2027 1827DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| CBA 4.36 05 Sep 2025 1096DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 5.10 27 Sep 2027 1826DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 5.10 27 Sep 2027 1826DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 5.10 27 Sep 2027 1826DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| ING 5.00 05 Oct 2027 1827DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 4.76 05 Oct 2027 1827DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 5.08 18 Oct 2027 1826DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 5.15 10 Nov 2027 1826DAY TD | 10,000,000.00 | 10,000,000.00 | 4.14% |
| ING 4.65 14 Dec 2027 1827DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| ING 5.13 06 Mar 2028 1827DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| ING 4.85 14 Mar 2028 1827DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| NAB 5.30 7 Jun 2024 365DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| ING 5.20 15 Jun 2028 1827DAY TD | 4,000,000.00 | 4,000,000.00 | 1.66% |
| ING 5.41 19 Jun 2025 731DAY TD | 4,000,000.00 | 4,000,000.00 | 1.66% |
| WBC 5.41 7 Jul 2026 1096DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| NAB 5.45 16 Jul 2024 365DAY TD | 10,000,000.00 | 10,000,000.00 | 4.14% |
| NAB 5.40 17 Jul 2024 365DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| WBC 5.06 20 Jul 2026 1098DAY TD | 2,200,000.00 | 2,200,000.00 | 0.91% |
| WBC 5.12 24 Jul 2026 1096DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| ING 5.37 18 Aug 2025 731DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| ING 5.01 24 Aug 2026 1096DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| NAB 5.20 27 Aug 2024 365DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| ING 5.00 4 Sep 2026 1096DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| NAB 5.20 9 Sep 2024 367DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| NAB 5.20 10 Sep 2024 365DAY TD | 5,000,000.00 | 5,000,000.00 | 2.07% |
| ING 5.30 3 Oct 2025 730DAY TD | 2,500,000.00 | 2,500,000.00 | 1.04% |
| ING 5.20 16 Oct 2024 366DAY TD | 2,000,000.00 | 2,000,000.00 | 0.83% |
| ING 5.19 19 Feb 2029 1827DAY TD | 1,000,000.00 | 1,000,000.00 | 0.41% |
| Rabo 5.15 26 Feb 2029 1827DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| Rabo 5.06 5 Mar 2029 1827DAY TD | 3,000,000.00 | 3,000,000.00 | 1.24% |
| | 162,700,000.00 | 162,700,000.00 | 67.44% |
| Portfolio Total | | 241,261,770.71 | 100% |



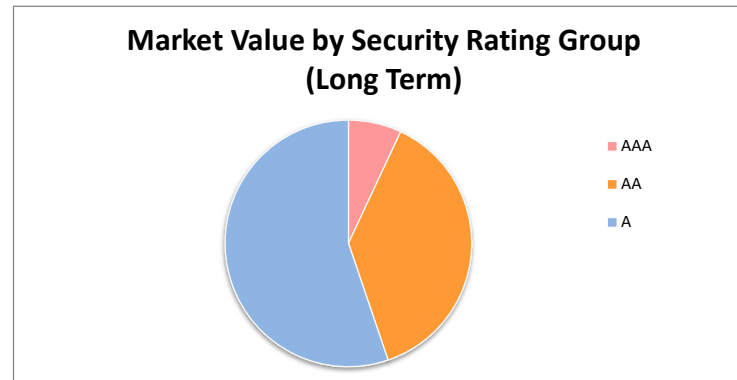
Investment Report
Georges River Council
as at 31 March 2024

2. Portfolio Valuation By Categories As At 31 March 2024

| Short Term Issuer/Security Rating Group | Market Value | % Total Value |
|---|-------------------|---------------|
| AA | 71,681,733 | 29.71% |
| A | 4,000,000 | 1.66% |
| Portfolio Total | 75,681,733 | 31.37% |



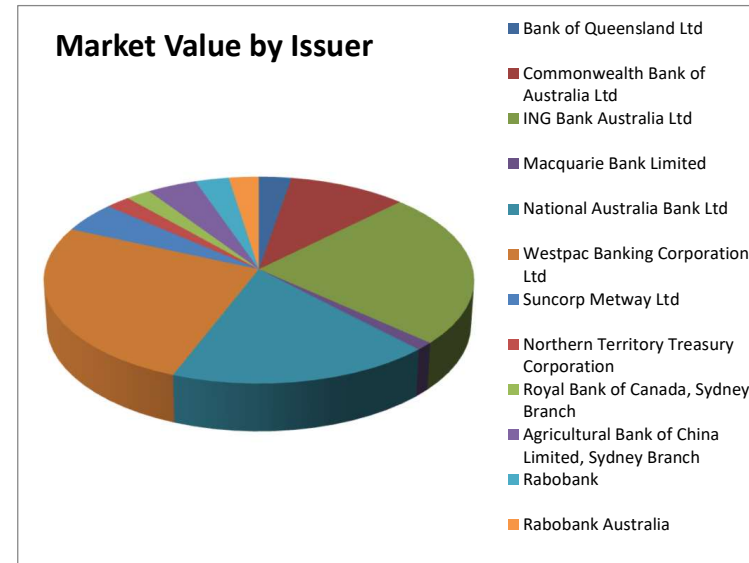
| Long Term Issuer/Security Rating Group | Market Value | % Total Value |
|--|--------------------|---------------|
| AAA | 11,529,380 | 4.78% |
| AA | 62,600,000 | 25.95% |
| A | 91,450,658 | 37.91% |
| Portfolio Total | 165,580,038 | 68.63% |





Investment Report
Georges River Council
as at 31 March 2024

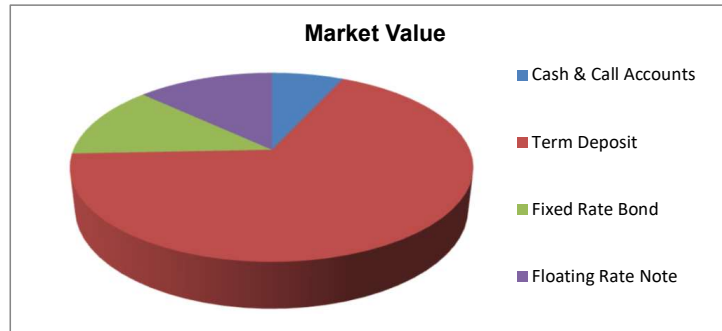
| Issuer | Market Value | % Total Value |
|---|--------------------|----------------|
| Bank of Queensland Ltd | 6,529,380 | 2.71% |
| Commonwealth Bank of Australia Ltd | 23,681,733 | 9.82% |
| ING Bank Australia Ltd | 58,250,000 | 24.14% |
| Macquarie Bank Limited | 2,975,280 | 1.23% |
| National Australia Bank Ltd | 43,400,000 | 17.99% |
| Westpac Banking Corporation Ltd | 62,200,000 | 25.78% |
| Suncorp Metway Ltd | 11,475,378 | 4.76% |
| Northern Territory Treasury Corporation | 5,000,000 | 2.07% |
| Royal Bank of Canada, Sydney Branch | 5,000,000 | 2.07% |
| Agricultural Bank of China Limited, Sydney Branch | 10,000,000 | 4.14% |
| Rabobank | 6,750,000 | 2.80% |
| Rabobank Australia | 6,000,000 | 2.49% |
| Portfolio Total | 241,261,771 | 100.00% |





Investment Report
Georges River Council
as at 31 March 2024

| Security Type | Market Value | % Total Value |
|----------------------|--------------|---------------|
| Cash & Call Accounts | 16,681,733 | 6.91% |
| Term Deposit | 162,700,000 | 67.44% |
| Fixed Rate Bond | 30,300,000 | 12.56% |
| Floating Rate Note | 31,580,038 | 13.09% |
| Portfolio Total | 241,261,771 | 100.00% |

