

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

Recommendation:

That the Schedule of Invested Monies as at 31 March 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 31 March 2008 is attached for information (refer table 1).

The increased returns, above budget, on the Council investments are due to a greater than anticipated rise in interest rates and increased cash position for the financial year (refer table 6).

Market Commentary

The size and magnitude of the prevailing credit crises should not be underestimated. This is a financial event that continues to impact all asset classes globally from cash and fixed interest to property and shares. The news that the fifth largest investment bank in the US, Bear Stearns, has been bought out by JP Morgan due to serious liquidity issues is testament to the fact that even the most respected of global market professionals are not immune to these events.

There are expectations of further credit rating downgrades of structured securities, such as collateralised debt obligations (CDOs), in the Australian market over the next few months. This will likely occur within the Council portfolio, however, a credit rating downgrade does not necessarily mean the security's interest payments are impinged or face value is reduced, but it may impact the market value of the security which will only be realised if the Council sells prior to maturity.

For the month of March 2008 the Council investments fair value market valuation reduced by \$408,880 (refer table 2). As previously advised this is a market valuation only. The Council's independent investment advisor (Oakvale Capital) has advised that the Council structured investments (with the exception of the Federation CDO) have an underlying composition which would ensure a reasonable expectation that the capital will be paid at the maturity date.

The Reserve Bank of Australia has pointed to increasing inflation pressures and a tight labour market as signs that we are in a very different part of the economic cycle than the US, thereby justifying their ongoing bias toward raising interest rates. These higher interest rates have contributed towards our improved interest income projection for 2007/2008; i.e. Council revised interest income budget is up \$700,000 to \$1,797,500 for 2007/2008.

Based on the Council cash flow projections, there is no short-term requirement to liquidate our long-dated securities for cash flow needs. The Council's independent investment adviser (Oakvale Capital) currently recommends that Council take any opportunity to invest in short-term bank deposits in order to provide better maturity diversification within the portfolio. The Council acted on this advice in the month and re-invested \$6m in high quality short term bank deposits at attractive interest rate levels.

The Council has met with a group of NSW councils and continues to monitor the legal activities of other councils against Lehman Brothers Australia (formerly Grange Securities) and consideration is still being given to the merits of participating in legal action.

The Cole Report on NSW Local Government Investments will be released in April 2008. The Council supports any recommendations that deliver clearer investment guidelines and we expect our investment strategy, since the credit crises, to reflect the intentions of any recommendations of the Cole Report. The Council waits a re-drafting of the Ministerial Investment Order so that we can formally amend our policy direction.

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Attachment

SCHEDULE OF INVESTED MONIES - 31 March 2008 (table 1)

Institution & Fund	Original Rating	Current Rating	Return for month	Face Value	Investment Valuation	Investment Valuation Previous Month	Comment
Adelaide Bank Managed Funds	AAA	AAA	7.75%	0	0	6,600,926	Withdrawn to diversify portfolio & cashflow usage
Bankwest Term Deposit(maturity 23/4/08)	A1+	A1+	7.68%	1,000,000	1,000,000	0	New investment short term bank deposit to diversify portfolio
Bankwest Term Deposit(maturity 30/4/08)	A1+	A1+	7.70%	1,000,000	1,000,000	0	New investment short term bank deposit to diversify portfolio
Bankwest Term Deposit(maturity 7/5/08)	A1+	A1+	7.72%	1,000,000	1,000,000	0	New investment short term bank deposit to diversify portfolio
HAB Professional Funds A/C(at call)			7.20%	3,309,705	3,309,705	0	New investment in cash at call.
Bendigo Bank FRN	BBB	BBB	8.50%	1,000,000	1,000,000	1,000,000	Capital protected
CBA – Palladin Portfolio Note	AA	AA	8.30%	500,000	414,915	414,915	Market value 31 Dec
Generator Income Notes (administered by Rim Securities Ltd)	AAA	AAA	9.14%	1,000,000	905,606	905,606	Valuation 30/6/07
CDO –“Federation” (administered by Lehman Brothers)	AAA	CCC-	8.51%	250,000	37,855	32,925	Market revaluation
FRN and CDO Investment Managed Portfolio (administered by Lehman Brothers)	BBB to AA-	BBB to AA-	8.60%	11,025,000	8,605,483	8,938,968	Market revaluation
Macquarie Cash Management	n/a	n/a	5.69%	258,390	258,390	91,205	Coupon returns
Averon Series AF7 Floating Rate Note(administered by ANZ Bank)	AAA	AAA	8.80%	500,000	444,500	444,500	Valuation 30/9/07
CBA – Equity Linked Note	AA	AA	7.50%	1,000,000	942,700	941,750	Market revaluation
CBA – Callable CPI Linked Note	AA	AA	9.00%	1,000,000	1,021,600	1,014,800	Market revaluation
Athena Series 1 Camelot Notes (administered by ICAP)	AA-	AA-	8.32%	500,000	462,565	511,341	Market revaluation
Aphex Pacific Capital Phoenix Notes (administered by ABN-AMRO Morgans)	AA1	AA1	9.91%	500,000	472,500	518,800	Market revaluation
CBA – Range Accrual Note	AA	AA	7.55%	1,000,000	967,300	960,300	Market revaluation
Total				24,843,095	21,843,119	22,376,036	

