

ITEM NO: 2**SUBJECT: SCHEDULE OF INVESTED MONIES****FILE NO: F03848**

Recommendation:

That the Schedule of Invested Monies for February 2009 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 (REG 212) 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 08-48 on 18 August 2008.

The Schedule of the Council Invested Monies for February 2009 is attached for information (refer Table 1).

The decreased returns, below budget as at February 2009, on the Council investments are due to the falling interest rates that were not anticipated for the financial year (refer Table 6).

Valuations and credit ratings have been calculated and updated to 28 February 2009 for all the Council investments (with the exception of the CBA – Palladin Portfolio note that is valued as at 31 October 2008) and shows the Council investment's fair value market valuation reducing by \$332,634 (refer Table 2).

The financial impact on the Council's investment portfolio is that the mark to market valuation of the Council investment securities, classified as fair value through the profit and loss statement, has now been reduced by a total of \$7.0m indicatively between 1 July 2007 and 28 February 2009. If the Council were forced to sell these securities for liquidity reasons it could potentially realise a loss based on current market conditions. However, based on current cash flow projections, there is no short-term requirement to liquidate the long-dated investments for cash flow needs. The Council continues to monitor and review the liquidity position so that any potential future financial impacts can be understood for proactive decision making to be considered by the Council.

Global and domestic issues

There were large downward revisions to global economic growth forecasts for 2009 due to the considerable decline in economic activity among the major economies and the continued impacts of the global financial crisis.

The Australian economy showed signs of softening further, aside from the partial boost to retail activity from the Government's pension and family tax payments.

During February 2009 the following occurred (not an exhaustive list):

- Economic data released globally shows the world’s economies continue to deteriorate with many in recession;
- The US economy is still contracting at a substantial pace;
- The Australian economy unexpectedly shrank in the December quarter;
- Consumer sentiment fell further in February. Rising unemployment and a fall in property prices threaten to push the economy into its first recession in nearly 20 years; and
- The Reserve Bank of Australia left the official cash rate unchanged at 3.25%, the lowest cash rate since the early 1960’s. The rate has now been cut by 4% since September 2008. The market expects further cuts from the 3.25% current level to 2% by June 2009.

The Council Investment Position

The credit market opportunities, corporate default rates, the Lehman Brothers Holding Inc. bankruptcy and the Lehman Brothers Australia Ltd administration continue to be reviewed by the Council independent investment advisor Oakvale Capital, in conjunction with advice from the Council legal advisor, Piper Alderman.

Developments in the month of February 2009 included:

- As reported in October 2008, the CBA – Palladin Portfolio Note (\$500,000) that was affected by the bankruptcy of Sigma Finance Corporation who is the collateral Issuer for this security has terminated the issuer agreement. The affect of this termination is being assessed by the Council investment and legal advisors but we are advised that we should expect a nil recovery level on this security and we have therefore valued the security at \$0 (refer Table 1);
- Athena Series 1 Camelot Note (\$500,000) has ceased paying coupon interest until maturity in 2012. The proceeds are sitting in a Westpac zero coupon bond account to protect the original capital in the security. Oakvale Capital, the Council investment advisor is investigating the scope of selling this security and other alternatives (refer Table1);
- The Council still awaits advice as to the recovery on the Lehman CPPI principal protected property note where Lehman Brothers Holdings Inc. was the guarantor. Final distribution to the Council on this holding is still impossible to estimate at this stage but we are advised that recovery should be regarded as very low and so we have valued the security at \$0 (refer Table 1); and
- Lehman Brothers Holdings Inc (LBHI) continues proceedings in the United States Bankruptcy Court. The Council continues investigating with our legal advisors the process of early termination of the securities for which LBHI is a swap counterparty (i.e. Zircon and Beryl securities). There have been estimates of recovery rates of 70-95% but these are very preliminary and we have chosen instead to value these securities much more conservatively until the position is more certain (refer Table 1).

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SCHEDULE OF INVESTED MONEY - February 2009 (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
IAB Professional Funds A/C (at call)	n/a	n/a	4.25%	6,182,438	6,182,438	5,268,144	cashflow investment
CBA Bank Bill (maturity 13/3/2009)	A1/AA-	A1/AA-	4.12%	1,000,000	1,000,000	1,000,000	Re-investment on 12/1/09
IAB Term Deposit (maturity 25/3/2009)	A-1+	A-1+	3.88%	1,000,000	1,000,000	1,000,000	Re-investment on 21/1/09
ANZ Term Deposit (maturity 1/4/2009)	A-1+	A-1+	3.84%	1,000,000	1,000,000	1,000,000	Re-investment on 28/1/09
Westpac Term deposit (maturity 15/4/2009)	???	???	4.20%	1,000,000	1,000,000		cashflow investment
Bendigo Bank FRN	BBB	BBB	8.57%	1,000,000	849,200	841,156	Valuation 28/2/09
CBA – Palladin Portfolio Note	AA	BBB-	0.00%	500,000	0	0	Valuation as at 31 October 2008
Generator Income Notes (administered by Rim Securities Ltd)	AAA	AAA	1.94%	1,000,000	166,000	191,900	Valuation 28/2/09.
Macquarie Cash Management	AAA	AAA	4.25%	151,775	151,775	151,775	Interest received for the month held in cash mgt.
Averon Series AF7 Floating Rate Note (administered by ANZ Bank)	AAA	AAA	0.00%	500,000	251,900	358,457	Valuation 28/2/09.
CBA – Equity Linked Note	AA	AA	3.00%	1,000,000	1,001,520	1,003,300	Valuation 28/2/09.
Athena Series 1 Camelot Notes (administered by ICAP)	AA-	AA-	0.00%	500,000	456,548	457,132	Valuation 28/2/09.
Aphex Pacific Capital Phoenix Notes (administered by ABII-AMRO Morgans)	AA1	AAA	6.30%	500,000	409,645	420,820	Valuation 28/2/09.
Investments arranged by Lehman Brothers:-							
Adelaide Bank FR Sub Debt	BBB+	BBB+	4.09%	750,000	752,331	760,349	Valuation 28/2/09.
Adelaide Bank FR Sub Debt	BBB+	BBB+	4.70%	1,500,000	1,431,447	1,436,217	Valuation 28/2/09.
Aphex (Glenelg)	AA-	BB+	5.50%	280,000	19,012	22,064	Valuation 28/2/09.
BELO (Kalgoorlie)	AA+	AA+	6.02%	600,000	473,631	503,821	Valuation 28/2/09.
Bendigo Bank FR Sub Debt	BBB+	BBB+	4.49%	500,000	504,107	502,344	Valuation 28/2/09.
Bendigo Bank FR Sub Debt	BBB+	BBB+	3.83%	500,000	501,669	506,862	Valuation 28/2/09.
Corsair (Torquay)	AA	CCC+	5.45%	300,000	5,252	4,161	Valuation 28/2/09.
Corsair (Kakadu)	AA-	B+	5.25%	300,000	15,919	18,232	Valuation 28/2/09.
Elders Rural Bank Sub Debt	BBB-	BBB-	4.76%	500,000	458,535	457,431	Valuation 28/2/09.
Beryl (AAA Global Bank Note)	AAA	CCC-	4.75%	350,000	5,191	4,040	Valuation 28/2/09.
Helium (Esperance)	A+	BB-	5.95%	450,000	30,700	27,336	Valuation 28/2/09.
Helium(Scarborough)	AA	CCC	5.44%	1,100,000	18,260	14,272	Valuation 28/2/09.
Herald Limited (Quartz AA)	AA	AA	5.75%	250,000	44,103	202,378	Valuation 28/2/09.
HSBC FRN	AA-	AA-	4.53%	1,000,000	872,159	867,996	Valuation 28/2/09.
Lehman CPPI	AA-	D	0.00%	250,000	0	0	Valuation 28/2/09.
Magnolia (Flinders)	AA	AA	5.75%	550,000	366,629	370,064	Valuation 28/2/09.
MAS6-7(Parkes)	AAA	BB	5.25%	250,000	13,065	11,797	Valuation 28/2/09.
Start (Blue Gum) (Jun 13)	AA-	CCC	5.65%	300,000	3,900	2,916	Valuation 28/2/09.
Zircon (Miami) (Mar 17)	AA	C	5.75%	95,000	920	739	Valuation 28/2/09.
Zircon(Merimbula) (Jun 13)	AA	C	5.30%	400,000	3,478	2,788	Valuation 28/2/09.
Zircon (Coolangatta) (Sept 14)	C	B+	5.55%	450,000	4,149	3,330	Valuation 28/2/09.
Total				26,009,213	18,993,480	17,411,821	