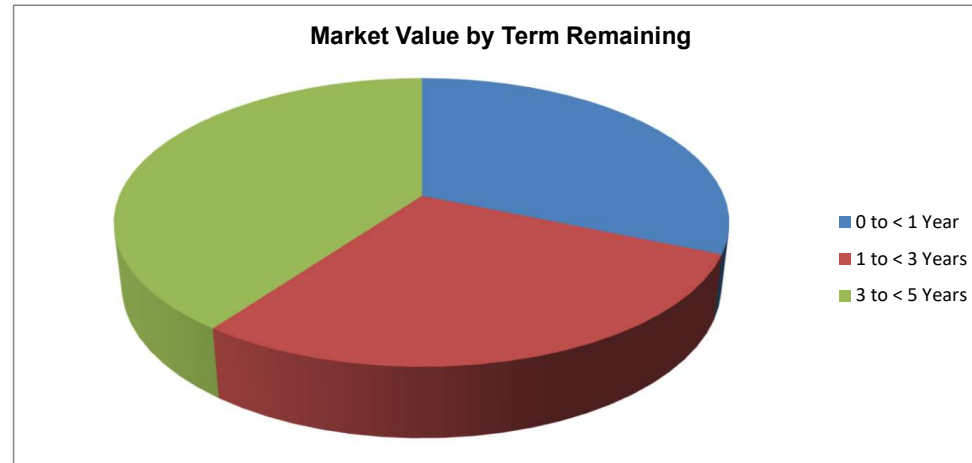




Investment Report
Georges River Council
as at 31 March 2024

| Term Remaining | Market Value | % Total Value | Policy Limits % |
|------------------------|--------------------|---------------|-----------------|
| 0 to < 1 Year | 75,681,733 | 31.4% | 100% |
| 1 to < 3 Years | 69,030,038 | 28.6% | 60% |
| 3 to < 5 Years | 96,550,000 | 40.0% | 40% |
| Portfolio Total | 241,261,771 | 100.0% | |

Note: Term Remaining is calculated using a weighted average life date (WAL) where appropriate and available otherwise the interim (initial) maturity date is used.



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

Author: Senior Business Performance Accountant

Directorate: Business and Corporate Services

Matter Type: Committee Reports

FIN017-24

RECOMMENDATION:

- (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.

EXECUTIVE SUMMARY

1. This report highlights Council's March year to date (YTD) performance against the 2023/24 budget and presents budget variations in consideration of projected financial results for the remainder of the financial year.
2. The proposed amendments to the 2023/24 Operational Budget have resulted in a revised operating surplus of \$3.7 million, which is a \$350,000 improvement to the original Adopted Budget.
3. Council should note that the projected operating surplus remains under the Long-Term Financial Plan (LTFP) surplus that was submitted as part of the Special Rate Variation Application of \$6.1 million, and therefore must continue to adhere to the principles of sound financial management to protect cash for ongoing operations and continue to ensure Council avoids operating in deficit in future years.
4. The proposed amendments to the Capital Program result in a new 3-year Capital Works Program budget of \$97.3 million, which covers 2022/23 to 2024/25. This can be broken down across the 3-years as follows:
 - a. 2022/23 – actual expenditure of \$26.4 million
 - b. 2023/24 – budget expenditure of \$50.5 million
 - c. 2024/25 – budget expenditure of \$20.4 million

BACKGROUND

5. Section 203 of the Local Government (General) Regulation 2021 requires that a Quarterly Budget Review be considered by Council that shows current estimates for income and expenditure for the year; indicates whether Council's financial position is satisfactory and makes recommendations for remedial action, if required.

Overview - Financial Quarter Performance

6. The 2023/24 Budget will be the second year Council is forecast to achieve a surplus and difficult prioritisation of valued services, projects and programs will be essential in achieving financial sustainability and compliance with Council legislative obligations.
7. The overall financial performance of Council to March 2024 is showing an operating surplus of \$1.6 million and is illustrated in the table below. This surplus is better than the March YTD budgeted surplus by \$1.6 million as operating income of \$124.6 million is

currently higher than the revised budget by \$195,000, and overall expenditure of \$123 million is below the revised budget by \$1.4 million.

| | Original Budget 2023/24 (\$'000) | 2022/23 Carry overs (\$'000) | Qtr 1 Budget Variation (\$'000) | Qtr 2 Budget Variation (\$'000) | Qtr 3 Budget Variation (\$'000) | Revised Budget 2023/24 (\$'000) | YTD Actuals (\$'000) |
|--|-------------------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------------|
| Total Income | 165,208 | 32 | 603 | 4,013 | 113 | 169,969 | 124,626 |
| Total Expenses | 161,853 | 32 | 763 | 3,816 | -201 | 166,263 | 123,020 |
| Operating Result before Capital Revenue – Surplus/(Deficit) | 3,355 | - | (160) | 197 | 313 | 3,707 | 1,607 |
| Capital Grants & Contributions | 18,976 | 3,794 | (983) | 865 | 300 | 22,951 | 13,108 |

FIN017-24

8. Several events/trends have evolved following the adoption of the 2023/24 Budget which have materially impacted the result and have required a change as part of the Q3 budget review. These specific items include:
- A realignment of the depreciation forecast which has reduced the budget down by \$1.1 million since the Q2 budget variation. This has been the result of a number of the Capital Works Projects now being expected to continue into 2024/25, and an adjustment to the open space asset useful lives in light of additional information being obtained after the Q2 adjustment was made.
 - Domestic Waste Contractor and Tipping costs have been trending up all year, and after a peak in costs in the December – January period, it is now anticipated the Waste costs will finish above the adopted budget by \$550,000. Note these additional costs will be funded from the Domestic Waste Reserve.
9. As per previous reviews, any further variances to budget are being closely monitored to ensure that they continue to be offset by expenditure savings or other sources of income to ensure there is minimum impact to Council's adopted budget position.

Operating Income - Financial Quarter Performance

10. YTD Operating income to March 2024 is currently trending above budget by \$195,000.
11. This is primarily due to better-than-expected income from:
- Interest income of \$8.2 million due to higher than anticipated return on investment portfolio income (\$1.2 million above budget YTD)
 - User Fees & Charges is \$12.6 million (\$391,000 above budget YTD), largely due to stronger than expected income from Road and Footpath Restorations and Construction / Work Zones.
 - This additional income is being partially offset by reductions in income due to the write down of residual values for Roads, Open Space and Recreational assets due to asset renewals at Jubilee Stadium (turf) and Olds Park Skate Park and Netball Court.

Operating Expenditure - Financial Quarter Performance

12. Operating expenditure is currently below budget by \$1.4 million to the end of March 2024.
13. The main savings are in Depreciation costs (\$1.3 million below budget) associated with the commencement of depreciation from the completion of the capital works. There were also revised calculations done on the useful lives of Open Space assets which has reduced the depreciation spend accordingly.

- 14. Materials and Services is currently tracking to budget. There are overspends in Tipping and Contractor costs associated with the Domestic Waste Service, and higher than anticipated legal costs, however these are currently being offset by savings in Assets & Infrastructure Contractor costs.
- 15. Employee costs are closely aligned to budget, with current March YTD actuals \$97,000 above budget which equates to a 0.2% variance.

Overview of the Quarter 3 Proposed Budgetary Changes

- 16. The proposed amendments to the 2023/24 Operating Budget result in a revised Operating Surplus of \$3.7 million, which is a \$313,000 improvement to the Q2 position, and is a \$350,000 improvement compared to the \$3.4 million adopted position.
- 17. The details of the proposed Operating Budget amendments are listed in Table 2 of attachment 1.