(Table 2)

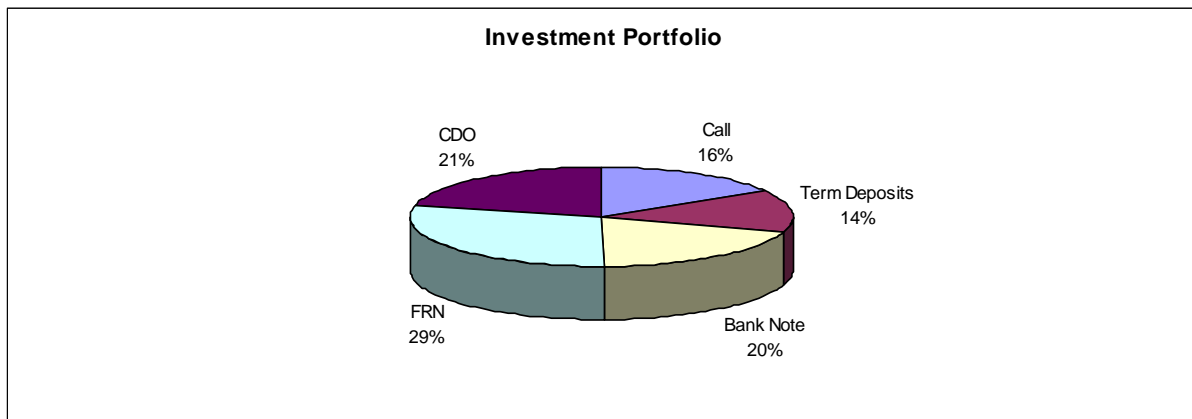
Balance of investments 1 March 2008 (Market Value)	22,376,035
Funds invested during month	8,400,000
Funds withdrawn during month	-8,726,161
Interest re-invested during month	202,125
Revaluation of investments during month. Favourable + Unfavourable -	-408,880
Balance of investments 31 March 2008 (Market Value)	21,843,119

BBSW 30 Days 7.68%

Average Rate of Return for Month 8.15%

The valuations are as at 31 March 2008 unless otherwise advised. The valuations are indicative with no assurance that trades could be completed at such values.

(Table 3)