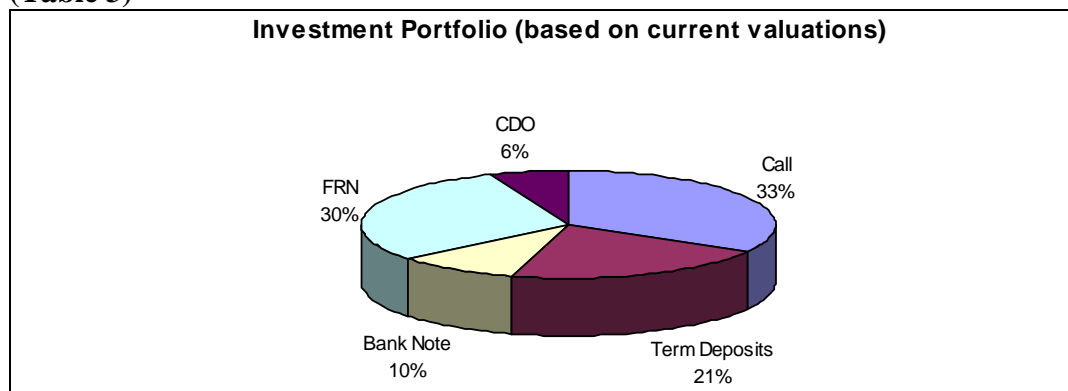
(Table 2)

Balance of investments January 2009 (Market Value)	17,411,821
Funds invested during month (Gross)	3,900,000
Funds withdrawn during month (Gross)	(2,000,000)
Interest re-invested during month	14,293
Revaluation of investments during month. Favourable/(Unfavourable)	(332,634)
Balance of investments February 2009 (Market Value)	18,993,480

BBSW 30 Days 3.82%
 Average Rate of Return for Month 4.43%

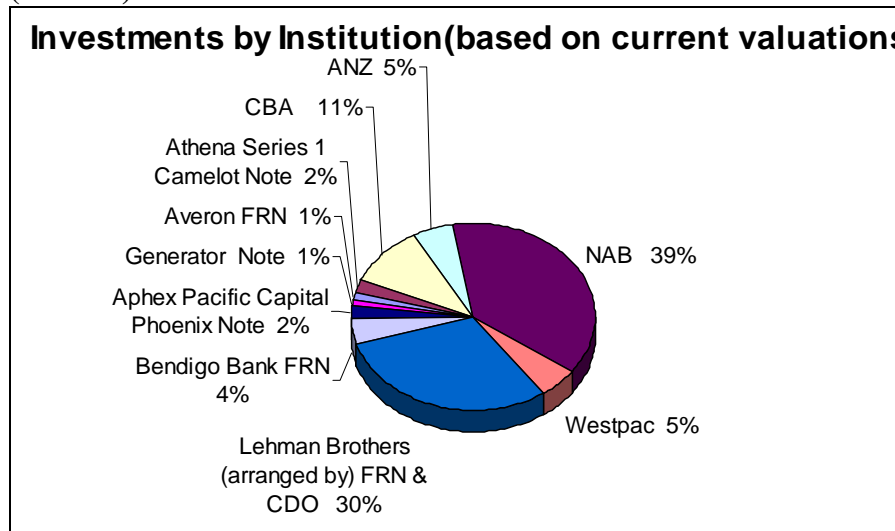
Current market valuations of all investments are as at 28 February 2009 with the exception of CBA – Palladin Portfolio note which is valued as at 31 October 2008 as advised in the comments column in Table 1. It is also important to note that valuations are indicative only with no assurance that trades could be completed at such values.

