

**ITEM NO: 2****SUBJECT: COUNCIL CARETAKER GOVERNMENT ROLE****FILE NO: F03818**

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**Recommendations:**

1. *That the report be noted by the Council.*
  2. *That the Council form the view that the business of this meeting should be conducted as usual as relevant business items were before Council and the community prior to the caretaker period.*
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**Report by General Manager:****Introduction**

The Department of Local Government on 19 June 2008 provided a Circular 08-37 on council decision making prior to the election. In this Circular, advice was provided that Councils should operate like Commonwealth and State Governments in the lead up to the Election following the Close of Rolls on 4 August 2008 and ending on the day the election is declared. This Circular was previously advised to all Councillors via an email and the Councillor Bulletin.

This report is a follow-on to the report provided at the 5 August Council Meeting and is a deliberate inclusion in the Business Paper.

**Circular advice**

In this Circular it was outlined that during caretaker periods, councils should exercise due caution in making major policy decisions that would bind an incoming council.

In summary, during the caretaker period councils are to avoid:

- Determining controversial or significant development applications;
- New or potentially controversial permanent appointments of General Managers;
- Entering major contracts or undertakings; and
- Avoid active distribution of materials if it promotes the current elected Council's policies or emphasises the achievements of an elected member or group.

Routine business of the Council should proceed as normal and decisions should be made in the public interest with regard to all of the circumstance including the urgency of the issue and whether there may be financial or legal repercussions if the matter is deferred. The definition of day to day operations has been questioned by the Local Government Shires Association and the advice from the DLG was that this information is "not intended to impede councils in conducting their day-to-day business or expose them to the risk of litigation through delayed decision-making where a legislative requirements exists."

The warning is given that issues identified during this period eg consents, approvals or actions being fast tracked to avoid election deadlines may, in appropriate cases be referred to the Independent Commission Against Corruption for investigation.

**Position within BMCC for this Council Meeting**

The business of Council being placed before the 5 August 2008 Council Meeting has been in planning by Council Officers, as follows:

- Councillor Briefing and Working Party sessions on significant items contained within the Business Paper occurred between 16 July and 29 July 2008;
- The Draft Business Paper was considered by the Executive Management Team on 22 July; and
- The Business Paper for this Council Meeting was published on Tuesday 29 July 2008.

It is therefore considered appropriate that the business identified in this paper be conducted as usual as all business items were before Council and the community prior to the caretaker period. Matters coming before the Council are often in the formulation stage for a considerable length of time eg in either of the Council adopted 2004-08 Management Plan or the 2008-12 Management Plan, before being actually dealt with at a formal Council meeting. To stifle the machinery of government for such matters, after having taken into account the criteria circulated by the Department of Local Government, is not considered to good governance.

However, if the Councillors consider that an item of business is outside of the criteria mentioned above then it is their prerogative to call that item into question and defer to a subsequent decision by the new Council.

It should be noted that Council Meetings scheduled on 26 August and 9 September 2008 will be subject to the caretaker convention.

**Sustainability Assessment**

<b>Criteria</b>	<b>Positive</b>	<b>Negative</b>
Social	Meets the expectations of the community in terms of good governance and prevents potential costly investigations which could utilise Council resources.	Nil
Environmental	Nil	Nil
Economic	Nil	Nil

**Financial Implications**

Nil.

**Legal and Risk Impacts**

Minimal - business papers are relevant to activities incorporated in the Management Plan for 2008-12 which was adopted on 24 June 2008.

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**ITEM NO: 3**

**SUBJECT: COUNCILLOR POST-ELECTION INFORMATION REQUIREMENTS**

**FILE NO: F03819**

**Recommendations:**

1. *That Council note the potential for a change in date of the 30 September 2008 Council Meeting if the Election results are delayed.*
2. *That Council endorse the continuation of the Working Party process with interim Chairpersons until the end of this calendar year.*
3. *That the recommendations of the Working Party process review be prepared for implementation in February 2009.*

**Report by General Manager:**

**Background**

The Local Government Election 2008 is scheduled for 13 September 2008. Allowing for the 10 day period for results of the election to be available the Council Meeting following the election is scheduled for 30 September 2008.

This report outlines the arrangements for:

- A delay in the election results;
- The necessity to organise the new Council for the first meeting of the Council post-election; and
- The processes to be undertaken to inform the new Council on the business before Council to the end of the Calendar Year.

