

ITEM NO: 1**SUBJECT: SCHEDULE OF INVESTED MONIES****FILE NO: C00694**

Recommendation:

That the Schedule of Invested Monies as at 30 June 2008 be received.

Report by Group Manager, Community & Corporate:

This report is submitted for the purpose of financial accountability and in satisfaction of the investment reporting requirements of the Local Government (General) Regulation 2005 and the Local Government Act, 1993 (Section 625). The report also certifies that the Council investments comply with the forms of investment made by order of the Minister under section 625(2) of the Local Government Act 1993. The current Ministerial Order was issued under the Council Circular 05-53 on 23 September 2005.

The Schedule of the Council Invested Monies as at 30 June 2008 is attached for information (refer Table 1).

The decreased returns, below budget, on the Council investments are due largely to the deferral of the 2007/2008 Council loan borrowings to the later part of the financial year. The borrowings are in accordance with the latest anticipated cash flow to fund the Capital Works Program. Borrowed funds are normally reinvested until the capital project requires a drawdown of funds in future periods. (refer Table 6).

For the month of June 2008 the Council investments fair value market valuation increased by \$6,000 but this only represents a revaluation of the CBA – Callable CPI Linked Note. The CBA note was the only investment valuation that was available at the time of writing this report (refer Table 2). The remaining market re-valuations for all other Council investments for the month of June have not been received but will be included in the next Schedule of Invested Monies report to the Council.

During June 2008 the Commonwealth Bank advised the Council of a rating downgrade in the CBA – Palladin Portfolio note. The investment note changed rating agency from Fitch to Standard & Poor's and was re-rated down from AA to BBB- by Standard & Poor's. A credit rating downgrade does not necessarily mean the investments interest payments are impinged or face value reduced, but it has impacted the current market value of the investment which will only be realised if sold prior to maturity. The Council in conjunction with its independent investment advisor, Oakvale Capital is monitoring the portfolio on a daily basis and will consider and take whatever action necessary to minimise the impact of downgrades and defaults.

A positive trend in recent months is that banks are offering interest rates at much higher yields than usual. These higher interest rates have contributed towards our improved interest income

projection for 2007/2008 year; i.e. Council revised interest income budget is up \$650,000 to \$1,746,662 for 2007/2008.

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SCHEDULE OF INVESTED MONEY - 30 JUNE 2008 (Table 1)							
Institution & Fund	Original Rating	Current Rating	Return for month	Face Value	Investment Valuation (Net)	Investment Valuation (Net) Previous Month	Comment on movements and valuation
Bankwest Term Deposit (maturity 11/6/08)	A1+	A1+	7.70%			1,000,000	Re-invested to 16/7/08 (refer below)
Bankwest Term Deposit (maturity 18/6/08)	A1+	A1+	7.85%			1,000,000	Withdrawn for cashflow in June 2008
Bankwest Term Deposit (maturity 16/7/08)	A1+	A1+	8.05%	1,000,000	1,000,000		Re-investment of 11/6/08 term deposit
Bankwest Term Deposit (maturity 30/7/08)	A1+	A1+	7.96%	2,000,000	2,000,000		Cashflow investment in June 2008
Citybank Term Deposit (maturity 6/8/08)	A1+	A1+	8.03%	2,000,000	2,000,000		Cashflow investment in June 2008
Bankwest Term Deposit (maturity 10/9/08)	A1+	A1+	8.00%	1,000,000	1,000,000		Cashflow investment in June 2008
NIAB Professional Funds A/C (at call)	n/a	n/a	7.20%	4,861,888	4,861,888	2,376,888	Cashflow investment in June 2008
Bendigo Bank FRN	BBB	BBB	8.98%	1,000,000	1,000,000	1,000,000	No movement in June 2008
CBA – Palladin Portfolio Note	AA	BBB-	8.82%	500,000	155,700	155,700	Valuation as at 30/4/08. Rating downgrade in June 2008
Generator Income Notes (administered by Rim Securities Ltd)	AAA	AAA	9.89%	1,000,000	763,499	763,499	Valuation as at 31/5/08
CDO –“Federation” (administered by Lehman Brothers)	AAA	CCC-	8.79%	250,000	15,250	15,250	Valuation as at 31/5/08
FRN and CDO Investment Managed Portfolio (administered by Lehman Brothers)	BBB to AA-	BBB to AA-	8.50%	11,025,000	8,994,807	8,994,807	Valuation as at 31/5/08
Macquarie Cash Management	n/a	n/a	6.72%	210,758	210,758	67,105	Lehman Bros coupons received for the month held in cash mgt. a/c
Averon Series AF7 Floating Rate Note (administered by ANZ Bank)	AAA	AAA	9.28%	500,000	444,500	444,500	Valuation as at 30/9/07
CBA – Equity Linked Note	AA	AA	7.50%	1,000,000	937,400	937,400	Valuation as at 31/5/08
CBA – Callable CPI Linked Note	AA	AA	7.65%	1,000,000	1,015,000	1,009,000	Valuation as at 31/5/08
Athena Series 1 Camelot Notes (administered by ICAP)	AA-	AA-	8.32%	500,000	459,482	459,482	Valuation as at 31/5/08
Aphex Pacific Capital Phoenix Notes (administered by ABN-AMRO Morgans)	AA1	AA1	9.91%	500,000	497,050	497,050	Valuation as at 31/5/08
Total				28,347,646	25,355,334	18,720,681	