Call – Cash at Call

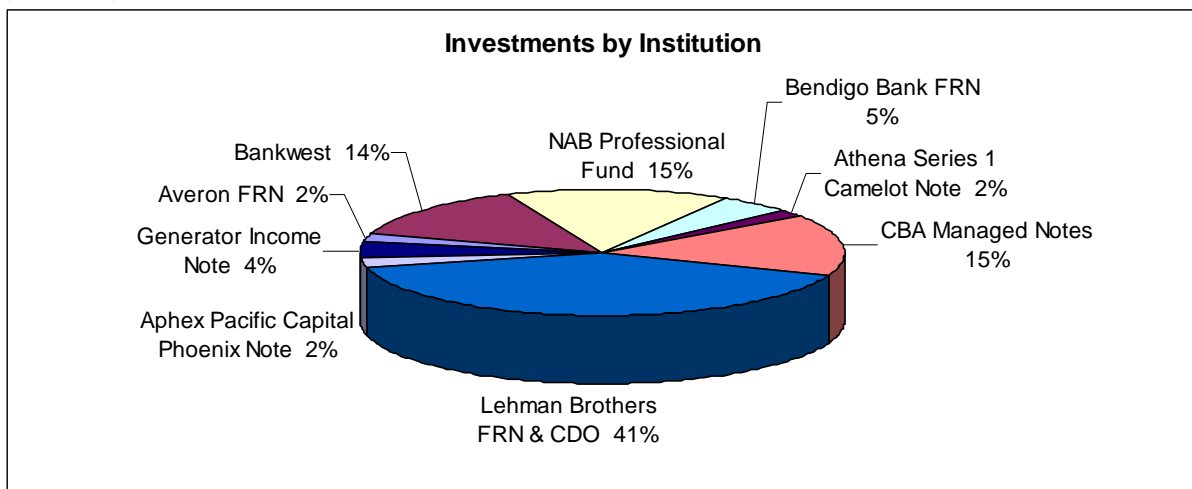
Term Deposits – Deposits for Fixed Term

Bank Note – Structured Notes

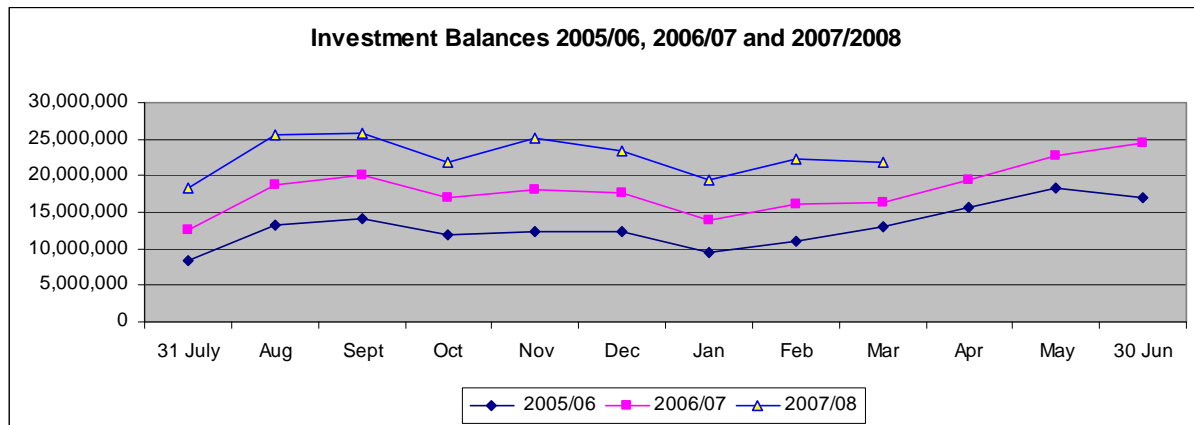
FRN – Floating Rate Note

CDO – Collateralised Debt Obligation

(Table 4)



(Table 5)



(Table 6)

Interest Income - Budget vs Actual

	Actual	Budget
Income to 29 February 2008	1,183,223	1,198,334
Income for month of March 2008	168,682	149,792
Total Income to date	1,351,905	1,348,126
Estimated income for remainder of year	445,595	449,374
Estimated total for year (Revised)	1,797,500	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 Council's 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) and Council's Policy.

Neil Farquharson
Responsible Accounting Officer

ITEM NO: 2**SUBJECT: TENDER FOR AUDIT SERVICES – RFT NO. 2007-007****FILE NO: F04014**

Recommendations:

1. *That the Council accept the tender submitted by Morse Group for Audit Services for the period 1 July 2007 and ending 30 June 2013 for the cost of \$48,840.00 (\$44,400.00 + 4,440.00 GST) in the first year, with provision for annual increases in accordance with the tender submission.*
 2. *That the Council approve annual first year expenditure up to \$53,724.00 (which is made up of \$44,400.00 tender plus \$4,440 contingency plus \$4,884.00 GST) which includes a 10% contingency.*
 3. *That the Council approve an expenditure contingency of up to 10% above the annual contract amount for years two to six of the contract period.*
 4. *That the Council acknowledge the high standard of service given by PricewaterhouseCoopers over the past 12 years and in particular convey appreciation to Mr Dennis Banicevic, Director of PricewaterhouseCoopers.*
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Report by Group Manager, Community & Corporate:**Reason for Report**

The Local Government Act 1993 Section 424 requires tenders to be called for the appointment, or reappointment of a council's auditor, who will hold office for 6 years. The Council's current auditors, PricewaterhouseCoopers, have completed their term of office which has determined the need for this tender. Resolution of the Council is required for a preferred tenderer to be appointed.