**Election results timeline and the implications for Council Meetings**

Count results for the 2008 Local Government Election will begin to be released by the NSW Electoral Commission as follows:

<b>Election timeline</b>	
Election	13 September
Initial Count results begin to be posted	15 September
Distribution of preferences	16 September
Results expected (no recount)	17 – 18 September
Recount	19 – 20 September
Final results available	22 September
<b>Current Meeting schedule</b>	
Briefing Session	23 September
Council Meeting	30 September

<b>Amended Meeting schedule</b>	
Councillor induction	23 September
Briefing sessions	30 September
Council Meeting	7 October

In the event of results being delayed beyond 22 September, the Council Meeting scheduled for 30 September 2008 will be postponed to 7 October 2008. This will allow for the new Council to undertake training on Council Meeting process on 30 September 2008.

**The implications of Elections for Council Working Parties**

As a result of a number of current Councillors standing down, a minimum of four new Councillors will be taking positions on Council. The newly elected Council will be involved in a series of induction procedures over October and November to ensure they are well informed in their role. In addition to the induction program, Councillors will be required to be informed of the business of Council. Councillors are currently informed via the Working Party process.

**Option 1**

The Working Party process will continue in its current format with interim Chairpersons until the end of the calendar year, operating as a means for Council to be informed of business to come before the Council. During the first three months of Council a review of Working Party functions will be conducted to determine whether this is a viable business model for Councillors from the 2009 calendar year onward.

In the instance that the Council Meeting scheduled for 30 September 2008 will be postponed to 7 October 2008, the Working Party Schedule will be as follows:

<b>Working Party Schedule</b>	
Councillor induction	23 September
Working Party and Briefing Session	30 September
<i>Council Meeting</i>	<i>7 October</i>
Working Party (Finance and Assets, Policy)	14 October
<i>Council Meeting</i>	<i>21 October</i>
Working Party (Environment and Planning, DA Briefing, Briefing Session)	4 November
<i>Council Meeting</i>	<i>11 November</i>
Working Party (Environment and Planning, DA Briefing, Briefing Session)	18 November
Working Party (Finance and Assets, Community and Facilities)	25 November
<i>Council Meeting</i>	<i>2 December</i>

The newly elected Council will need to resolve the interim Chairs for each Working Party at their first Council Meeting, currently scheduled for 30 September 2008.

**Option 2**

The Working Party process is replaced by a series of Briefing Sessions up until the end of the calendar year as a means for Council to be informed of business before the Council. In the period up to the end of year there will be a series of sessions for Councillors to determine how they receive information on the business of Council from the 2008 calendar year onwards.

**Sustainability Assessment (Triple Bottom Line Reporting):**

There are no sustainability assessment issues relating to this report.

<b>Effects</b>	<b>Positive</b>	<b>Negative</b>
Environmental	Council is equipped to make informed decisions in relation environmental sustainability.	Nil
Social	Council is equipped to make informed decisions in relation to the servicing of ratepayers.	Nil
Economic	Council is equipped to make informed decisions in relation to the appropriate expenditure.	Nil

**Financial implications for the Council**

There is an obligation on the Council to have informed Councillors setting the strategic direction of Council.

**Legal and risk management issues for the Council**

There are no identifiable legal or risk management issues.

**External consultation**

It is considered that no external consultation is required in relation to this matter.

**Conclusion**

In conclusion, Council should consider the potential for a delay in election results which may require postponing the 30 September Council Meeting to the 7 October 2008. The Council also need to determine the most appropriate mechanism to inform Councillors in the short term about the business before Council.

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**ITEM NO: 4****SUBJECT: SCHEDULE OF INVESTED MONIES****FILE NO: C00694**

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**Recommendation:**

*That the Schedule of Invested Monies as at 31 July 2008 be received.*

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**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 July 2008 is attached for information (refer Table 1).

The increased returns, above budget as at 31 July 2008, 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).

Global and Australian investment markets continue to experience high levels of volatility as a consequence of the prevailing global credit crisis. The significant downturn has impacted Australian superannuation funds, Australian 'mum and dad' investors and the Council invested monies are also not immune from the downturn in the global investment market.

CDO and FRN securities within the Council portfolio are the funds most significantly impacted by the global downturn but essentially all asset classes globally from cash and fixed interest to property and shares continue to be impacted. It is important to recognise that the Council entered into these transactions for their steady income stream on a buy and hold basis rather than for their possible trading gains (and losses), as the markets do normally fluctuate. The Council cash flow has not been affected as the Council continues to receive interest coupons based on the face value of the security.