(Table 2)

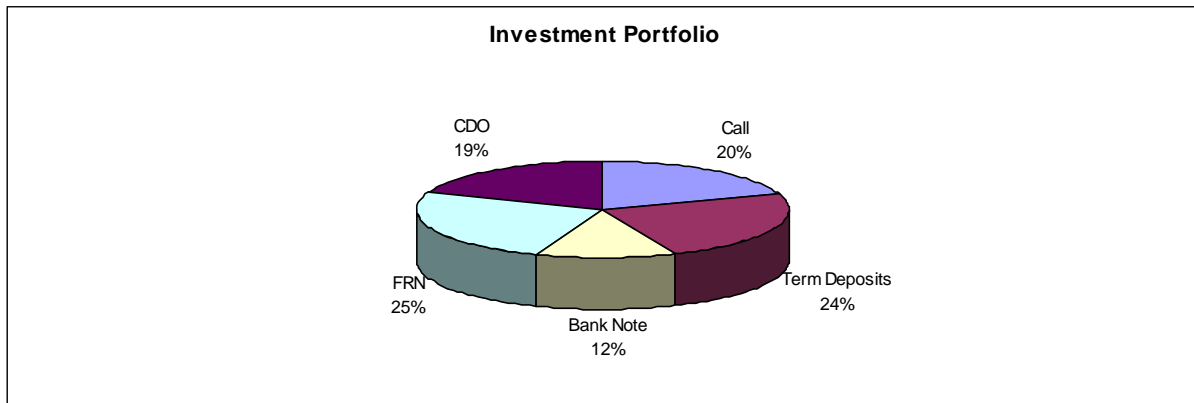
Balance of investments 1 June 2008 (Market Value)	18,720,681
Funds invested during month (Gross)	10,485,000
Funds withdrawn during month (Gross)	(4,000,000)
Interest re-invested during month	143,653
Revaluation of investments during month. Favourable/(Unfavourable)	6,000
Balance of investments 30 June 2008 (Market Value)	25,355,334

BBSW 30 Days 7.84%

Average Rate of Return for Month 8.70%

Current market valuations of all investments are as at 31 May 2008 or earlier as advised in the comments column in Table 1. Market valuations as at 30 June 2008 were unavailable at the time of writing this report due to the timing of the July 2008 Council meeting but more current market valuations will be presented at the following Council meeting. It is also important to note that valuations are indicative only with no assurance that trades could be completed at such values.

(Table 3)