Capital Program, Cash Flow and Reserve Balances - Financial Quarter Performance

- 18. As illustrated in the table below, Capital expenditure to March 2024 was \$18.6 million or 37% of the revised 2023/24 Capital Budget, with material expenditure occurring on:
 - Olds Park Skate Park and Netball Upgrade \$4.5 million
 - The land acquisition of 247 Princes Highway \$3.7 million
 - Hurstville Revitalisation \$2.2 million
 - Forest Rd and Durham St intersection upgrade \$841,000
 - Road Resheeting program \$888,000

| Capital Program Budget Review Statement Summary | Adopted 2023/24 Capital Budget | 2022/23 Carry Over | Qtr 1 Variation | Qtr 2 Variation | Qtr 3 Variation | Qtr 3 Re-classification | Revised 2023/24 Capital Budget | YTD Actuals | 2024/25 Capital Budget* |
|---|--------------------------------|--------------------|-----------------|-----------------|-----------------|-------------------------|--------------------------------|---------------|-------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 | \$'000 | \$'000 |
| New Assets | 4,242 | 13,913 | 1,619 | 435 | 363 | 670 | 21,242 | 9,539 | 10,989 |
| Renewal of Assets | 19,608 | 8,313 | 283 | 84 | 0 | (670) | 27,617 | 8,082 | 9,381 |
| Capitalised Project Salaries | 1,600 | | | | | | 1,600 | 1,001 | |
| Total | 25,450 | 22,226 | 1,902 | 519 | 363 | 0 | 50,459 | 18,620 | 20,370 |

- 19. The proposed amendments to the Capital Program result in a revised 3-year Capital Program Budget of \$97.3 million (FY23-FY25), which is a \$363,000 increase from the previous budget review. Details of these adjustments can be seen in Table 4 of attachment 1.
- 20. It should be noted that the Capital Program budget expenditure is not expected to occur entirely in the 2023/24 financial year. Table 5 of attachment 1 (summarised below) shows the timing of expenditure for the revised Capital Budget from 2023/24 to 2024/25.

| Capital Program Phasing – Expenditure Forecast | Original Adopted Capital Program | | | | REVISED Q2 Capital Program | | | |
|--|----------------------------------|---------------|---------------|-----------------|----------------------------|---------------|---------------|---------------|
| | FY23 Q3 Budget | FY24 Budget | FY25 Budget | Total FY23-FY25 | FY23 Actual | FY24 Budget* | FY25 Budget* | Total FY23-25 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| New Assets | 31,573 | 4,242 | 8,125 | 43,940 | 12,994 | 21,242 | 10,989 | 45,275 |
| Renewal of Assets | 31,500 | 19,608 | 3,931 | 55,039 | 12,344 | 27,617 | 9,381 | 49,293 |
| Capitalised Project Salaries | 1,502 | 1,600 | - | 3,102 | 1,059 | 1,600 | | 2,659 |
| Total | 64,576 | 25,450 | 12,056 | 102,082 | 26,398 | 50,459 | 20,370 | 97,277 |

FIN017-24

21. The income budgeted for Capital Grants has increased by \$300,000 to \$23.0 million. This is due to additional grant funds being received for the Renown Park Field Number 2 Reconstruction Works. \$600,000 in grant funding has been received, with \$300,000 expected to be spent in 2023/24 and the remaining amount in 2024/25.

FINANCIAL IMPLICATIONS

22. Attachment 1 contains detailed information on the proposed changes and Quarterly results.
23. The proposed amendments to the 2023/24 Operational Budget have resulted in a realignment to the original adopted operating surplus of \$3.4 million and is a \$313,000 improvement to the Q2 Budget Review.
24. Council should also note that the projected operating surplus remains under the Long-Term Financial Plan (LTFP) surplus that was submitted as part of the Special Rate Variation Application of \$6.1 million, and therefore must continue to adhere to the principles of sound financial management to protect cash for ongoing operations and continue to ensure Council avoids operating in deficit in future years.
25. The proposed amendments to the Capital Program result in a new 3-year Capital Works Program budget of \$97.3 million. This can be broken down across the 3 years as follows:
- 2022/23 – actual expenditure of \$26.4 million
 - 2023/24 – budget expenditure of \$50.5 million
 - 2024/25 – budget expenditure of \$20.4 million

RISK IMPLICATIONS

26. The final years of the Long-Term Financial Plan (LTFP) indicate a deficit position will occur in the last 2 years (shown as Model 1 in the Resourcing Strategy) and will need to be addressed in coming years.
27. Council must comply with Section 8B of the Act - Principles of sound financial management; and in particular, the following sub sections of section 8B:
- “(a) Council spending should be responsible and sustainable, aligning general revenue and expenses...”*
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:*
- policy decisions are made after considering their financial effects on future generations,*
 - the current generation funds the cost of its services”.*

COMMUNITY ENGAGEMENT

28. No community consultation is required because of this report.

FILE REFERENCE

D24/100734

FILE REFERENCE

D24/100734

ATTACHMENTS

Attachment [↓](#)1 Quarterly Budget Review Report - Q3 31 March 2024





BUDGET REVIEW STATEMENT

for the Quarter ended 31 March 2024

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Report by Responsible Accounting Officer

In accordance with Clause 203(2) of the Local Government (General) Regulations 2021, it is my opinion that the Quarterly Budget Review Statement for Georges River Council for the quarter ended 31 March 2024 indicates that Council's projected financial position at 30 June 2024 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Danielle Parker

Director Business & Corporate Services

Responsible Accounting Officer

7 May 2024

Appendices**Table 1: Income & Expenditure Budget Review Statement**

| | Original Budget 2023/24 | 2022/23 Carry overs | Qtr 1 Budget Variation | Qtr 2 Budget Variation | Qtr 3 Budget Variation | Revised Budget 2023/24 | YTD Actuals |
|--|-------------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Income | | | | | | | |
| Rates and Annual Charges | 116,543 | | | | | 116,543 | 86,916 |
| User Charges & Fees | 16,333 | | | | | 16,333 | 12,646 |
| Interest | 5,400 | | | 4,000 | | 9,400 | 8,218 |
| Other Revenues from Ordinary Activities | 14,063 | | 84 | | | 14,147 | 11,483 |
| Operating Grants and Contributions | 12,246 | 32 | 519 | 13 | 113 | 12,923 | 6,524 |
| Net Gain/Loss on Disposal | 623 | | | | | 623 | (1,161) |
| Total Income | 165,208 | 32 | 603 | 4,013 | 113 | 169,969 | 124,626 |
| | | | | | | | |
| Expense | | | | | | | |
| Employee Costs | 64,256 | | 173 | 940 | | 65,369 | 49,176 |
| Borrowing Costs Expense | - | | | | | - | - |
| Materials & Services | 65,483 | 32 | 590 | 13 | 899 | 67,017 | 49,156 |
| Depreciation | 27,611 | | | 2,863 | -1,100 | 29,374 | 21,562 |
| Other Expenses | 4,503 | | | | | 4,503 | 3,125 |
| Total Expenses | 161,853 | 32 | 763 | 3,816 | -201 | 166,263 | 123,020 |
| | | | | | | | |
| Operating Result before Capital Revenue – Surplus/(Deficit) | 3,355 | - | (160) | 197 | 313 | 3,707 | 1,607 |
| | | | | | | | |
| Capital Grants & Contributions | 18,976 | 3,794 | (983) | 865 | 300 | 22,951 | 13,108 |