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 been reduced by \$3.9m indicatively between 1 July 2007 and 31 July 2008. If the Council were forced to sell these securities for liquidity reasons it could potentially realise a loss based on current market conditions. However, the Council investment portfolio is structured with adequate diversification to provide sufficient liquidity until the impaired investments mature.

In the reporting period of July 2008 the Council investments fair value market valuation decreased by a further \$978,564 (refer Table 2). As previously advised this is a market valuation only. The Council receives security revaluations periodically (generally monthly) from relevant financial institutions where funds are held and these are reported each and every month to the Council. The revaluations reported in July 2008 are a combination of 2, 3 and in once instance 10 month worth of revaluations since we are at the behest of the fund actuaries who determine the timing of revaluation reports.

Throughout 2007/08 the Council has chosen to be completely transparent and immediately reports the most current security valuation and credit rating that is provided by the fund actuaries in the monthly “Schedule of Invested Monies” reports to the Council.

The Council is in regular consultation with its independent investment advisor, Oakvale Capital and continues to closely monitor the portfolio in the current investment environment to ensure continued compliance and minimal exposure to risk.

To lessen the impact of the market volatility the Council has seized every viable opportunity to redirect investment funds towards bank bills and term deposits. Additionally, it has been decided to adopt a prudent approach to the revaluation issue and an amount of \$1,500,000 has been set aside from working capital funds to an investment revaluation reserve during 2007/08.

The Council is also awaiting preliminary advice from its legal advisor and is also monitoring other council’s legal activity (notably Wingercarribee) to determine whether it is in the Council’s interest to bring a case against Lehman Brothers Australia (formerly Grange Securities) over the fair value loss in the Council investments marketed by Grange Securities.

Changes in investment strategy, policy and investment portfolios have previously been raised with Council and staff will continue to proactively recommend further changes as required.

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(Table 1)

SCHEDULE OF INVESTED MONEY - 31 JULY 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 16/7/08)	A1+	A1+	8.05%	0	0	1,000,000	Withdrawn for cashflow in July 2008
Bankwest Term Deposit (maturity 30/7/08)	A1+	A1+	7.96%	0	0	2,000,000	Withdrawn for cashflow in July 2008
Citybank Term Deposit (maturity 6/8/08)	A1+	A1+	8.03%	2,000,000	2,000,000	2,000,000	no movement in July 2008
Bankwest Term Deposit (maturity 10/9/08)	A1+	A1+	8.00%	1,000,000	1,000,000	1,000,000	no movement in July 2008
IIAB Professional Funds A/C (at call)	n/a	n/a	7.20%	695,226	695,226	4,861,888	Withdrawn for cashflow in July 2008
Bendigo Bank FRM	BBB	BBB	8.98%	1,000,000	911,790	1,000,000	Valuation as at 31 July 2008
CBA – Palladin Portfolio Note	AA	BBB-	8.82%	500,000	103,500	155,700	Valuation as at 30 June 2008
Generator Income Notes (administered by Rim Securities Ltd)	AAA	AAA	9.89%	1,000,000	664,999	763,499	Valuation as at 31 July 2008
CDO –“Federation” (administered by Lehman Brothers)	AAA	CCC-	8.79%	250,000	11,250	15,250	Valuation as at 31 July 2008
FRM and CDO Investment Managed Portfolio (administered by Lehman Brothers)	BBB to AA-	BBB to AA-	8.50%	11,025,000	8,487,824	8,994,807	Valuation as at 31 July 2008
Macquarie Cash Management	n/a	n/a	6.72%	257,637	257,637	210,758	Lehman Bros coupons received for the month held in cash mgt. a/c
Averon Series AF7 Floating Rate Note (administered by AIZ Bank)	AAA	AAA	9.28%	500,000	387,500	444,500	Downward valuation from 30/9/07 to 30/6/08
CBA – Equity Linked Note	AA	AA	7.50%	1,000,000	932,200	937,400	Valuation as at 31 July 2008
CBA – Callable CPI Linked Note	AA	AA	7.65%	1,000,000	878,500	1,015,000	Valuation as at 30 June 2008
Athena Series 1 Camelot Notes (administered by ICAP)	AA-	AA-	8.32%	500,000	449,861	459,482	Valuation as at 31 July 2008
Aphex Pacific Capital Phoenix Notes (administered by ABN-AMRO Morgans)	AA1	AA1	9.91%	500,000	476,700	497,050	Valuation as at 31 July 2008
<b>Total</b>				<b>21,227,863</b>	<b>17,256,987</b>	<b>25,355,334</b>	