Background

The Council requires an auditor to conduct an independent audit of the Council general purpose and specific purpose annual financial reports to ensure they are free of material misstatement in order to express an opinion on them to the Council. The auditor is also required, but not limited to, audit the accounts and records of Section 355 community committees, grant expenditures, rating compliance matters, pensioner rate rebate claims and WorkCover requirements.

PricewaterhouseCoopers have been the Council auditors for the audit period 1 July 1995 and ending 30 June 2007. Their appointment was renewed following a tender process for the period from 1 July 2001.

The Tender

Open tenders were called in accordance with the Council Tendering Guidelines. The tender was advertised in the Sydney Morning Herald on 11 March 2008 and 18 March 2008 and in the Blue Mountains Gazette on 12 March 2008 and 19 March 2008.

Tenders closed at 2.00pm on Wednesday, 2 April 2008. During the course of the tender period no addenda was issued.

The following tenders were received and are listed in apparent order of price excluding CPI and GST.

Tenderer	Year 1	Year 2 est.	Year 3 est.	Year 4 est.	Year 5 est.	Year 6 est.	Total est.
Morse Group (inc. ave weekly earnings less CPI)	\$44,400	\$44,844	\$45,292	\$45,745	\$46,203	\$46,665	\$273,149
PricewaterhouseCoopers (excl CPI)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
Walker Wayland NSW Chartered Accountants (inc. additional 5% annual increase, excl CPI)	\$50,500	\$53,025	\$55,676	\$58,460	\$61,383	\$64,452	\$343,496

Tender Evaluation

A Tender Evaluation Panel (TEP) was established to evaluate the submissions in accordance with the assessment criteria and processes specified within the Request for Tender (RFT) documents. The TEP is required to establish which tender offers the most benefit to the Council. The TEP was made up of three Council staff.

The TEP evaluated tenderers responses and rated tenderers to get an effectiveness comparison. The TEP undertook referee checks on shortlisted tenderers' performance on similar contracts.

Evaluation Criteria

The following table sets out the evaluation criteria for determining the value for money represented by the tenders. The criteria are those notified to tenderers in the RFT. The TEP applied these criteria to evaluate the tenders.

Weighted evaluation criteria were:

Part	Description	Weighting
A	Vendor Profile	7.78%
B	Response to Statement of Requirement	68.78%
C	Compliance Pricing Declaration	23.44%

The various individual components of the vendor profile and response to the statement of requirement were assessed by the TEP for each tenderer.

Evaluation of Value for Money and Risks

Value for money is a comprehensive assessment that takes into account:

- cost represented by the assessment of price;
- value represented by the technical assessment; and
- an assessment of risk in the context of the risk profile presented by the tenderer.

The TEP determined the estimated risk of all tenderers was manageable. Consequently, all tenderers are considered capable of carrying out the requirements of the contract.

Based on the assessment of all evaluation criteria to determine value for money, the TEP recommends that the tender submitted by Morse Group provides best value for money. A comprehensive confidential tender evaluation report is available on file for Councillors' reference.

Sustainability Assessment

The sustainability assessment relates to the recommended tenderer, the Morse Group.

Effects	Positive	Negative
Environmental	<ul style="list-style-type: none"> The Morse Group have stated they are an environmentally aware accounting firm that undertake actions to minimise their negative impacts on the environment. 	Nil
Social	<ul style="list-style-type: none"> Including an auditors statement in the Council financial reports increases the communities confidence in the Council reports and financial records. 	Nil
Economic	<ul style="list-style-type: none"> The Morse Group had the best price effectiveness of all tenders submitted. Auditing ensures there is no gross misstatement in the Council financial recording and reporting. 	Nil

Financial Implications

The audit costs are within the Finance Branch operating expenditure budgeted amounts included in the 07/08 year and 08/09 year.

Legal and Risk Management Issues

The tender process has been conducted in accordance with the Council Procurement Policies. The Tender Review Committee (TRC) has reviewed the tender procedures and is satisfied as to the fairness of the process, and that the process has complied with policies. There are no identified legal or risk management issues related to this matter.

External consultation

No external stakeholder consultation was undertaken.

Conclusion

Based on the assessment of the tenders received, it is recommended that the Council accept the tender submitted by the Morse Group for Audit Services for the period 1 July 2007 and ending 30 June 2013.

The amount tendered is \$48,840.00 (\$44,400.00 + 4,440.00 GST) in the first year with an increase for the change in the average weekly earnings, in future years. A 10% additional contingency is recommended for unforeseen audit requirements.