(Table 3)

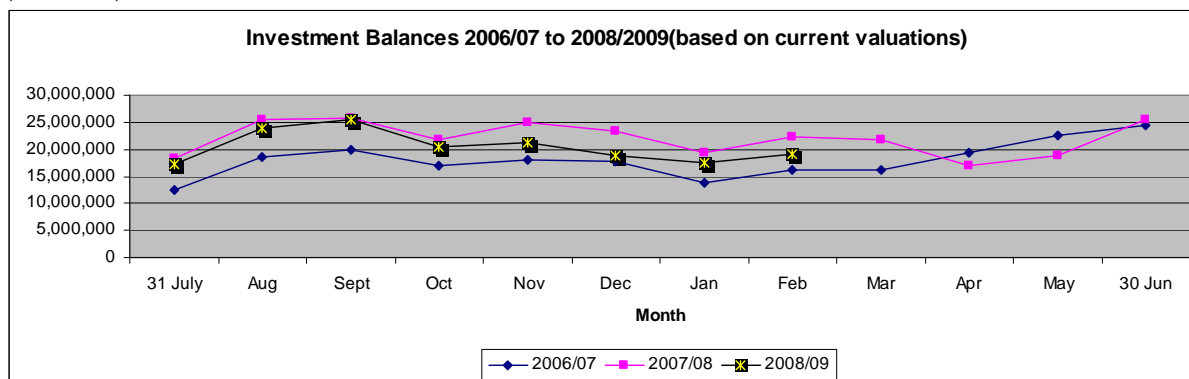


- Call – Cash at Call
- Term Deposits – Deposits for Fixed Term
- Bank Note – Structured Notes
- FRN – Floating Rate Note
- CDO – Collateralised Debt Obligation

(Table 4)



(Table 5)



(Table 6)

Interest Income (Accrued/Not yet received) - Budget vs. Actual

	Actual	Budget
Income to 31 January 2009	885,452	766,647
Income for month February 2009	80,425	109,521
Total Accrued Income to date	965,877	876,168
Less restricted income for RTA contribution – Lawson Town Centre and Property Investment Fund	(111,809)	
	854,068	876,168
Estimated for remainder of year	460,182	438,082
Estimated total 2008/2009	1,314,250	1,314,250

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 18/08/2008), and Local Government Regulation 1999 (Clause 16).

Neil Farquharson
Responsible Accounting Officer

ITEM NO: 3**SUBJECT: DRAFT 2009-2010 MANAGEMENT PLAN AND FINANCIAL SUPPLEMENT – PLACEMENT ON PUBLIC EXHIBITION****FILE NO: F04875 / F04896**

Recommendations:

1. *That subject to any amendments arising from Council's consideration of items at this meeting, Council approves the Draft 2009-2010 Management Plan and Financial Supplement (containing more detailed information on Fees and Charges, Capital Works Program, Revenue Policy and Budget) for placement on Public Exhibition.*
 2. *That the documents be publicly exhibited from Thursday 26 March to Friday 1 May 2009.*
 3. *That information on the Draft 2009-2010 Management Plan be publicised to the community via the Gazette, the Council's website and through displays in the Council's Libraries during the exhibition period.*
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Report by Group Manager, Community and Corporate:**Report Summary**

This report presents the Draft 2009-2010 Management Plan and Financial Supplement for endorsement by the Council for placement on public exhibition. The Draft Management Plan describes the Council's strategic focus over the next four to ten years and provides information on how that intent translates into action in 2009-2010.

The report presents information on:

- Councillor involvement in setting the strategic direction for the plan;
- Financial and asset management challenges facing the Council over the next four years;
- Key principles guiding development of the four year Capital Works Program;
- The Draft 2009-2010 Budget and forecast 2009-2013 Budget;
- Proposed new and increasing fees and charges for continuing services; and
- The rating structure for the City and proposed annual charges.

The report highlights the importance of the Council continuing its focus on improving financial sustainability and asset management.

Background

While focusing in particular on 2009-2010, this Management Plan has been developed with a four to ten year strategic outlook. State Government reforms for local government are currently driving a four to ten year strategic framework, particularly relative to integrated strategic planning and reporting, asset management and financial planning. The 2009-2010 Management Plan positions the Council well to respond to these reforms.

The Draft 2009-2010 Management Plan has been developed to meet:

- The requirements for the development of Management Plans as set out in the Local Government Act; and
- The Council’s resolution to respond to the community endorsed 25-year City Vision and Map for Action through its Management Plan.

In developing the 2009-2010 Management Plan, a series of workshops were held with Councillors, the Council’s Executive Management Team and Managers. *Table 1* outlines the policy involvement of Councillors in this process.

Table 1: Councillor Engagement in 2008-2009 Management Plan Development

Timeline	Event
23 October 2008	Invitation to Councillors to submit Capital Works Program nominations
6-7-8 February 2009	<i>Councillor Strategic Workshop</i> – setting the Council’s strategic direction and endorsing financial objectives and targets
25 February 2009	<i>Councillor Workshop</i> - to consider: - Draft Management Plan content - Fees and Charges 2009-2010 - Capital Works Program for 2009-2013 - Major Projects 2009-2013 - Budget 2009-2013

The Draft Management Plan responds to:

- The City Vision and Map for Action priorities;
- Priorities identified by the community as outlined in the Community Survey 2007; and
- Priorities identified by the Councillors as articulated at the February 2009 Councillor Strategic Workshop.

Fees and Charges for Council Services

A complete list of fees and charges for the Council’s services is presented in the Financial Supplement to the Management Plan. The proposed new and significantly increased fees and charges are outlined in the *Attachment* to this report.

Service Provision

The Council faces significant challenges in deciding who gets what level of service, where, when and why. Over 2009-2013 the Council is committed to a planned approach to ensure that residents have access to needed services. This planned approach will take into account the significant financial pressures the Council faces in providing, renewing and maintaining built facilities and infrastructure. Continuing to provide satisfactory levels of service while addressing this financial challenge will be a major focus for the Council over the next four years.

The Council will explore new opportunities for sustainable service delivery including partnership arrangements, joint service provision with other councils and agencies as well as service delivery through new technologies including a focus on energy and water efficiency savings as well as investigating possible use of alternative renewable energy sources.

In planning for the provision of Council services, the questions that will be addressed include:

- Is the Council delivering the range and level of services needed / required?
- How can we ensure fair distribution of limited resources across the City in terms of access and equity?
- Have we got the right mix and type of built assets to support delivery of services determined as being needed?
- Is it necessary for the Council to own all existing built assets/ facilities?
- Are there more innovative, sustainable and cost effective ways to deliver needed services e.g. through partnerships with other service providers, through new technologies?