Table 2: Detailed Operational Budget Variations

| Project Description | Directorate | Major Account Category | Reason | Funding Source | Q3 Budget Variations (\$'000) |
|---|-------------|----------------------------------|--|---|-------------------------------|
| Youth Opportunities Grant | C&C | Operating Grants & Contributions | Project and will cover materials and resources, catering, facilitation of a school program, and accredited and non-accredited training opportunities. | Grant | (46) |
| Local Council Transition of Waste Grant | E&P | Operating Grants & Contributions | Local Council Transition Grant Funding – Waste Contract (Round 2 NSW EPA) Joint Contract 2023 - Procure Project Manager & Expert Advice | Local Council Transition of Waste Grant | (66) |
| Youth Opportunities Grant Spend | C&C | Materials and Services | Expenditure associated with Grant above | Grant | 46 |
| Local Council Transition of Waste Grant Spend | E&P | Materials and Services | Expenditure associated with Grant above | Local Council Transition of Waste Grant | 66 |
| Records Integration | BACS | Materials and Services | Integration issues identified with CM9 due to SaaS migration as per Council Report 27 November | General Revenue | 300 |
| Jubilee Stadium Precinct Master Plan | E&P | Materials and Services | Movement of operating budget for generic Plans of Management to Jubilee Stadium Precinct Master Plan Capital Project | General Revenue | (9) |
| Beverly Hills Master Plan | E&P | Materials and Services | Movement of operating budget from generic Plans of Management to Beverly Hills Master Plan Capital Project | General Revenue | (4) |
| Beverly Hills Master Plan | E&P | Materials and Services | Movement of operating budget from Affordable Housing Contribution Scheme Pilot to Beverly Hills Master Plan Capital Project | General Revenue | (50) |
| Increase in Waste Costs | E&P | Materials and Services | Increase in waste costs due to higher than budgeted tipping and contractor costs anticipated to continue through to year end | Domestic Waste Reserve | 550 |
| Depreciation | A&I | Depreciation | Expected reductions in depreciation costs due to the expectation that a number of Capital Works completion dates will be carried over into 2024/25; also some additional recalculations done on the useful life of a number of open space assets | General Revenue | (1,100) |
| Net change of variations | | | | | (313) |

Table 3: Capital Program Budget Review Statement Summary

| Capital Program by Asset Class | Adopted 2023/24 Capital Budget \$'000 | 2022/23 Carry Over \$'000 | Qtr 1 Variation \$'000 | Qtr 2 Variation \$'000 | Qtr 3 Variation \$'000 | Qtr 3 Re-classification \$'000 | Revised 2023/24 Capital Budget \$'000 | YTD Actuals \$'000 | 2024/25 Capital Budget* \$'000 |
|--------------------------------|---------------------------------------|---------------------------|------------------------|------------------------|------------------------|--------------------------------|---------------------------------------|--------------------|--------------------------------|
| New Assets | | | | | | | | | |
| Buildings - Non Specialised | 385 | 2,631 | 467 | 50 | | (994) | 2,539 | 760 | 7,775 |
| Buildings - Specialised | | 462 | | | | | 462 | | |
| Footpaths | 505 | 463 | | | | | 968 | 389 | |
| Open Space/Recreational | 1,770 | 187 | | | 363 | 5,665 | 7,985 | 3,480 | 3,044 |
| Operational Land Council Owned | | 6,079 | 200 | | | | 6,279 | 3,745 | |
| Other Structures | 725 | 3,087 | 332 | 339 | | (4,482) | | | |
| Roads | 857 | 1,005 | 620 | | | | 2,482 | 968 | 170 |
| Office Equipment | | | | | | 527 | | 196 | |
| Various Plant and Equip Other | | | | 46 | | (46) | | | |
| Sub-Total | 4,242 | 13,913 | 1,619 | 435 | 363 | 670 | 21,242 | 9,538 | 10,989 |
| Renewal of Assets | | | | | | | | | |
| Buildings - Non Specialised | 2,920 | | 500 | 50 | | (54) | 3,416 | 431 | 1,620 |
| Buildings - Specialised | | | | | | | | | |
| Footpaths | 815 | 12 | | | | | 827 | 137 | 146 |
| Library Collections | 442 | | | | | | 442 | 241 | |
| Office Equip | 420 | | | | | | 420 | 170 | |
| Open Space/Recreational | 2,765 | 7,951 | | | | (444) | 10,272 | 5,467 | 7,225 |
| Other Structures | 525 | 81 | -467 | 34 | | (173) | | | |
| Plant and Equipment | 2,300 | | | | | | 2,300 | 359 | |
| Roads | 8,250 | | | | | | 8,250 | 952 | |
| Stormwater | 1,171 | 269 | 250 | | | | 1,690 | 324 | 390 |
| Sub-Total | 19,608 | 8,313 | 283 | 84 | 0 | (670) | 27,617 | 8,081 | 9,381 |
| Capitalised Project Salaries | 1,600 | | | | | | 1,600 | 1,001 | |
| Total | 25,450 | 22,226 | 1,902 | 519 | 363 | 0 | 50,459 | 18,620 | 20,370 |

*Includes carryovers, excludes proposed budget

Table 4: Detailed Capital Program Variations

| Project Description | Direct. | Major Account Category | Reason | Funding Source | Q3 Budget Variations (\$'000) |
|---|---------|--------------------------------|---|--------------------|-------------------------------|
| Renown Park Field Number 2 Reconstruction Works | A&I | Capital Grants & Contributions | This existing project has an adopted budget of \$850k for the current year. An additional \$600k grant has been received, with \$300k to be spent this year and \$300k next year. The additional funds will be used to remediate contamination found and to further embellish the site. | Commonwealth Grant | (300) |
| Renown Park Field Number 2 Reconstruction Works | A&I | Capital | Expenditure associated with Grant above | Commonwealth Grant | 300 |
| Jubilee Stadium Precinct Master Plan | E&P | Capital | Movement of operating budget for generic Plans of Management to Jubilee Stadium Precinct Master Plan Capital Project. Total Project is now expected to be \$160,000 | General Revenue | 9 |
| Beverly Hills Master Plan | E&P | Capital | Transfer from operating budget, from Affordable Housing Contribution Scheme Pilot and the generic Plans of Management to Beverly Hills Master Plan, capital project. Total Project is now expected to be \$250,000 | General Revenue | 54 |
| Net change of variations | | | | | 63 |