It is recommended that the Council acknowledge the high standard of service given by PricewaterhouseCoopers and in particular convey appreciation to Mr Dennis Banicevic, Director of PricewaterhouseCoopers.

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ITEM NO: 3

SUBJECT: THIRD QUARTER 2007-2008 REPORT - MANAGEMENT PLAN (INCLUDING CAPITAL WORKS PROGRAM) AND OPERATING BUDGET

FILE NO: F02977

Recommendations:

1. *That the General Manager’s report, together with the accompanying documents titled “Quarterly Review Management Plan including Capital Works March 2008 – 2007/2008” and “Quarterly Review Budget March 2008 – 2007/2008” (both separately enclosed), be noted and endorsed.*

2. *That the variations of income and expenditure as identified in the accompanying documents be noted and endorsed.*

Report by General Manager:

This is the third quarterly progress report on this year’s performance targets and represents the second quarter of Year 4 of the Council four-year Management Plan. This is the final year of the Council’s 2004-2008 Management Plan.

The document “*Quarterly Review Management Plan including Capital Works March 2008 – 2007/2008*” (separately enclosed) provides more detailed information on overall progress and performance in a concise and readable format.

Summary of Third Quarter 2007/2008 Progress

Item	No.	Not Started	On-Target	Behind Target	Complete	Will Not Complete	% On-Target / Completed**
Management Plan Sustainability Priorities	18	0	14	3	1	0	83%
Management Plan Milestones*	28	0	24	0	3	1	96%
Capital Works Projects & Programs**	56	0	32	6	12	6	79%
Environmental Levy Actions	19	0	17	2	0	0	89%
TOTAL	121	0	87	11	16	7	85%

**Excluding Capital Works Program projects and programs*

***Includes projects not scheduled to have commenced and completed projects*

Key Achievements for the Third Quarter***Providing Good Government***

- 2008-2012 organisational business planning and budgeting workshops successfully conducted with Councillors and with managers/staff resulting in balanced budget including allocation of an additional \$500,000 for asset renewal (this being the required year 1 funding for achieving the target of an additional \$6.5 million over 2008 to 2012).
- Four year (2008-2012) rolling capital works program developed, including revised funding principles and assessment process, for reporting to the Council as part of the Draft 2008-2009 Management Plan.
- Review of Council internal and external service categorisation completed to improve consistency and draft master service lists developed for inclusion in the Draft 2008-2009 Management Plan.
- Organisational 'Sustainability Update' report completed and presented to Council's Executive Management Team.
- Preliminary report completed on feasibility of establishing a revolving energy and water / sustainability fund.
- Initial baseline audit of energy use at Katoomba HQ building completed (results to be reported in Q4) as part of the Council's Energy and Water Management Strategy.
- Access to Information Policy finalised following Public Exhibition.
- Citizenship Policy, Procedure and Checklist update completed.
- Draft Enterprise Risk Management Strategy completed.
- E-tendering, E-response and E-assessment process streamlined and being used for tendering process, enabling Council to demonstrate a higher level of probity, transparency and accountability.

Looking after Environment

- Purchase of the new FLOCON cab chassis by Fleet Services has improved both the quality and productivity of the Road Restorations team.
- Significant savings have been realised by undertaking a major refit of an operational grader that included overhauling all mechanical and electrical parts, new engine, body repairs and repaint. This work resulted in a total cost of \$84,397 compared to a replacement cost of \$250,000 for a new unit.
- Refit of works caravans to incorporate a solar panel charger that provides power to support mobile phone recharging, lighting and cooling fan has been completed.
- Clean Up Australia Day event supported 31 groups including 2 Clean Up Conversations (clean up by participants while hearing a talk by NPWS ranger).
- Blue Mountains Youth Environment Summit organised and delivered in partnership with Katoomba High School with 75 student participants.
- Awarded \$1.1 million in grant funding from the Urban Sustainability Grants for Reconnecting to Country (\$600,000), Save our Swamps (\$250,000) and Living Catchments (\$250,000).

Looking after People

- Preliminary assessment of needed community services and facilities completed as part of Springwood revitalization project.