The Council continues to face significant challenges in funding the provision, renewal and maintenance of built assets. In addressing this challenge the Council has committed to raising an additional \$6.5 million for asset renewal and maintenance over 2008 to 2012.

Development of Firm Rolling Four Year Capital Works Program

In previous years, Capital Works nominations were invited annually from Councillors, community and staff. A detailed nomination form was required to be submitted which was assessed by staff prior to presentation to Councillors. Emphasis was on the development of a one year program.

In 2007-2008, the Council endorsed the development of a relatively firm four year rolling Capital Works Program, incorporating the results of significant sustainable asset management planning work being undertaken by staff.

This approach has allowed limited funding to be more fairly, equitably and transparently allocated across different asset types over different years - according to identified asset management priorities. This supports a more planned and coordinated approach to improving the condition and management of the Councils' built assets. It also provides staff involved in planning and delivering the capital works projects with a greater degree of certainty regarding available funding and timing of project implementation.

In September 2007, nominations were invited from the community, Councillors and staff, towards the development of a four year Capital Works Program. Within available funding, Council staff developed a four year program incorporating this input as well as responding to priorities identified in sustainable asset management planning work. This draft program was then workshopped with Councillors to obtain their input prior to it being exhibited as part of the 2008-2009 Management Plan.

Councillors and staff have significant interaction with the community and their requests and expectations were and will continue to be brought to the Capital Works Program decision processes.

Given the above, Capital Works nominations were not formally sought from the community in 2008. However, Councillors were invited to nominate projects in October 2008 and staff took into consideration community requests received throughout the year on potential capital works projects.

Sustainable Asset Management and service planning work is now guiding decision making on the allocation of capital works funding for asset renewal. Adopting a four year Capital Works

Program frame has enabled a more equitable and planned approach to the allocation of funding between different asset types. The detailed Draft 2009-2013 Capital Works Program is provided in the Financial Supplement.

The development of the Draft 2009-2013 Capital Works Program has been guided by the following principles:

- 1) The Capital Works Program will be a rolling four year program, with the specific annual projects for the year ahead, formally adopted by the Council each year
- 2) The rolling four year Capital Works Program will include new assets, the renewal of existing assets and capital works resulting from approved major projects – determined as being needed (“needed” is defined as action assessed as being required through service and asset planning that is in accordance with the Council’s sustainable decision making)
- 3) No more than \$3.2 million annually from loans will be available over 2009-2013 for funding new assets and the renewal of existing assets (with consideration to be given to cash-funding depreciation into the future)
- 4) Any additional 2009-2013 Capital Works Program loan funding (above the \$3.2 million per annum upper limit) should only be considered for projects approved by the Council that are self funding (i.e. loan repayments and other costs to be fully met from ongoing funds generated by the project)
- 5) The Council will work towards reducing the funding of asset renewals from loans
- 6) A target of an additional \$6.5 million will be allocated over four years for renewal and maintenance of needed existing assets
- 7) Funds allocated to new assets within the rolling four year Capital Works Program will gradually reduce in favour of increasing funds for renewing existing assets
- 8) Funding for new assets and renewal of existing assets will be allocated on a priority basis guided by the Sustainable Asset Management Strategy / Plans taking into account contribution to sustainability outcomes (environmental/ social/ economic) and assessed needs determined through service planning
- 9) The cost of lifecycle maintenance for new assets is to be identified and funded
- 10) In addition to operational and loan funding - grants, contributions and funds held in Restricted Assets (for the appropriate purpose) can fund the Capital Works Program
- 11) Fifty per cent of the return from the Council’s Property Investment Fund is to be used to fund asset renewal and maintenance

Major Projects 2009-2013

The Council has already committed to a number of major projects that will provide new services, infrastructure and facilities for the City over 2009-2013. These projects will require significant capital outlays over the next four years.

Projects defined as “major” generally require significant investment of resources and capital works over a number of years. Key major projects to be implemented over the next four years include: the Blue Mountains Cultural Centre and Precinct Projects including the new Katoomba Library; the redevelopment of Lawson Town Centre; and a number of significant waste management projects. More detailed information on each of these major projects has been included in the Draft 2009-2010 Management Plan and the Draft 2009-2010 Management Plan Financial Supplement.

Funding the Management Plan

2009-2010 Budget in Summary

A number of significant financial challenges confronted preparation of the Draft 2009-2010 budget, the main ones being: costs continuing to rise faster than income and increasing expectations for new levels of service and new capital expenditure. In addressing this financial context a number of measures were implemented to constrain expenditure. This involved setting tight parameters including: restricting growth in employment costs to a 3.2% increase; no increase in full time equivalent positions; and limiting operational expenditure to between 1% and 2.5%.

The draft budget assumes that in 2009-2010 work will continue on developing and implementing a sustainable financial strategy with particular focus being given to increasing revenue sources for the City as well as cost reduction where appropriate and possible.

The net Draft Budget result for 2009-2010 is a balanced budget with estimated revenue of \$107,141,550 matched by estimated expenditure of \$107,141,550. Within this balanced budget, an amount of \$1,000,000 has been allocated for the renewal of the Council's built assets. The 2009-2010 Budget will result in an unrestricted working capital position of \$1.7 million which is in the benchmark liquidity range.

Four Year Projected Budget Summary 2009-2013

The Draft Management Plan also presents a four year budget covering 2009-2013. This budget takes into account the Council's projected revenue and expenditure, capital requirements, various economic factors, new service delivery strategies identified by Councillors or foreshadowed by Council officers and the City's long term projected infrastructure renewal and maintenance challenges.

The key assumptions that underpin the projected 2009-2013 budgets are that:

- The Council will continue to provide the current range of goods and services but they will be under continual review and refinement;
- Current service delivery methods will largely continue;
- Existing employment levels will remain the same (however the organisational structure will be reviewed as required by the Local Government Act within the first 12 months of the new Council);
- The quantity of assets (built infrastructure, land etc) will continue to be largely the same with the addition of the Blue Mountains Cultural Centre and associated projects including the new Katoomba Library, the Lawson Town Centre Redevelopment Project, Blaxland and Katoomba waste projects; and
- The current philosophy and practices of condition based maintenance will largely continue with additional funds injected for asset renewal and maintenance.