Call – Cash at Call

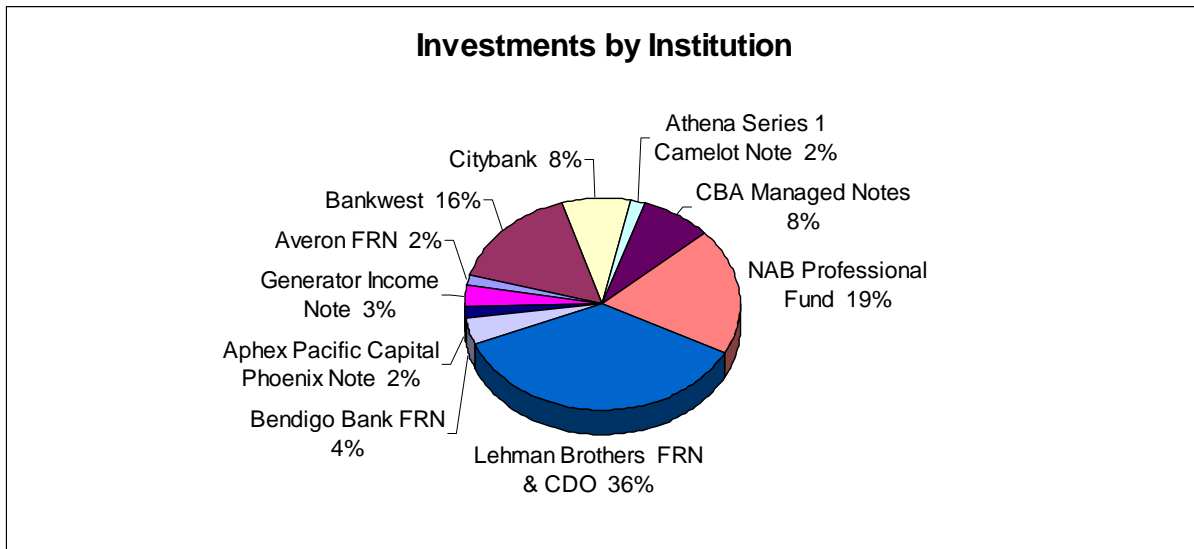
Term Deposits – Deposits for Fixed Term

Bank Note – Structured Notes

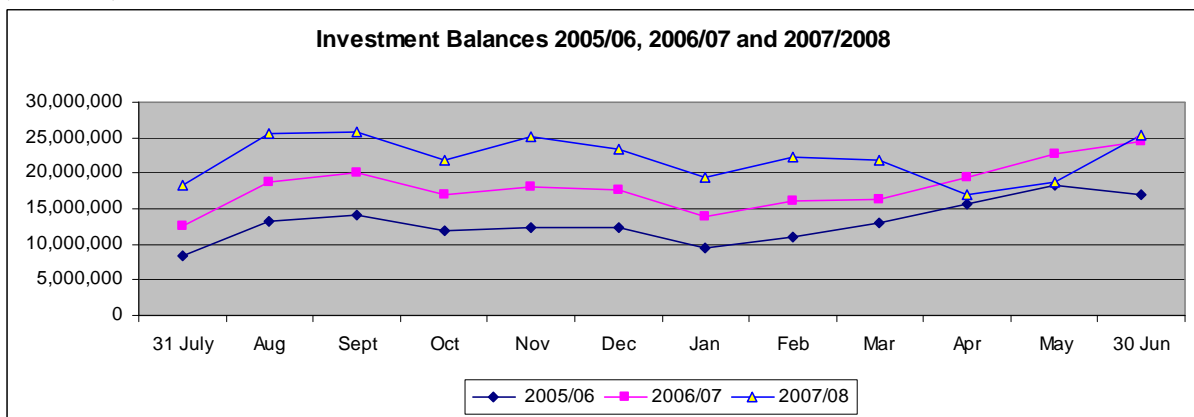
FRN – Floating Rate Note

CDO – Collateralised Debt Obligation

(Table 4)



(Table 5)



(Table 6)

Interest Income - Budget vs Actual

	Actual	Budget
Income to 31 May 2008	1,641,212	1,647,708
Income for month of June 2008	105,450	149,792
Total Income to date	1,746,662	1,797,500
<i>Note: Original Budget 2007/2008</i>		1,097,500

I certify and report that the Schedule of Invested Monies listed above describes all the Council funds invested by virtue of Section 625 of the Local Government Act, 1993. The monies referred to in this Schedule are invested in accordance with the Local Government Act, 1993 (Section 625 and Order of the Minister dated 23/09/2005), and Local Government Regulation 1999 (Clause 16), Council Policy and the Cole Inquiry Report.

Neil Farquharson
Responsible Accounting Officer

ITEM NO: 2

SUBJECT: COUNCILLORS' MINOR LOCAL PROJECTS VOTE 2008-2009

FILE NO: F02560

Recommendation:

That the Councillors' Minor Local Projects fund be limited to \$500 in the first Quarter of 2008-2009, with the remaining \$1500 to be made available by 30 September 2008 following the Local Government election.

Report by General Manager

Reason for report

Minor works, services and donations for allocation by individual Councillors are currently set at \$2000 for each financial year.

Due to the Local Government Elections to be held on Saturday 13 September 2008 it is recommended that this allocation be limited to \$500 in the first quarter of the financial year. In this way a fair proportion of the fund will be available after the election for re-elected Councillors and to new Councillors.

Review of policy and funding level after the Local Government Election

It is anticipated that the Minor Local Projects funding levels will be reviewed during the 2009-10 management planning process.

Sustainability Assessment (Triple Bottom Line Reporting):

Element	Positive	Negative
Social	Facilitates community groups to negotiate for assistance with Elected Representative	Nil
Environmental	Nil	Nil
Economic	Potential to support economic development initiatives through MLP funding	Nil

Financial implications for the Council

The funding of the Minor Local Projects Vote is accounted for in the Budget and will not be affected by this recommendation.