- Coordination of the Council's Access and Equity Working Group undertaken including in-progress implementation of six access and equity minor capital works projects during Quarter 3.
- Directory of physical activity services for older people completed for launching during Seniors Week in April 2008.
- Entered into partnership with the Lower Mountains Family Support service as part of the 'It Takes a Village' project. New Parent's Orientation Kit to be developed.
- Participated NSW Family Day Care Association's Carer Recruitment and Retention subcommittee – a state-wide marketing survey undertaken to assist with marketing strategies to retain carers.
- Achieved agreement in principle with Tourism Australia and Parks Australia for The Greater Blue Mountains Region to participate in National Landscapes Program. Required actions to enable the Greater Blue Mountains Region to participate in the official launch of National Landscapes at the Australian Tourism Exchange 2008 (Perth) are currently being undertaken by the Tourism Branch and the Board of Blue Mountains Tourism Ltd.

Using Land for Living

- Lennox Bridge Conservation Management Plan completed (Grant funded).
- 7 Dog off-leash trials approved across LGA.

Moving Around

- The reseal program for 2007-2008, excepting for some rework, has been completed.
- The footpath lip grinding project has resulted in significant cost savings for the Council.

Working and Learning

- Library events held Quarter 3 included Pizza Making, Instrument Making, Youth Horror Movie Night, Plaster Making and Spider Making, Funky Headbands Workshop and travel bugs show.

Projects Behind Target at the Third Quarter

Sustainability Priorities

Project: Complete Sustainable Asset Management (SAM) Policy for Council adoption.

Comment: The policy has been drafted. Internal review is required prior to presentation to Council's Executive Management Team.

Project: Identify and progress implementation of asset management information technology requirements - IT hardware/software systems approach.

Comment: Request for quotation documents to be advertised during Quarter 4.

Project: Use Long Term Financial Strategy and model to guide sustainable resource allocation.

Comment: All data captured (including recent amendments to major projects) and entered into new financial model. Scenarios are being analysed and presentation of model to occur in Quarter 4.

Looking after Environment

There are no projects under this principal activity that are behind target.

Looking After People

Project: Improve recreational facilities for young people by constructing a skate facility within Winmalee at Summerhayes Park (CWP).

Comment: The construction of the skate park is dependant on the approval of the Development Application by the Council. It is anticipated at this stage that if presented to Council for consideration and it is approved; the project will not be completed this financial year. It is recommended that the project and associated balance of funds be carried forward into 2008-2009 financial year.

Project: Improve amenity and reduce environmental impacts by constructing a replacement toilet facility at Mt York (CWP).

Comment: Supply of toilet building was originally available via State Contract. Building no longer available in State Contract therefore need to call quotes for supply of building. Submission of Land Use Application has been delayed by the need to obtain a Heritage Impact Report. It is recommended that the project and associated balance of funds be carried forward into 2008-2009 financial year.

Using Land for Living

Project: Continue to develop and implement integrated planning for the Mid Mountains focusing on access to public transport and pedestrian mobility linkages.

Comment: Target to document Integrated Planning and Map for Action not met - work plan changed. Revised report drafted at end of quarter, to be developed further with Council's Executive Management Team due to Council adopted change in priority. Will not be achieved in 2007-2008.

Project: Improve resource recovery and improve environmental performance at Blaxland Waste Management Facility by commencing redevelopment of the entry incorporating weighbridge, gatehouse, small vehicle tipping area and upgraded resource recovery facilities as well as creek diversion works (CWP)

Comment: Thiess have now engaged and briefed a new consultant to finalise entry design after further input from Council staff. A meeting has been held with Department of Environment and Climate Change (DECC) and Thiess to submit design documents for creek works (and new cell) 5 March. Further site meeting held 26 March with Thiess and Department of Environment and Climate Change (DECC). Awaiting DECC approval to commence. Work will now commence in Quarter 4.

Project: Blaxland Waste Management Facility Leachate Management (CWP)

Comment: Upstream works completed and commissioned. Downstream works have been delayed extensively due to Sydney Water requirements – final approval obtained to connect to sewer February 2008. All pumping and infrastructure installed and commissioned. Dewatering of downstream construction zone commenced and quality monitoring of ground water is being undertaken. Wet weather is providing obstacles to works program.

Project: Improve safety of Wentworth Falls Reservoir by completing priority upgrade works (CWP)

Comment: Quotes received. The quotes are now being assessed and contract to be awarded mid-April 2008.

Project: Improve park amenity at Warrimoo Oval by tree planting and installation of seating (CWP)

Comment: Works to commence in Quarter 4 after consultation with local residents.