Table 5: Capital Program Phasing – Expenditure Forecast ^

| Asset Class | Original Adopted Capital Program | | | | REVISED Q3 Capital Program | | | |
|-----------------------------------|----------------------------------|-----------------------|-----------------------|---------------------------|----------------------------|------------------------|------------------------|-------------------------|
| | FY23 Q3 Budget \$'000 | FY24 Budget \$'000 | FY25 Budget \$'000 | Total FY23-FY25 \$'000 | FY23 Actual \$'000 | FY24 Budget* \$'000 | FY25 Budget* \$'000 | Total FY23-25 \$'000 |
| New Assets | | | | | | | | |
| Buildings - Non Specialised | 6,591 | 385 | 7,475 | 14,451 | 3,941 | 2,539 | 7,775 | 14,255 |
| Buildings - Specialised | 485 | | | 485 | 23 | 462 | | 485 |
| Footpaths | 2,127 | 505 | | 2,632 | 1,664 | 968 | | 2,632 |
| Furniture and Fittings | 24 | | | 24 | | | | |
| Open Space/Recreational | 12,175 | 2,495 | 480 | 15,150 | 4,182 | 7,985 | 3,044 | 15,211 |
| Operational Land Council Owned | 7,850 | | | 7,850 | 1,766 | 6,279 | | 8,045 |
| Other Structures | | | | | | | | |
| Plant and Equipment | | | | | | | | |
| Roads | 3,542 | 857 | 170 | 4,569 | 1,468 | 2,482 | 170 | 4,120 |
| Office Equipment | | | | | | 527 | | 527 |
| Stormwater | | | | | | | | |
| Various Plant and Equipment Other | | | | | | | | |
| Sub-Total | 32,794 | 4,242 | 8,125 | 45,161 | 13,044 | 21,242 | 10,989 | 45,275 |
| Renewal of Assets | | | | | | | | |
| Buildings - Non-Specialised | 35 | 2,920 | 1,620 | 4,575 | | 3,416 | 1,620 | 5,036 |
| Buildings - Specialised | | | | | | | | |
| Footpaths | 1,436 | 815 | 146 | 2,397 | 923 | 827 | 146 | 1,896 |
| Library Collections | 410 | 442 | | 852 | 373 | 442 | | 815 |
| Office Equipment | 160 | 420 | | 580 | 97 | 420 | | 517 |
| Open Space/Recreational | 13,819 | 3,291 | 1,745 | 18,855 | 765 | 10,272 | 7,225 | 18,262 |
| Other Structures | | | | | | | | |
| Plant and Equipment | 4,447 | 2,300 | | 6,747 | 1,914 | 2,300 | | 4,214 |
| Roads | 8,224 | 8,250 | | 16,474 | 7,323 | 8,250 | | 15,573 |
| Stormwater | 1,749 | 1,171 | 420 | 3,340 | 900 | 1,690 | 390 | 2,980 |
| Various Plant and Equipment Other | | | | | | | | |
| Sub-Total | 30,280 | 19,608 | 3,931 | 53,820 | 12,295 | 27,617 | 9,381 | 49,293 |
| Capitalised Project Salaries | 1,502 | 1,600 | | 3,102 | 1,059 | 1,600 | | 2,659 |
| Total | 64,576 | 25,450 | 12,056 | 102,082 | 26,398 | 50,459 | 20,370 | 97,277 |

*Includes carryovers ^ Asset Reclassifications since Q2 QBRS

Table 6: Budgeted Statement of Cash Flows

| | 2022/23 Actual \$'000 | 2023/24 Original Budget \$'000 | 2023/24 Revised Budget \$'000 |
|---|-----------------------------|---|--|
| OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Rates and Annual Charges | 109,345 | 116,180 | 116,180 |
| User Charges and Fees | 17,221 | 16,491 | 16,491 |
| Grants and Contributions | 15,617 | 12,095 | 12,772 |
| Other | 20,810 | 13,540 | 13,624 |
| Payments | | | |
| Employee Benefits and On-Costs | (59,989) | (63,855) | (64,112) |
| Borrowing Costs | (2) | - | - |
| Materials and Contracts | (74,019) | (63,786) | (65,320) |
| Other | (2,445) | (4,392) | (4,392) |
| Net Cash Provided from Operating Activities | 26,538 | 26,273 | 25,243 |
| INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Investment & Interest Revenue Received | 5,882 | 4,752 | 8,752 |
| Capital Grants & Contributions | 31,126 | 10,480 | 20,055 |
| Proceeds from Sale of Assets | 634 | 1,263 | 1,263 |
| Payments | | | |
| Capital Works and Purchase of Fixed Assets | (24,734) | (40,035) | (49,941) |
| Net Cash Provided from Investing Activities | 12,908 | (23,540) | (19,871) |
| FINANCING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds from Borrowings | | | |
| Payments | | | |
| Loan Principal Payment | (125) | - | |
| Principal component of lease payments | (45) | (46) | (46) |
| Net Cash Provided from Financing Activities | (170) | (46) | (46) |
| Net/Increases/Decreases in Cash, Cash Equivalents and Investments | 39,276 | 2,687 | 5,326 |
| Opening Cash Balance – Beginning of the Year | 187,794 | 203,357 | 227,070 |
| Total Cash, Cash Equivalents, and Investments | 227,070 | 206,043 | 232,396 |

Table 7: Externally Restricted Cash Reserves

| | 2022/23 Actual \$'000 | 2023/24 Original Budget \$'000 | 2023/24 Revised Budget \$'000 |
|---|-----------------------------|---|--|
| Externally Restricted Closing Balances | | | |
| Developer Contributions | 98,848 | 89,493 | 97,604 |
| Specific Purpose Unexpended Grants | 11,831 | 8,143 | 11,831 |
| Domestic Waste Management Reserve | 21,640 | 11,448 | 12,977 |
| Stormwater Management | 2,004 | 1,778 | 2,105 |
| Environmental Levy | 93 | 93 | 93 |
| Town Improvement Levy Funds | 2,172 | 2,150 | 2,196 |
| Infrastructure Plus | 382 | 203 | 203 |
| Total Externally Restricted Balances | 136,970 | 113,309 | 127,009 |
| Internally Restricted Closing Balances | | | |
| Employee Leave Entitlements | 6,126 | 6,126 | 6,981 |
| Plant and Vehicle Replacement | 7,038 | 2,071 | 5,361 |
| Election | 1,812 | 1,465 | 2,012 |
| Childcare Assets Reserve | 956 | 566 | 566 |
| Hurstville Golf Course | 112 | 112 | 112 |
| Financial Assistance Grant | 5,309 | 3,614 | 5,309 |
| Bonds and Damage Deposits | 4,240 | 4,240 | 4,240 |
| Merger Initiatives Allocation | 1,388 | 418 | 538 |
| Stronger Communities Fund | - | 117 | - |
| Assets, Roads and Infrastructure Management | 15,289 | 14,734 | 18,547 |
| Commercial Property | 20,166 | 15,404 | 16,620 |
| Strategic Centres | 5,743 | 5,743 | 5,743 |
| Revolving Energy | 105 | 141 | 141 |
| Tree Preservation | 1,011 | 666 | 1,011 |
| Aquatic Facilities | 58 | 115 | 58 |
| Outdoor Synthetic Sports Fields Reserve | 114 | 114 | 114 |
| Heritage Building Grants Program Reserve | 23 | 17 | 23 |
| Street Lighting Project Reserve | 179 | 179 | 179 |
| Passenger Sustainable Fleet Reserve | 31 | 31 | 31 |
| Waste Strategy Implementation | 2,550 | 2,550 | 2,550 |
| Net Zero Emissions | 102 | 7 | 102 |
| Pooling Contributions | - | 10,600 | 8,975 |
| Total Internally Restricted Balances | 72,352 | 69,030 | 79,213 |
| Total Restricted Cash Reserve Balances | 209,322 | 182,339 | 206,222 |
| Unrestricted Cash Balance Forecast | 17,748 | 23,703 | 26,174 |

Table 8: Key Performance Indicators

| Indicators | Description | Benchmark | Original Budget 2023/24 | Revised Budget | Mar 2024 YTD Actuals |
|--|---|-------------------|-------------------------|----------------|-----------------------------|
| Operating Performance | Measures Council's achievement of containing operating expenditure within operating revenue | Greater than 0% | 2.1% | 1.0% | 1.3% |
| Own Source Operating Revenue | Measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions. | Greater than 60% | 87.2% | 83.5% | 85.8% |
| Rates, annual charges, outstanding percentage | Highlights the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts. | Less than 5.00% | 4.37%* | n/a | 5.14% |
| Debts over \$20,000 | Highlights the number of debts outstanding that are over \$20,000 | 0 | n/a | n/a | \$2,184,046 (38 Debtors) |
| Unrestricted Current Ratio | Highlights the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council. | Greater than 1.5x | 1.8 | 1.8 | 2.3 |