An additional key assumption is that the Council's financial target of raising an additional \$6.5 million for the renewal (\$5 million) and maintenance (\$1.5 million) of built assets over 2008-2012 will be achieved and that by 2012-2013 there will also be an additional \$3 million in recurrent funding available on an ongoing basis for this purpose (\$2 million for asset renewal and \$1 million for asset maintenance). The Council's rolling Capital Works Program has therefore included an additional \$5 million over 2008-2012 and \$2 million in 2012-2013 for asset renewal.

Raising Additional Revenue

Over the next four years the Council will focus on identifying possible revenue raising and cost saving initiatives that will improve the Council's financial operating position. This will enable the provision of an additional \$6.5 million towards asset renewal and maintenance funding gaps.

A key strategy for generating these additional funds already adopted by the Council is the Property Disposal and Investment Program fund. Fifty per cent of the return from the Council's Property Disposal and Investment Fund is to be used to fund asset renewal and maintenance.

In addition, it is proposed that in 2009-2010 the Council will investigate in close consultation with the community, the possible introduction of a special rate variation to raise additional funding to address the shortfall in funding for asset renewal and maintenance.

Rating Structure

The current rating structure includes differential residential and business rates. Minimum rates apply to all ordinary rates with the exception of the 'Business Statutory' sub-category. The current rating structure was introduced in July 1996. At that time community scrutiny had been placed on the rating structure, including the sub-categorisation of town areas as centres of population.

The Minister for Local Government has yet to announce the allowed 'Notional Income' increase. The Draft Budget has been prepared on the basis of applying an estimated 3.4% increase. Should the approved percentage increase vary from this, the Council's 2009-2010 budget will need to be revised prior to being adopted in June 2009.

Draft Annual Charges

Following are the proposed Annual Charges for 2009-2010.

Domestic Waste Management Charges

The *Local Government Act, 1993* requires Council to levy a separate charge on each residentially rated property for the provision of Domestic Waste Management Services. The charge must be structured to fully recover the "reasonable" cost of providing the service.

From July 2009, two additional costs are required to be recovered under the Domestic Waste Management Charge (DWMC):

- Contribution to annual road maintenance costs – to cover the adverse impact of waste collection vehicles on the road infrastructure due to the stop-start nature of the collection and numerous turning manoeuvres in restricted residential streets; and
- Regional Waste & Environment Levy - New State Government levy requiring the Council to pay \$10 per tonne of waste disposed of to landfill. The levy will increase by \$10 per tonne (plus CPI) annually until 2015-2016 when it will be reviewed. The Council is making representations to the State Government on this issue.

The actual fees proposed are:

\$ 99.00 per annum, vacant land with road access (0% increase on 2008-2009)

\$ 206.50 per annum, Occupied Residential (140 L bin) (4% increase on 2008-2009)

\$ 266.50 per annum, Occupied Residential (240 L bin) (6% increase on 2008-2009)

\$180 per annum, General non-rateable (240 L bin) (6% increase on 2008-2009)

GST is not applicable to the charges. The above fees are charged on the basis of each property serviced multiplied by the number of services provided.

Emergency Services and Bushfire Control Levy:

Section 501 of the Local Government Act (1993) and relevant regulations allow the Council to make an annual charge for the provision of Emergency Services and Bushfire Control. The proceeds from this annual charge are fully expended on the provision of these services. This is an “applicable” Annual Charge for rate pegging purposes. The annual charge for 2009-2010 is \$41.12 for each rateable parcel of land within the Blue Mountains City Council local government area. This is a 3.26% increase on the 2008-2009 charge.

The Council’s Greenhouse and Energy Reduction Targets

In July 2006 the Council adopted a target of achieving a 10% reduction in corporate greenhouse gas emissions on 2004-2005 levels by 2012. This required a reduction in emissions from 18,367 tonnes CO2 equivalent in 2004-2005 to 16,530 tonnes CO2 equivalent by 2012 or a reduction of 1,837 tonnes CO2 equivalent.

The Council has surpassed this target. Greenhouse emissions for 2007-2008 totalled 15,565 tonnes CO2 equivalent - a reduction of 2,802 tonnes. This equates to the achievement of a 15% reduction in emissions in 2008 against the 2004-2005 baseline.

New targets for reducing the Council’s energy consumption and greenhouse gas emissions have now been included in the Draft 2009-2010 Management Plan as detailed in the following Table.

Table 2: New Targets for Reducing the Council’s Energy Consumption and Greenhouse Gas Emissions

Objective	Performance Measure	Performance Target
Reduce the Council’s energy consumption from corporate operations	<i>Council’s electricity and gas consumption</i>	Achieve a 20% reduction in Council’s corporate energy consumption by 2013-2014 using 2007-2008 as the benchmark – through energy efficiency and possible use of alternative renewable energy sources
Reduce the Council’s greenhouse gas emissions (<i>CO2 equivalent</i>) from corporate operations	<i>Council’s greenhouse gas emissions</i>	Achieve a 10% reduction in Council’s corporate greenhouse gas emissions by 2013-2014 using 2007-2008 as the benchmark – through energy efficiency and possible use of alternative renewable energies

These five year targets have been established in consultation with the Council’s energy consultant and with the Council Energy and Water Steering Committee and are based on:

- The Council’s past performance;
- Consideration of resources (staff time and budget) available to implement initiatives; and
- Consideration of initiatives on the Council’s Energy and Water Issues and Actions Register that are still to be implemented.

The targets that have been developed are deemed to be challenging but achievable in terms of the factors considered above.

Whilst the long term goal of the Council is to work towards zero net greenhouse gas emissions from corporate operations (by investigating and implementing a range of efficiency, renewal and off-set strategies), it is recommended that a staged approach to targets with promotion of wins along the way is the best way forward to achieve real greenhouse abatement over the long term.

Sustainability Assessment

Effects	Positive	Negative
Environmental, Social and Economic	<p>The Draft 2009-2010 Management Plan contributes to the achievement of a more sustainable City and Council. The Principal Activities of the Management Plan align directly with Key Directions of the City Vision. The Council has identified the priority focus and services and programs it will undertake over 2009-2013 in response to the City Vision for each of the Principal Activities including Providing Good Government.</p> <p>The Draft 2009-2010 Management Plan highlights the financial sustainability and asset management challenges facing the City and Council and presents strategies and targets to address them. Implementation of this plan will deliver environmental, social, economic and governance benefits for the City and for the Council.</p>	There are no significant negative effects.