Project: Install a new backwash holding tank at Glenbrook Aquatic centre to comply with Sydney Water requirements (CWP)

*Comment: Land Use Application is approved by Council. Assessing additional Sydney Water requirements for backwash tank. Project deferred to Quarter 1 - 2008-2009 financial year. **It is recommended that the project and associated balance of funds be carried forward into 2008-2009 financial year.***

Project: Design and install a memorial ashes garden at Katoomba Cemetery creating the option for ashes placement in the Upper Mountains (CWP)

Comment: Landscape Management Plan being prepared in mid-April. Works to follow in Quarter 4.

Project: Lawson Town Centre and Surrounds

Comment: Refer to comment in 'Major Projects' section.

Project: Peter Carrol Field Leura - Stage 2

*Comment: Volunteer labour is progressing with construction work. **It is recommended that the project and associated balance of funds be carried forward into 2008-2009 financial year.***

Moving Around

There are no projects under this principal activity that are behind target.

Working and Learning

There are no projects under this principal activity that are behind target.

Summary of Third Quarter 2007/2008 Capital Works Program

This year's Capital Works Program (CWP) budget is \$11,905,781 after incorporation of adopted carryovers and Quarter 1 and 2 variations. At the end of the third quarter, 79% of the capital projects and programs were on-target or completed.

The table below provides a summary of the Council's Quarter 3 capital expenditure compared to previous financial years.

	Mar Qtr 2003/2004	Mar Qtr 2004/2005	Mar Qtr 2005/2006	Mar Qtr 2006/2007	Mar Qtr 2007/2008
Total Budget*	\$17,121,329	\$9,811,037	\$8,779,391	\$7,631,016	\$8,611,389
Total Dollars Spent plus Committals	\$11,831,556	\$6,482,874	\$6,962,108	\$3,841,775	\$5,736,826
% Spent	69.1	66.1	79.3	50.30%	66.62%
<i>Lawson Town Centre Total 07-08 Budget</i>					\$2,671,692
<i>Lawson Town Centre Total Dollars Spent plus Committals</i>					\$435,039
<i>Cultural Centre, Library and Mixed Use Precinct CWP Total 07-08 Budget</i>					\$622,700
<i>Cultural Centre, Library and Mixed Use Precinct Total Dollars Spent plus Committal</i>					\$0
TOTAL CWP BUDGET					\$11,905,781
TOTAL CWP DOLLARS SPENT inc Committals					\$6,171,865

**Excludes Lawson Town Centre projects and Cultural Centre projects*

Four capital works projects that will not be completed this financial year, as detailed earlier in this report, are:

- Replacement toilet facility at Mt York
- Skate facility within Winmalee at Summerhayes Park
- Peter Carrol Field Leura - Stage 2
- New Glenbrook Aquatic Centre backwash holding tank

It is recommended that these projects and associated balance of funds be carried forward into 2008-2009 financial year.

Two other projects that will not be completed this financial year and that were previously reported in Quarter 2 are:

- Constructing a new rural fire brigade station at Valley Heights - Project delayed due to need to resolve zoning issues. *Quarter 3 note: new SEPP likely to allow project to proceed and currently this is being further investigated. Also awaiting design from Rural Fire Service.*
- Replacement of old concrete sewage effluent tank, pumps and effluent pump-out at Echo Point Tourist Precinct – Investigation into the replacement of the concrete effluent tanks has revealed an option to recycle the water for irrigation. This project now has the potential to receive State grant funding. This project and the budget of \$77,000 was approved for carryover to 2008-2009 as part of the Quarter 2 report.

Councillors are referred to the separately enclosed document titled “*Quarterly Review Management Plan including Capital Works March 2008 – 2007/2008*” for comments on individual capital projects and programs.

Summary of Third Quarter 2007/2008 Major Projects

Lawson Town Centre

During 2007-2008 the Council planned to commence the first year of redevelopment works for the Lawson Town Centre.

Some minor works commenced, however, as at 31 March 2008, the project is behind target. This is due to the redesign of the town centre plan and the time required to negotiate a funding agreement with the Roads and Traffic Authority (RTA).

Funding

A funding proposal has now been successfully negotiated. A letter of offer was provided to the Council by the RTA on 1 February 2008 and on 19 February 2008 the Council resolved to accept in principle the RTA’s offer.

Development Application

The Development Application (DA) has been on exhibition.

Detailed Design and Documentation

The Civil Design and Documentation for the construction of Stage 1 is well under way. Quotes were called and received for electrical, water and sewer, land valuation, and landscape architectural consultancy services.