* Rates and annual charges outstanding baseline is as at 30 June 2023

Table 9: Consultancy, Contractor and Labour Hire & Legal Expenses Review

| Consultancy Costs by Directorate | YTD Expenditure (\$'000) | Current YTD Budget (\$'000) |
|---|-------------------------------------|--|
| Environment and Planning | 659 | 704 |
| Business and Corporate Services | 391 | 370 |
| Assets and Infrastructure | 242 | 270 |
| Office of the General Manager | 73 | 90 |
| Community and Culture | 7 | 180 |
| Total | 1,372 | 1,614 |

| Contractors & Labour Hire Costs by Directorate | YTD Expenditure (\$'000) | Current YTD Budget (\$'000) |
|---|-------------------------------------|--|
| Environment and Planning | 1,180 | 725 |
| Business and Corporate Services | 464 | 449 |
| Assets and Infrastructure | 4,376 | 5,413 |
| Office of the General Manager | 102 | 83 |
| Community and Culture | 115 | 19 |
| Total | 6,236 | 6,689 |

| Legal Costs by Category | YTD Expenditure (\$'000) | Current Full Year Budget (\$'000) |
|---|-------------------------------------|--|
| Legal Fees Recovery | (418) | (530) |
| Expenses | | |
| Legal - Class 1 Appeals - Consultants for Court Proceedings | 609 | 475 |
| Legal - Class 1 Appeals External Lawyers | 467 | 436 |
| Legal - Class 3 Appeals | 25 | 25 |
| Legal - Class 4 Appeals | 122 | 90 |
| Legal - Class 5 Appeals | 58 | 40 |
| Legal – Local Court Prosecutions / Enforcements | 51 | 20 |
| Legal - Code of Conduct | 18 | - |
| Legal - Advice | 234 | 351 |
| Total Expenses | 1,583 | 1,436 |
| Net Legal Costs (Surplus)/Deficit | 1,165 | 906 |

Table 10: Quarterly Contracts Awarded (greater than \$50,000)

| Contract | Contractor | Commencement Date | Duration | Budgeted (Y/N) | Amount Incl. GST |
|--|---|-------------------|-----------|----------------|------------------|
| Q23/113 Lower Gannons Park Spoil Mound Remediation | Mack Civil Pty Ltd | 20 December 2023 | 6 months | Y | \$1,016,369.99 |
| Q23/180 Carss Bush Park Playground Renewal | Auscape Pty Ltd | 13 March 2024 | 6 months | Y | \$962,570.62 |
| Q23/171 Merv Lynch Reserve Playspace Upgrade | Perfection Landscape Services Pty Ltd | 13 March 2024 | 6 months | Y | \$522,911.73 |
| Q23/170 Road and Drainage Reconstruction - Havendale Ave, Penshurst | State Civil Pty Ltd | 28 March 2024 | 6 months | Y | \$359,539.30 |
| Q23/117 Architectural Services for the Design of Todd Park Sporting and Community Facility | Complete Urban Pty Ltd | 13 February 2024 | 12 months | Y | \$302,344.90 |
| Q23/125 Connells Point Sailing Club Roof Renewal, Donnelly Park | Level 10 Building Services Pty Ltd | 19 March 2024 | 12 months | Y | \$293,361.75 |
| LGP320 Legal Services - Class 1 Expert Witness | HWL Ebsworth Lawyers | 11 March 2024 | 12 months | Y | \$250,000 |
| Q24/002 2023/24 Kerb and Gutter Program- Package 4 | State Civil Pty Ltd | 12 February 2024 | 6 months | Y | \$234,250.50 |
| Q23/159 Kyle Bay Foreshore Construction | Budget Demolition and Excavation Pty Ltd | 8 February 2024 | 6 months | Y | \$220,126.50 |
| Q23/169 Austin Ave Reserve Playground Upgrade | CRS Creative Recreation Solutions Pty Ltd | 12 March 2024 | 6 months | Y | \$208,897.12 |
| Q23/056 Overland Flow Flood Study for Former Kogarah LGA | Kellogg Brown & Root Pty Ltd | 26 September 2024 | 12 months | Y | \$164,893.82 |
| Q23/145 2023/24 New Footpath Program Package 1 | Civeco Pty Ltd | 19 March 2024 | 6 months | Y | \$163,735 |
| Q24/001 2023/24 Stormwater Program - Martin Street, Blakehurst Pipe Relining | Interflow Pty Ltd | 22 February 2024 | 3 months | Y | \$145,907.31 |
| Q23/184 Hedley Street Community Hall – Investigations and Design for Refurbishment | Figgis & Jefferson TEPA Pty Ltd | 13 March 2024 | 12 months | Y | \$124,080 |
| T23/012 Keypad Entry System for Community Centres | Andrew Phillip Websters t/as Websters | 18 December 2024 | 6 months | Y | \$115,651.80 |

| | | | | | |
|--|---|------------------|-----------|---|-------------|
| | Master Locksmiths | | | | |
| LGP808-4 Temporary Staff – City Technical Services | Collar Talent Group | 1 February 2024 | 12 months | Y | \$115,000 |
| Q22/075 eCRM CIA Project | Attura Business Applications | 16 January 2024 | 12 months | Y | \$112,200 |
| T2019-07-02 SSROC Street Sweeper Waste Disposal | Downer EDI Services Pty Ltd | 1 March 2024 | 12 months | Y | \$103,840 |
| LGP320 Legal Services – Cost Recovery and Other Fees | HWL Ebsworth Lawyers | 8 January 2024 | 12 months | Y | \$200,000 |
| LGP320 Legal Services – Class 3 | HWL Ebsworth Lawyers | 5 February 2024 | 12 months | Y | \$100,000 |
| Council Barrister | Heather Irish | 27 February 2024 | 12 months | Y | \$100,000 |
| LGP808-4 Temporary Staff – City Technical Services | Collar Talent Group | 1 February 2024 | 12 months | Y | \$100,000 |
| Footpath Grinding Package | The Australian Grinding Company Pty Ltd | 24 January 2024 | 6 months | Y | \$84,981.44 |
| Q24/002 2023/24 Kerb and Gutter Program – Package 5 | State Civil Pty Ltd | 30 January 2024 | 6 months | Y | \$84,958.50 |
| Q23/121 Poulton Park Retaining Wall | Homann Constructions Pty Ltd | 13 February 2024 | 3 months | Y | \$79,695 |
| Q24/020 Mayoral Replacement Vehicle (State Contract SCM0653) | Rockdale Volkswagen | 23 February 2024 | 3 months | Y | \$77,570.28 |
| Danebank Anglican School 80 Park Rd Hurstville Permanent Restoration (T23/003) | NSW Building and Civil Pty Ltd | 21 December 2023 | 3 months | Y | \$74,012.40 |
| Q23/143 2023/24 Footpath Construction - Footpath Package 2 | NSW Building and Civil Pty Ltd | 28 March 2024 | 6 months | Y | \$70,134.90 |
| LGP808-4 Temporary Staff – Finance | Public Sector People | 5 February 2024 | 3 months | Y | \$69,886.74 |
| Q23/168 Detail Topographical Survey of Riverwood | RPS AAP Consulting Pty Ltd | 17 January 2024 | 3 months | Y | \$66,717.20 |
| Q23/166 Carss Park Narani CCC - Hydraulic Assessment | H&H Consulting Engineers Pty Ltd | 9 February 2024 | 3 months | Y | \$65,972.50 |
| Q24/007 Independent Review – 193 Rocky Point Rd, Ramsgate | Gyde Consulting Pty Ltd | 13 March 2024 | 6 months | Y | \$62,425 |

| | | | | | |
|---|--------------------------------|------------------|-----------|---|-------------|
| Q23/133 2023/24 Traffic Facilities Program – Park Road, Kogarah Bay | Ally Property Services Pty Ltd | 8 February 2024 | 6 months | Y | \$61,979.50 |
| Q20/100 EAP Services for Georges River Council | AccessEAP | 1 January 2024 | 12 months | Y | \$60,500 |
| Q23/172 Hurstville Pedestrian and Active Transport Assessment | Bitzios Consulting Pty Ltd | 19 February 2024 | 12 months | Y | \$56,408 |
| Q23/026 Aerial Imaging | Nearmap | 1 March 2024 | 12 months | Y | \$55,000 |
| Q23/151 Hurstville School Precinct Traffic Study | WSP Australia Pty Ltd | 12 February 2024 | 6 months | Y | \$54,934 |
| Q24/047 Virtual Machine Software Licensing (VM Ware) | Datacom Systems (AU) Pty Ltd | 22 March 2024 | 12 months | Y | \$52,529.05 |