Conclusion

Due to the upcoming Local Government Elections it is recommended that the Councillor's Minor Local Projects fund be limited to \$500 in the first quarter of the 2008-2009 financial year in order to ensure an equitable distribution of funds over the year to both returning and new Councillors.

ITEM NO: 3

SUBJECT: CHANGES TO 2008-2009 FEES AND CHARGES

FILE NO: F02963

Recommendations:

1. *That Council approves the following proposed inclusions to the 2008-2009 Fees and Charges for public exhibition:*
 - a) ***Fee for Supply of Extra Bins for One-off Events*** to be included in the 'Events' section of the 2008-2009 Fees and Charges as follows:
 - *Planned requests per bin (240 litre) - \$35.20*
 - *Urgent requests per bin (240 litre) - \$46.20*
 - b) ***Fees for Blackheath Vacation Care Program*** be included in the 'Children, Family Day Care and Vacation Care' section of the 2008-2009 Fees and Charges as follows:
 - *Fee per day per child - \$32.00*
 - *Fee per day per child excursion rate - \$37.00*
 - *New child registration fee - \$15.50*
 - *Overtime / late fee - \$15.50 for every 15 minutes*
 2. *That the proposed changes be publicly exhibited for a period of 28 days from Wednesday 16 July to Tuesday 12 August 2008 via advertisement in the Blue Mountains Gazette .*
 3. *That a further report come to the Council after the public exhibition, presenting any public submissions received.*
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Report by Group Manager, Community and Corporate:

Background

At the 24 June 2008 Council Meeting, the 2008-2009 Management Plan including the 2008-2009 Fees and Charges were adopted.

Due to two fees being inadvertently omitted from the 2008-2009 Management Plan, they are now being recommended for approval by the Council for public exhibition as required by the Local Government Act, 1993 (Section 610F). Details of the two fees are provided below in the following sections:

- A. Inclusion of Fee for Supply of Extra Bins for One-off Events; and
- B. Inclusion of Fees for Blackheath Vacation Care Program.

A. Inclusion of Fee for Supply of Extra Bins for One-off Events

This fee was inadvertently omitted from the 2008-2009 Management Plan adopted by the Council on 24 June 2008. This fee is for the provision of additional litterbins and services not currently provided in the public precinct in which the event is being held. There have not been

many calls for one-off events in the past, and a fee of \$30 per bin was included in previous Management Plans. However, there is raised community expectation in regards to events, and an increasing number of one-off community events being held.

It is recommended that the following fees be included in the ‘Events’ section of the 2008-2009 Fees and Charges.

Type of Fee/Charge	2007/2008 Excl. GST	2008/2009			Pricing Policy	Comments
		Fee	GST	Total Payable		
Bins for One-off Events						
<i>Planned requests Per bin (240 lt)</i>	\$27.27	\$32.00	\$3.20	\$35.20	FS/CS	This rate requires a minimum of one weeks notification of service requirements and includes the delivery, pick and disposal of waste material.
<i>Urgent requests Per bin (240 lt)</i>	New	\$42.00	\$4.20	\$46.20	FS/CS	This rate incurs additional costs for service delivery where the minimum of one weeks notification of service requirements is NOT provided and includes the delivery, pick and disposal of waste material.

Sustainability Assessment (Triple Bottom Line Reporting)

Effects	Positive	Negative
Environmental	Good litter management preventing litter from entering Council’s drainage network and / or ending up in the National Park or Sydney’s Water supply.	
Social	Enhances community amenity by keeping event areas clean and free of litter.	Events may be affected due to additional costs in bin provision and litter collection.

Effects	Positive	Negative
Economic	Extra revenue stream for the Council to assist in covering employment and operating costs for the provision of additional services to the Community.	Additional costs for community members to run events.

Financial implications for the Council

There have not been many calls for one-off events in the past, and a fee was included in previous Management Plans for single bins. However, due to raised community expectations in regards to events, and the increasing numbers of community events being held, the Council does not have the funding to be able to absorb the extra cost to provide these additional waste management services for the events. The Council has additional employment costs relating to overtime, (events are mainly on the weekend), vehicle operating costs, and waste disposal fees. These costs will be offset by the fee charged.

Legal and risk management issues for the Council

If bins are not provided at events, the potential legal and risk management issues are:

- EPA fines;
- Complaints by community members;
- Damage to council assets from inappropriate rubbish disposal;
- Potential health issues for the community and staff related to inadequate management of general waste; and
- Vermin problems.