Financial implications for the Council

As presented above, the 2009-2010 Management Plan has been developed within the available revenue of the Council. A balanced budget has been achieved for 2009 to 2010.

Legal and Risk Management Issues

The development of the Council 2009-2010 Capital Works Program has included a focus on addressing critical safety and risk management issues.

External Consultation

A limited number of hardcopies of the Draft 2009-2010 Management Plan have been provided at Council libraries and at the Springwood and Katoomba Offices of the Council for viewing only. Hardcopies of the documents will be made widely available to the public after the Council has resolved to place them on public exhibition.

The Local Government Act requires that the Draft Management Plan be placed on public exhibition for a period of 28 days and that the Council considers any written submissions received prior to adopting a Final Plan. The proposed Public Exhibition process is as follows:

- The public exhibition of the Draft Management Plan will be from Thursday 26 March 2009 until Friday 1 May 2009;
- The public exhibition period will be advertised on the Council’s website and in the Gazette on 25 March, 1 April, 8 April and 15 April 2009 with residents being invited to make submissions. This information will also be circulated via various community e-mail networks and provided at Council libraries;
- During the public exhibition period the focus of the Draft Management Plan will be communicated to residents through one or more feature articles in the Gazette;
- Copies of the Draft Management Plan and Detailed Financial Information documents will be available for the public to view and download on the Council’s website (www.bmcc.nsw.gov.au) with hardcopies available at the Council’s libraries and at the Council offices in Katoomba and Springwood or on request; and
- An on-line consultation process is also being investigated with the possible implementation of a trial during this public exhibition period.

Conclusion

It is recommended that the Council endorses the Draft 2009-2010 Management Plan and Financial Supplement for placement on public exhibition. The Plan continues to provide a clear focus and leadership around the challenging work of improving the management and maintenance of the City’s built assets within limited resources and making the Council more financially sustainable.

In summary, the plan represents a significant contribution to continuing ongoing work to translate the community endorsed City Vision into tangible action on the ground.

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ATTACHMENT

**PROPOSED NEW FEES / FEE CHANGES AND SIGNIFICANT INCREASES TO
FEES AND CHARGES FOR 2009-2010**

The following table provides a summary of proposed fees and / or fee changes to be introduced / implemented in 2009-2010.

Page reference in Financial Supplement	Fee description	Total payable (inclusive of GST where applicable)	Comment
Burials and Ashes Placement			
14	Registration of a Burial / Ashes placement / memorial / Burial rights / Ashes reservation	\$30	A registration fee to cover costs associated with the maintenance of a cemetery register.
14	Transfer of Burial Right / Ashes Reservation	\$40	This fee is introduced to recover costs in transferring a burial right / ashes reservation to another party. The fee includes the reissue of the Certificate.
14	Search of cemetery archives	\$40	Council's Cemetery records are made publicly available on Council's website. This fee is applicable where Council is requested to search the records and provide details from the register. The fee is consistent with other Search of Records types.
Family Day Care			
15	New Carer Registration Fee	\$30	Applies to new Carers registering with BMFDC - this is direct cost recovery for the resources supplied to new carers
Environmental Health and Regulatory Compliance			
31	Annual administration fee for food premises	Low risk (classification P3), Medium risk (classification P2), High risk (Classification P1) = \$250.00 High risk (classification) with multiple kitchens and / or bar area = \$500.00	Council is seeking to implement an administration charge on all food premises that will be inspected during the year (in addition to an inspection fee). The fee is permissible under the Food Regulations and aligns Council's charges to those implemented by the NSW Food Authority. The inspection fees have also been adjusted to remove any administrative component. Risk categories are based on those specified under the Food Regulation Partnership.

Page reference in Financial Supplement	Fee description	Total payable (inclusive of GST where applicable)	Comment
33	Septic Safe programme	\$30 per annum for Pump out and the like systems; \$50 per annum for Absorption systems.	This fee replaces an existing fee for the issue of an approval to operate an on-site sewage system, a requirement under the Local Government Act. This fee is currently applied to properties with an aerated system, and will now incorporate all properties with other types of on-site sewage systems. The fee covers costs associated with education initiatives, inspections of systems, issuing an approval to operate as required under the Local Government Act, and administrative costs. This fee replaces any previous charges incurred with the issue of an approval to operate and initial inspection fees. The fee will be applied when either a current approval to operate expires, or until the property's sewer connection. This fee is an annual charge and listed on the Rates notice.
36	Compliance Costs	\$140.00 per hour or part thereof	Compliance costs are prescribed fee under the Protection of the Environment Operations Act. It is proposed to apply this fee to other Acts administered by the Council. The fee seeks to recover some of the costs incurred to ensure compliance with an Order/Notice and may involve reviewing Plans of Action, monitoring and taking action to ensure compliance.
35	Temporary fencing systems (hoardings) – Approval and ongoing use of public land	Approval fee \$220.00 plus Rental / use fee of \$50.00 per week per car parking space - minimum 2 month block rental; Other: \$1.25 per linear meter per week for open fencing, \$2.50 per linear metre per week for solid fencing, \$8.00 per linear metre per week for solid fencing with overhead protective structure.	The schedule also includes a fee for the ongoing use of other public land associated with temporary fencing systems (hoardings). It will apply to existing temporary fencing structures currently occupying public land.

Page reference in Financial Supplement	Fee description	Total payable (inclusive of GST where applicable)	Comment
Protection of the Natural Environment			
39	Nature Based Recreation - fee for administration charge for non payment of fees or failure to notify of non-utilisation of BMCC reserve system for nature based recreation	\$130	This is a fee to cover administration costs for handling non-payment of fees or failure to notify of non-utilisation of reserve system for Nature Based Recreation (effective 28 days after issue of second reminder as per Nature Based Recreation Grievance Procedure).
Land Use Management			
50	Surrender of a development consent or existing use right	\$50	Applies to landowners who wish to surrender a development consent or an existing use right. The application involves assessing the impacts and written advice to the applicant.
51	Approval to light and maintain an open fire	\$70	This is an application fee for an approval to light and maintain an open fire under the Protection of the Environment Operations Act. The application involves a site inspection and assessment prior to the issue of the determination.
51	Construct a temporary enclosure for the purpose of entertainment on community land	\$250	This application is listed under section 68 the Local Government Act. The fee covers costs associated with the assessment of the application.
52	Road Act approval – Assessment of vehicular access design	\$700	This fee applies to assessment of complex driveway designs.
52	Road Act approval – Permanent vehicular access all other types of development	\$700	This fee applies to assessment of applications for vehicular access (excludes single dwelling).
52	Road Act approval – Temporary vehicular access	Single dwelling \$100; all other development \$360	This is a new application which seeks to better manage temporary access to construction sites. It incorporates assessment of the application and a site inspection.
53	Road Act approval – Review of dilapidation report	\$180	This fee seeks to recover costs associated with reviewing a dilapidation report provided by an Applicant as part of the development. The fee includes a site inspection and report.
53	Road Act approval – All other works within the road reserve.	Application / assessment \$180 per hour, minimum \$400	This fee establishes a structure for miscellaneous applications associated with Road Act approvals. The fee includes an assessment of the application by a Development Engineer.