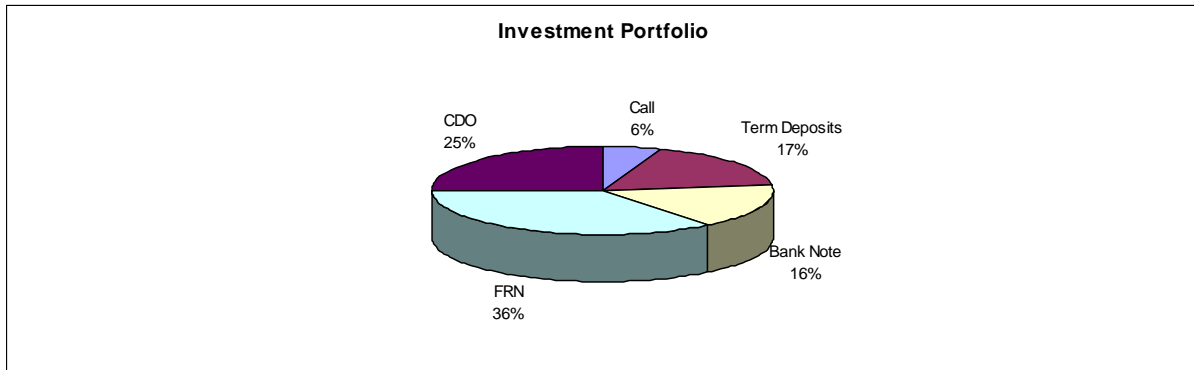
(Table 2)

Balance of investments 1 July 2008 (Market Value)	25,355,334
Funds invested during month (Gross)	600,000
Funds withdrawn during month (Gross)	(7,800,000)
Interest re-invested during month	80,217
Revaluation of investments during month. Favourable/(Unfavourable)	(978,564)
Balance of investments 31 July 2008 (Market Value)	17,256,987

**BBSW 30 Days** 7.52%  
**Average Rate of Return for Month** 8.67%

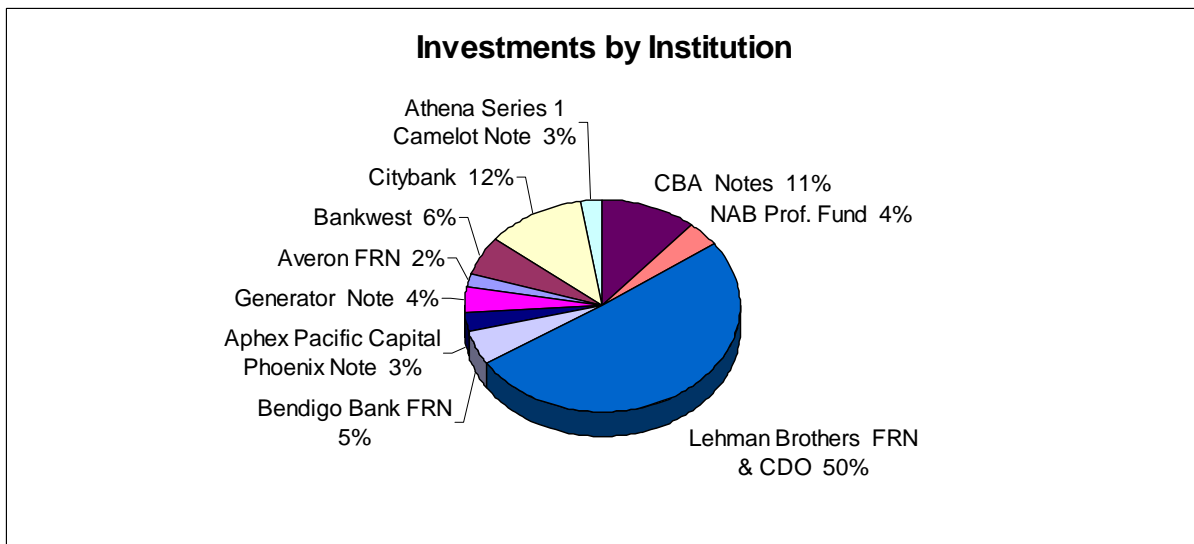
Current market valuations of all investments are as at 31 July 2008 or earlier as advised in the comments column in Table 1. It is also important to note that valuations are indicative only with no assurance that trades could be completed at such values.