B. Inclusion of Fees for Blackheath Vacation Care Program

Increases to fees and charges for Blackheath Vacation Care were not included in the 2008-2009 Management Plan adopted by Council on 24 June 2008, as it was anticipated that auspice of the service would be transferred to another organisation before the commencement of the 2008-2009 financial year. This transfer did not occur as expected. These recommended fees relate to the charges to families, which contribute to the costs of the Blackheath Vacation Care program (BVC). BVC is managed by the Council’s Family Day Care Scheme, and provides vacation care for children 5-12 years in the Blackheath area.

It is recommended that the following fees be included in the ‘Children, Family Day Care and Vacation Care’ section of the 2008-2009 Fees and Charges.

Type of Fee/Charge	2007/2008 Excl. GST	2008/2009			Pricing Policy	Comments
		Fee	GST	Total Payable		
<i>Vacation Care</i>						
Full day Per Child <i>Non Excursion Rate</i>	\$31.00	\$32.00	N/A	\$32.00	FS/CP	
Full day Per Child <i>Excursion Rate</i>	\$36.00	\$37.00	N/A	\$37.00	FS/CP	
New Child Registration Fee	\$10.50	\$15.50	N/A	\$15.50	FS/CP	

Type of Fee/Charge	2007/2008 Excl. GST	2008/2009			Pricing Policy	Comments
		Fee	GST	Total Payable		
Overtime / Late fee	\$15.00	\$15.50	N/A	\$15.50	FS/CP	Per 15 minutes

Sustainability Assessment (Triple Bottom Line Reporting)

Effects	Positive	Negative
Environmental	There are no significant positive environmental impacts.	There are no significant negative environmental impacts.
Social	The fees are an essential component of the program budget which enables the provision of a Vacation Care Program in the Blackheath area.	There are no significant negative social impacts.
Economic	The fees contribute to the Blackheath Vacation Care program costs	There are no significant negative economic impacts.

Financial implications for the Council

The recommended fees contribute to the operational costs of running the Blackheath Vacation Care program.

Legal and risk management issues for the Council

There are no legal or risk management issues related to this fee.

External consultation

A public exhibition period for these proposed amendments to the 2008-2009 Fees and Charges is being recommended in accordance with the Local Government Act, 1993.

Conclusion

It is recommended that the two amendments to the 2008-2009 Fees and Charges as outlined in the report are approved for public exhibition for a period of 28 days.

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ITEM NO: 4

SUBJECT: COUNCILLOR AND MAYOR FEES 2008/09

FILE NO: F0296

Recommendations:

1. *That Councillors adopt the maximum fees payable allowed by the NSW Local Government Remuneration Tribunal, which is \$15,120 for Councillors, \$33,010 fee for the Mayor of which \$3300 is set aside for the Deputy Mayor when acting in the role of the Mayor.*
2. *That the Deputy Mayor Fee be paid during periods of absence of the Mayor.*

Report by the General Manager:

Introduction

The NSW Local Government Remuneration Tribunal sets the range of fees for all Councillors and Mayors in NSW each year.

The Tribunal concluded its 2008 annual review on 1 May 2008 and having regard to key economic data and the views of assessors, has determined that an increase of 4% for Councillors and Mayors is appropriate. These increases are to be effective from 1 July 2008.

A copy of the Tribunal recommendations can be found at:

http://www.dlg.nsw.gov.au/dlg/dlghome/dlg_index.asp

Current Payments

At the Ordinary Council Meeting of 26 June 2007, the Council resolved to adopt the maximum fees payable by the NSW Local Government Remuneration Tribunal which is \$14,540 for Councillors, \$31,740 additional fee for the Mayor and \$3,173 of the Mayoral fee set aside for the Deputy Mayor when acting in the role of the Mayor.

This resolution followed a period of three years where the Council had resolved to not accept any increase in fees for Councillors.

Future Payment based on increase

Blue Mountains City Council is a category three Council and the proposed following annual fees would apply if the 4% increase is adopted:

Councillor/Member Fee	Mayor/Chairperson Additional Fee	Deputy Mayoral Fee (a component of the Mayoral Fee)	Total Mayoral Fee
\$15,120	\$33,010	\$3,300	\$48,130

There are two methods for payment of the Deputy Mayoral Fee:

1. Payment of a monthly fee of 12 equal payments;
2. Payment of the Fee during times of absence of the Mayor with any remaining monies at the end of the year being paid to the Mayor.

The second option is the option recommended by the Department of Local Government.

Conclusion

It is recommended that Councillors adopt the maximum fees payable allowed by the NSW Local Government Remuneration Tribunal amounting to a 4% increase in fees. The Councillors should also note and approve the payment of fees option recommended by the Department of Local Government for the Deputy Mayor.

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