Page reference in Financial Supplement	Fee description	Total payable (inclusive of GST where applicable)	Comment
53	Road Act approval – Final inspection of completed works	Single dwelling \$180 per inspection. All other types of development \$360 per inspection	The final inspection has been separated from general inspections to more accurately reflect the complexity of this inspection. They involve a review of all relevant conditions of consent and a site inspection. Engineering inspection fees have been structured to improve fee capture and transparency.
53	Road Act approval – Application to modify	50% of the original fee paid.	A new fee associated with the assessment of a modification to an approval issued under the Roads Act. This new application type, and the associated fee, is consistent with applications assessed under other Acts.
54	Road Act approval – Temporary fencing systems (hoardings) application and assessment fee	Open fencing system \$110.00, Solid fencing \$220.00, Solid fencing with overhead protective structure \$420.00, In addition to any fees for ongoing use.	This fee will be enacted with the implementation of the policy on temporary fencing structures and the adoption of the fee schedule.
54	Road Act approval – Temporary fencing systems (hoardings) - Use of road reserve	\$1.25 per linear meter per week for open fencing, \$2.50 per linear metre per week for solid fencing, \$8.00 per linear metre per week for solid fencing with overhead protective structure. This is in addition to the application fee to erect a temporary fence.	The schedule includes a fee for the ongoing use of the road reserve associated with temporary fencing systems (hoardings). It will apply to existing temporary fencing structures currently occupying the road reserve.

Page reference in Financial Supplement	Fee description	Total payable (inclusive of GST where applicable)	Comment
56	Building Certificate – unauthorised building works	Building certificate fee plus development application/construction certificate fee, or complying development certificate fee, as would have been required for the unauthorised work, when applicable under the Regulations.	The Environmental Planning & Assessment Act has introduced a new process to manage unauthorised building works. Council’s are now able to charge an additional fee where a building certificate application includes unauthorised building work carried out within the last 24 months. The fee is based on the cost of a development application, construction certificate or complying development certificate that would have been required for the work.
60	Land Use advice -Written confirmation to a Certifier that a Construction Certificate is consistent with the development consent.	\$210 for single dwelling. For all other development \$310 plus \$140 per hour or part thereof after the first hour.	The Environmental Planning & Assessment Act has introduced new processes that allow accredited Certifiers to confirm that the construction certificate and / or Occupation Certificate is consistent with the development consent.
61	Land Use advice – Site inspection and written confirmation prior to the issue of the Occupation Certificate that the building as constructed is consistent with the issue of the development consent.	\$250 for single dwelling. For all other development \$350 plus \$140 per hour or part thereof after the first hour. Additional \$140 per hour or part thereof per additional Council specialist.	
60	Land Use advice -Written confirmation of approval for maintenance works to be undertaken on a heritage building	\$140	The application fee is for Council approval to carry out maintenance work on a Heritage building. It applies to properties under the planning instrument of Local Environmental Plan 2005, as prescribed under section 70.2 of LEP 2005 and is consistent with hourly rates for other land use advice applications.
Library Services			
64	Borrowing/Booking Internet without membership card	0.60 per booking	Increase refers only to booking the internet and is for those patrons who are <u>not</u> current members of the library
Sport and Recreation			
66	Lennox Park Tennis Courts - Court Hire	\$8.00	The Lennox Park Tennis Club has not had a 377 Committee for quite some time and has been managed by a couple of dedicated local residents.
66	Lennox Park Tennis Courts - Court Hire competition match	\$24.00	

Page reference in Financial Supplement	Fee description	Total payable (inclusive of GST where applicable)	Comment
66	Lennox Park Tennis Courts - Annual Family Membership	\$15.00	
66	Lennox Park Tennis Courts - Annual Single Membership	\$7.50	
66	Lennox Park Tennis Courts - Visitors of Members	\$1.00	
66	Parks and Sport grounds Use - Casual Booking - commercial use - more than 250 participants	\$350	New fee to capture circuses, commercial markets etc
66	Sportsground fees – annual payment for use of sportsground by personal trainers	<ul style="list-style-type: none"> • \$1,250 inc GST 6-8 persons • \$598 inc GST 3-5 persons • \$312 inc GST 2 persons or less 	This fee will enable personal trainers, who operate as a commercial concern, to use Council sportsgrounds under an official fee structure.
Sport and Recreation – Aquatic and Leisure Centres			
67-69	Aquatic and Leisure Centre pool admission – for patrons aged 75 and over	FREE	Free pool admission for patrons aged 75 and over
Transport and Public Works			
81	Works conducted on public land which are undertaken to provide significant private benefit.	Full cost of Service Pricing Policy FS /RP	<p>Quotations will be sought to ensure value for money and transparency of process.</p> <p>This fee applies to works where a private benefit is derived from expenditure by Council on public land without these works being instigated to achieve a broader community benefit. The private beneficiary is to meet either the full cost or the pro-rata cost determined to be attributable to the private beneficiary.</p>

Significant Increases in fees and charges 2009-2010

In most service areas, fees and charges have been increased in line with an estimated Consumer Price Index (CPI) increase of approximately 3.4 per cent.

Where the percentage increase for fees and charges has increased significantly more than this and / or where there is a substantial ‘dollar’ increase, the following table provides an explanation.