Construction

Construction of local drainage works in Lawson Town Centre commenced on 17 March 2008.

Budget

2007-2008: All Lawson Project Expenditure up to 31 March 2008

Description	Current Expenditure
Previous expenditure	\$2,243,081.78
2007/2008 expenditure	\$372,232.72
Reimbursed by the RTA	-\$1,118,479.17
Invoiced to the RTA	-\$691,243.47
Total cost to the Council	\$805,591.86

The RTA will pay the outstanding invoice of \$691,243.47 once the Memorandum of Understanding (MoU) in relation to the funding has been signed. Once this MoU has been signed the Council can also issue an invoice for \$4,108,756.53.

The contract with Complete Urban Solutions (CUS) is now completed and the final cost incurred by the Council under the CUS contract is \$742,150.00 exclusive of GST.

Blue Mountains Cultural Centre, Library & Ancillary Projects

Blue Mountains Cultural Centre and Library

The Council planned to undertake the following works during 2007-2008 to continue the Cultural Centre, Library and Mixed Used Precinct project, including:

- Commencement of Blue Mountains Cultural Centre site works;
- Progressing planning and design for the new Katoomba Library;
- Strategic development of public art program; and
- Design development of Civic Centre redevelopment, pedestrian linkages and civic connections.

As at 31 March 2008, the project is generally on target. The Development Application (DA) has been lodged by the developer and the DA determination is anticipated by June 2008.

Cultural Centre Site Works

A program has been received from the developer and a Master planning workshop has been held with Root Projects to develop a Master program that incorporates all the ancillary projects. The commencement of site works is dependant on receiving DA consent and relevant approvals.

Library

The shell design for the Library has been completed. Several library visits have been undertaken by the Katoomba Library Technical Advisory Panel to experience different libraries. A workshop is scheduled for 17 April with the Katoomba Library Technical Advisory Panel to determine the scope for the fit out design. Following this workshop a brief will be developed to engage consultancy services to undertake the detailed design and documentation for the Library fit out. The design is to occur in 2008-2009.

Cultural Centre Fit Out

The scope is currently being defined.

Civic Centre & Laneway Connections

The tender for the Civic Centre and Laneway Connections Design and Documentation was advertised on 19 and 20 February and closed on 12 March 2008. A report on the tender is scheduled to go to the Council on 13 May 2008.

Public Art and Interpretive Centre

The Public Art Program and Interpretive Centre planning has commenced.

Summary of Third Quarter 2007/2008 Financial Position

Councillors are referred to the separately enclosed document titled “*Quarterly Review Budget March – 2007/2008*”. The Budget Review is prepared by the Responsible Accounting Officer in accordance with the Local Government (Financial Management) Regulation and details the budget variations that have now been identified and which have not previously been adopted by the Council.

An analysis of the actual results as at March 2008 has resulted in an increase in working capital of \$6,990 from the December 2007 adopted budget and a decrease of \$268,848 from the original budget, giving a revised total working capital as at 30 June 2008 of \$1,550,389.

The following reconciliation illustrates the expected Working Capital position as at 30 March 2008 review:

Actual Working Capital – 1 July, 2007	1,807,000
Original Budget 07/08 Forecast Improvement in Working Capital	12,237
Adopted Council Resolutions	(10,846)
September 2007 Review	(105,480)
December 2007 Review	(159,512)
March 2008 Review	6,990
Revised Estimated Working Capital – 30 June 2008	1,550,389
Working Capital is the net amount of uncommitted funds consisting of:	Estimated 2007/08
Unrestricted current cash	623,000
Current receivables	6,000,000
Inventories	350,000
Prepayments	340,000
Payables (excluding liabilities budgeted next year 2007/08)	(5,608,000)
Cash (overdraft)	(155,000)
Total	1,550,000

Under the Local Government (Financial Management) Regulation the Council’s Responsible Accounting Officer is also required to formally report on whether the Council’s financial position is considered “satisfactory” and if not, what remedial action needs to be taken. The optimum level of working capital for the Council has previously been identified in the range of \$1.5 million to \$1.6 million, which represents the industry standard to allow for stores and the provision of hard-core debtors. Subject to the Council adopting the recommended variations, the estimated effective working capital of \$1,550,389 is satisfactory.

Further Information

Councillors and residents are reminded that further detailed information is contained in the quarterly review enclosures and that they are welcome to contact the Group Managers if they would like further information on what is contained in the Third Quarter 2007-2008 Reviews.

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