Item: FIN018-24 **Quarterly Commercial Property Portfolio Report for Period Ending 31 March 2024**

Author: Senior Property Officer

Directorate: Business and Corporate Services

Matter Type: Committee Reports

FIN018-24

RECOMMENDATION:

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.

EXECUTIVE SUMMARY

1. This report contains information about the properties within the Commercial Property Portfolio including commercial car parking.
2. The table below outlines the performance of the portfolio up to 31 March 2024.

BACKGROUND

3. This report provides a summary of income performance against budget for Council's Commercial Property Portfolio.
4. There are currently six (6) vacancies across the portfolio which is a positive position given the current economic climate affecting commercial property.

| Property Type | Number of Properties /Agreements | No. of Current Vacant Premises | YTD Net Result Actual | YTD Net Result Budget | Variance | Comments |
|-----------------------------------|----------------------------------|--------------------------------|-----------------------|-----------------------|----------------------------|---|
| Commercial Properties inc. retail | 83 | 6 | \$2,152,349 | \$2,061,862 | \$90,487 (Budget Surplus) | Net Result is outperforming budget; however, maintenance and leasing costs for Belgrave St are running over budget. |
| Commercial Car Parks | 7 | NA | \$400,482 | \$212,904 | \$187,578 (Budget Surplus) | Gross income is outperforming current budget, costs are slightly exceeding budget, however overall net result is favourable. Note: 54,677 free 1-hour tickets issued in Pay and Display car parks. |
| Footway Trading | 100 | NA | \$48,253 | \$57,975 | \$9,722 (Budget Deficit) | Income under budget due to unavailability of Kogarah Town Square deck due to renovation and apportionment of fees. |

| | | | | | | |
|--------------------------------------|------------|----------|--------------------|--------------------|---------------------------------------|---|
| Outdoor Furniture Advertising | 3 | 0 | \$141,979 | \$150,000 | \$8,021 (Budget Deficit) | An improvement from last year's trends but behind due to phasing of rental payment. |
| Telecoms | 5 | 0 | \$39,295 | \$65,250 | \$25,955 (Budget Deficit) | Result attributed to phasing of income. |
| Totals | 198 | 6 | \$2,782,358 | \$2,547,991 | \$234,367 (Budget Surplus) | |

FIN018-24

FINANCIAL IMPLICATIONS

- Budget variations are summarised in the table above. Overall, the portfolio is performing approximately \$230,000 above the total budgeted surplus of \$2.55 million.
- For the period 1 January 2024 and 31 March 2024, Council issued 54,677 free 1-hour tickets in the "Pay and Display" car parks of MacMahon Street, Treacy Street and Gloucester Road, Hurstville.

RISK IMPLICATIONS

- Financial sustainability is Council's top strategic risk. The commercial property portfolio provides an additional revenue source to fund community services and infrastructure. Ensuring that the Commercial Property Portfolio grows in terms of revenue, it will continue to reduce the reliance on ratepayers to fund Council services.

COMMUNITY ENGAGEMENT

- No community engagement is required for this report.

FILE REFERENCE

D24/107603

ATTACHMENTS

Nil

Item: FIN019-24 Property Matter - Ramsgate Car Park, Ramsgate

Author: Head of Strategic Property

Directorate: Business and Corporate Services

Matter Type: Committee Reports

RECOMMENDATION:

- (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.

EXECUTIVE SUMMARY

1. Georges River Council is the owner of the Ramsgate Car Park located at 89 Ramsgate Road and 2 Dalkeith Street, Ramsgate. The property is legally described as Lot 2 in Deposited Plan (DP) 860064 and Lot 8 in DP7364. A location plan is provided in Attachment 1.
2. Council has been approached by the adjoining land-owner (Intersection Hotel site) that has made an unsolicited offer to purchase part of the car park site being Lot 2 in DP860064 as detailed in Attachment 1.
3. Details of the offer are provided in Confidential Attachment 2 of this report together with officer recommendations. The purpose of the report is to consider the unsolicited offer and to determine the next steps.

BACKGROUND

4. The subject lots, being Lot 2 in Deposited Plan (DP) 860064 and Lot 8 in DP7364, are classified as Operational land with Lot 2 comprising approximately 860 square metres and Lot 8 comprising approximately 970 square metres (total being 1,830 square metres). The land is zoned E1 – Local Centre under the Georges River Local Environmental Plan, 2021. As the land is classified as Operational land, there is no restriction as to what dealings Council can have regarding the land.
5. The Ramsgate Car Park has provision for approximately 70 vehicles (made up from public and private land) and currently offers two (2) hours of free public parking. The car park is extremely well patronised and provides the only means of access to the rear of the shops that front Rocky Point Road via a future public laneway.
6. If Council was to resolve to dispose of the car park, the residue area of car park that would remain will comprise some 970 square metres. If Council was to resolve to dispose of the car park, it is recommended that the terms would ensure that access remain via a Right of Way or access easement to the service lane that provides rear access to the shops fronting Rocky Point Road as can be seen in Attachment 1. To facilitate this access, it is understood that the purchaser would grant a Right of Way to Council over part of Lot 2 in DP860064 (further details will be provided to Council in this regard if this matter is to proceed).
7. The proposed disposal of part of the Council car park allotment, could facilitate a mixed-use development that would retain the hotel site and provide future community benefit through the inclusion of through site connections and public areas (the subject of a future development application process).

8. If Council wishes to further investigate a disposal of part of the car park, valuation advice would be required to determine current market value of the site and if the offer is considered reasonable. Otherwise, it is proposed to respond to the applicant in accordance with Option 1 of the confidential advice provided in Attachment 2.

FINANCIAL IMPLICATIONS

9. The disposal of Council's asset would have a favourable short-term impact to Council's operating result in the year in which the sale occurs.

RISK IMPLICATIONS

10. Risks in proceeding with a sale may diminish the accessibility of two (2) hour free parking and have an impact on local business.
11. Risks in not proceeding with a sale would potentially impact the opportunity for redevelopment that would create an opportunity for increase housing supply within the Local Government Area.