Page reference in Financial Supplement	Fee description	Approx % and / or \$ increase from previous year	Comment
Community Development			
28	Emergency Services Centre - Use of Training Room & Facilities - Non-Profit weekdays 0900hrs-1700hrs	\$11 to \$15	The Increase in cost is to take into account the technology available for use by those utilising the facility
28	Use of Training Room & Facilities - Profit Users weekdays 0900hrs-1700hrs	\$21 to \$25	The Increase in cost is to take into account the technology available for use by those utilising the facility
28	Use of Training Room & Facilities - profit Users - weekdays after hours and weekend and public holidays	\$26 to \$30	The Increase in cost is to take into account the technology available for use by those utilising the facility
Land Use Management			
52	Roads Act Approval - Road Shoulder, kerb, gutter and road shoulder, half width road, full width road construction	Various	Engineering costs have been increased above CPI to reflect the increased cost in carrying out inspections and assessment. The fees are below comparison with competitive market for this service.
53	Roads Act Approval - Reassessment of Engineering plans	\$140 to \$180	
53	Roads Act Approval - Inspection of works associated with a Roads Act approval.	\$140 to \$180	
53	Roads Act Approval - Reinspection fee for second or subsequent inspection of same work or un-kept appointments.	\$140 to \$220	
58	Bond Inspection Fee - Inspection fee payable on application for the release of the bond	\$140 to \$180	
58	Bond release prior to completion of conditions of consent - Payable where release of subdivision plans required without meeting all the conditions of consent.	\$140 to \$180	
54	Road opening permits	Various	
54	Road opening permits	Various	
Sport and Recreation			
66	Fine for using sportsground when it is closed or for unauthorised use	100% To \$500	This fine has been increased at the suggestion of the Sports Council. Expenses may also be charged for any damage incurred.

Page reference in Financial Supplement	Fee description	Approx % and / or \$ increase from previous year	Comment
66	Casual Booking - commercial use - half day - less than 250 participants	\$35 to \$50	Increase in fee reflects demand for facility upgrades.
66	Casual Booking - commercial use - full day - less than 250 participants	\$55 to \$80	Increase in fee reflects demand for facility upgrades.
Sport and Recreation – Aquatic and Leisure Centres			
67	General entry fees	Various	10% increase to cover increased operating costs
69	Program fees, Learn To Swim and sports	Various	10% increase to cover increased operating costs
70	Aquatic Membership fees	Various	8% increase to cover increased operating costs
70	Fitness and Full Centre Membership fees	Various	8% increase to cover increased operating costs. Also included is an anticipated PPCA claim of \$4.54 per member per month.
74	Air League	\$60pw	For permanent office space and Friday evening use of court 3 at the Katoomba Sports and Aquatic Centre. Reinstatement of a weekly fee not imposed for the past few years.
Transport and Public Access			
79	Access Bus	\$20	The Administration fee for voluntary drivers is increased at the recommendation of Great Community Transport who administer the Access Buses on behalf of the Council. The fee increase will significantly improve the training and information required by Access Bus voluntary drivers, and reflects the administrative and related costs.
78	Echo Point pay & display	Various	Fees restructured to ensure equity and ease of operation for parking meter management.
92	External hire of Council plant	Up to 4.1%	Commercial operation adjusted in accordance with demand and comparable market rates.
Waste Management			
82	Residential 140 ltr bin	7.05% (\$14.00)	Full increase from new Waste Levy and Road maintenance contribution
82	Residential 240 ltr bin	8.78% (\$22.00)	\$10.00 of increase to Waste Levy, a road maintenance contribution and the remainder from increased pricing bias to encourage residents to switch to the smaller bin.

Page reference in Financial Supplement	Fee description	Approx % and / or \$ increase from previous year	Comment
82	General N-R 240 ltr garbage only	5.9% (\$10.00)	Full increase from new Waste Levy
82	Special Category	5.9% (\$10.00)	Full increase from new Waste Levy
82	Mixed Waste - Small Vehicles	12.5% (\$1.00)	\$0.60 from new Waste Levy and remainder rounding to whole \$ for ease of cash handling. It should be noted that the main waste facility servicing Western Sydney (Eastern Creek) charges \$25.00.
82	Mixed Waste - All other loads	16.28% (\$14.00) per tonne	\$10.00 of increase to Waste Levy and remainder from pricing structure change to reflect cost of dealing with mixed waste.
82	Sorted Reusable waste - Untreated Timber	12.5% (\$7.00)	\$5.00 of increase to Waste Levy
83	Sorted Reusable waste - Clean Fill	120% (\$12.00)	\$10.00 of increase to Waste Levy
83	Sorted Reusable waste - Separated bricks, etc	21.4% (\$12.00)	\$10.00 of increase to Waste Levy
83	Inner Spring Mattresses - Single Bed	5% (\$0.50)	Increase to Waste Levy
83	Special Wastes - Waste able to be buried with normal depot waste (including sheet asbestos up to 1 tonne)	18.92% (\$17.50)	\$10.00 of increase to Waste Levy and remainder from pricing structure change to reflect cost of dealing with this waste.
83	Special Wastes - Waste requiring separate burial	26.76% (\$28.50)	\$10.00 of increase to Waste Levy and remainder from pricing structure change to reflect cost of dealing with this waste.
83	Inwards materials fees – resource recovery centre	Up to 7%	Small unit value, due to rounding e.g. increases from \$14 to \$15.
86	Excess pump out volume (per 100L)	6% or 18c per 100L	Additional waste disposal charge.
86	Residential Pump out service (4000L)	5% or 6.36 per service	Additional waste disposal charge and employment cost.
87	Emergency Equipment hire	16% or \$30 per hour	Increased employment disposal and equipment costs.
87	Commercial Waste Collection (240L)	18% or 2.55 per service	Increased tip fees for waste disposal and employment costs.
87	Residential Bulk Waste (booked service)	6% or \$5 per service	Increased tip fees and employment costs
86	Sales – resource recovery centre	Up to 5.5%	Commercial operation adjusted in accordance with demand and comparable market rates.

Page reference in Financial Supplement	Fee description	Approx % and / or \$ increase from previous year	Comment
Governance			
93	Legal searches including the processing of Subpoenas, \$60 lodgement plus \$100 for every hour after	\$208 flat fee to \$60 lodgement plus \$100 for every hour after. The final cost is dependant on size of legal search request.	Previously a \$208 flat fee which does not take into account the varying resource requirements of legal searches. The updated fee schedule is designed to accurately reflect the resource allocation associated with legal searches and brings BMCC in line with other NSW Councils who have adopted similar processes.