COMMUNITY ENGAGEMENT

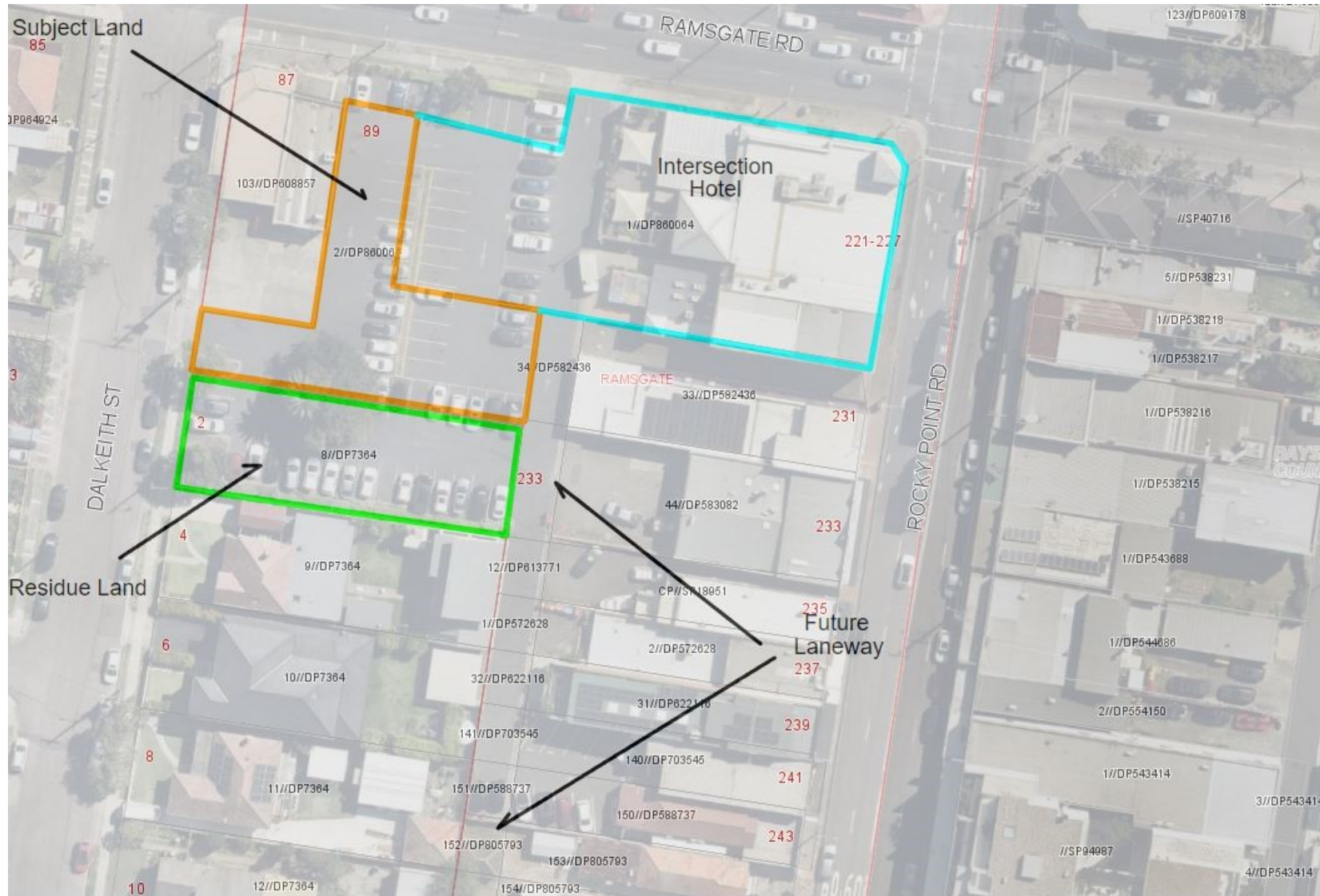
12. No community engagement has been undertaken for this report.

FILE REFERENCE

D24/107205

ATTACHMENTS

- | | |
|--------------|---|
| Attachment 1 | Location Plan - Ramsgate Car Park |
| Attachment 2 | Confidential - Ramsgate Car Park - Unsolicited Offer - <i>published in separate document</i> (Confidential) |



Item: FIN020-24 **Property Matter - Purchase of 23 Cook Street, Mortdale**
Author: Head of Strategic Property
Directorate: Business and Corporate Services
Matter Type: Committee Reports

FIN020-24

RECOMMENDATION:

- (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.

EXECUTIVE SUMMARY

1. In May 2017, Council and the owners of 23 Cook Street, Mortdale entered into a Deed of Agreement (the Deed) regarding the purchase of the property. The subject Deed outlined the conditions precedent to a proposed sale of the property to the Council.
2. Pursuant to the Deed, the parties have now reached agreement regarding the private treaty terms of the proposed sale, details of which can be found in confidential Attachment 1 to this report.
3. To progress the sale, resolution of the Council to allow the General Manager to complete the purchase of the property is now required.
4. It is proposed that the property purchase be funded from Council's Strategic Centre Reserve and used for community purpose in the short-term, following the expiry of a proposed short-term lease/licence, until such time as the property is required for future operational requirements.

BACKGROUND

5. The property located at 23 Cook Street, Mortdale comprises two allotments described as Lots 20-21 in Deposited Plan 4817 and adjoins the Council owned Cook Street Car Park. The property has an area of approximately 460 square metres and is currently zoned R2 Low Density Residential. A residential dwelling in original condition is situated upon the land. A location plan is provided in Attachment 2.
6. In 2016/17, Council considered the acquisition of the land by compulsory process but ultimately agreed to enter into a Deed of Agreement with the owners to purchase the property when the owners were ready or in a position to dispose of their interest.
7. In accordance with the Deed, each party was to submit a market valuation report for the others consideration. The market valuation reports (minus attachments) are provided in

confidential Attachment 3 (owners' valuation report) and confidential Attachment 4 (Council's valuation report). Both parties have subsequently agreed in principle to the terms and conditions of sale.

8. In addition to the sale price, the owners' have requested a shortened settlement period and a lease-back of the premises for up to six (6) months from the date of settlement. The agreed rental fee is provided in confidential Attachment 1.
9. To progress the purchase of the property, a Council resolution pursuant to Section 377(h) of the Local Government Act, 1993 is now required.
10. It is proposed to classify the land as Operational land in accordance with Section 31 (2) of the Local Government Act, 1993 upon settlement.
11. Despite the proposed operational land classification, it is proposed that following the acquisition (and termination of the proposed 6 month lease to the owner or their nominee), that the property be utilised initially for community purposes to meet the current shortfall for community space particularly in the western region of the LGA that was identified in the Georges River Community Infrastructure Needs Assessment and Acquisition Area Strategy, which was adopted by Council on 22 April 2024 (CCL022-24). In this regard, it is proposed that Council undertakes a competitive expression of interest process to seek a suitable tenant, to remain in occupation until such time as the land is required for operational use.

FINANCIAL IMPLICATIONS

12. There currently is no budget set aside in the 2023/24 financial year for the acquisition of this property as the timeframe was unknown. It is proposed that budget for the purchase of the land, together with associated acquisition costs be sourced from Council's Commercial Property Reserve.
13. Each party will pay their own legal costs with some additional non-budgeted funds required for items associated in the Terms of Sale as per confidential Attachment 1.
14. The Strategic Centre Reserve has a forecast balance as at 30 June 2024 of \$5.7 million.

RISK IMPLICATIONS

15. There are no risks identified with the proposed acquisition and lease.

COMMUNITY ENGAGEMENT

16. Community engagement is not required for the purchase of the property however, the appropriate public notification will be undertaken for the property classification process and future community lease EOI process.

FILE REFERENCE

D24/109497

ATTACHMENTS

- | | |
|--------------|---|
| Attachment 1 | Terms of Sale - <i>published in separate document</i> (Confidential) |
| Attachment 2 | Location Plan - 23 Cook Street Mortdale |
| Attachment 3 | Vendor Valuation Report - 23 Cook Street Mortdale - <i>published in separate document</i> (Confidential) |
| Attachment 4 | Council Valuation Report - 23 Cook Street Mortdale - <i>published in separate document</i> (Confidential) |