(Table 3)

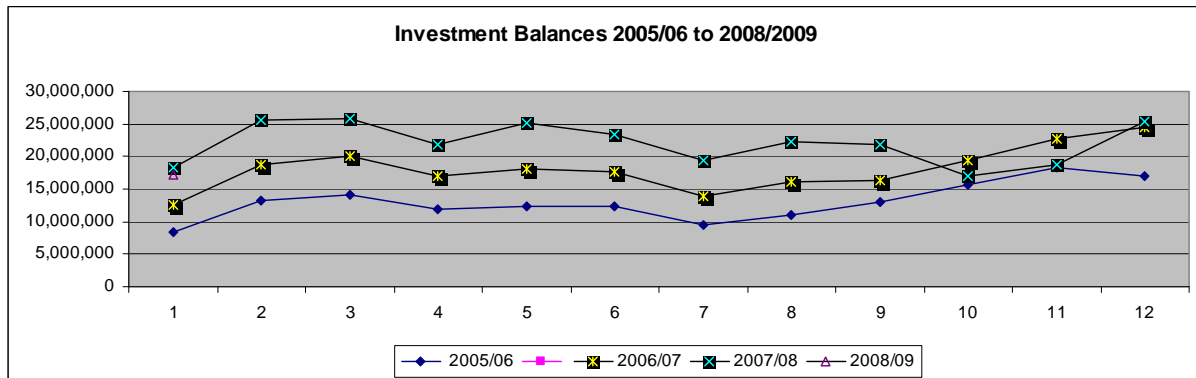


- Call – Cash at Call
- Term Deposits – Deposits for Fixed Term
- Bank Note – Structured Notes
- FRN – Floating Rate Note
- CDO – Collateralised Debt Obligation

(Table 4)



(Table 5)



(Table 6)

**Interest Income - Budget vs Actual**

	Actual	Budget
<b>Income to 31 July 2008</b>	<b>168,369</b>	<b>109,521</b>
<b>Total Income to date</b>	<b>168,369</b>	<b>109,521</b>
<b>Estimated for remainder of year</b>	<b>1,145,881</b>	<b>1,204,729</b>
<b>Estimated total 2008/2009</b>	<b>1,314,250</b>	<b>1,314,250</b>

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: 5****SUBJECT: INDEPENDENT REVIEW PROCESS: MODEL CODE OF CONDUCT****FILE NO: F03819**

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**Recommendations:**

1. *That the Council note the options for progressing the development of the Independent Review Process for Councillors and the General Manager required under the 2008 Model Code of Conduct.*
  2. *That the Council endorse the short-term strategy and broaden the terms of engagement for Mr Geoff Williams, Fraud Prevention Services to operate as an independent reviewer.*
  3. *That the Council endorse exploring a co-operative arrangement through WSROC for the provision of independent review services.*
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**Report by General Manager:****Background**

The Model Code of Conduct for Local Councils in NSW first came into effect on 1 January 2005 and applies to general purpose councils and county councils.

Under Section 440 of the Local Government Act, councils must adopt a Code of Conduct that incorporates provisions that are consistent with the Model Code of Conduct – June 2008 (Code).

The Department of Local Government completed a review of the Model Code of Conduct that included a Reference Group which surveyed Councils for feedback in relation to the Code and its implementation. Their work has resulted in the revised Code prescribed under the *Local Government (General) Regulation 2005* as adopted at the Council Meeting of 5 August 2008.

There were key changes to the Code in terms of how complaints against the Mayor, Councillors and GM are managed by an independent panel/reviewer. This information is outlined below:

*“12.12: ... must resolve to appoint persons independent of council to comprise the members of a conduct review committee and/or to act as sole conduct reviewers.*

The General Manager and Mayor will no longer be on the Code of Conduct Committee which is now called the Conduct Review Committee. Councils can now have conduct review committees or individual reviewers undertake enquiries into alleged breaches – members of these committees or the sole reviewers will be independent of the Council and can act in the role for more than one Council.

There is also a complaint management section to guide all parties in how a review is conducted.

This report outlines both short and longer term strategies for implementing these changes within the body of the report.

### **Current arrangements**

Under the Model Code of Conduct 2005, any alleged breaches of the Code of Conduct were managed by a Conduct Review Committee as follows:

- If the breach related to the Mayor, the Deputy Mayor, General Manager and an independent reviewer would convene to manage and make recommendations about the alleged breach;
- If the breach related to a Councillor the Mayor, the General Manager and an independent reviewer would convene to manage and make recommendations about the alleged breach; and
- If the breach related to the General Manager the Mayor, a Councillor and an independent reviewer would convene to manage and make recommendations about the alleged breach.

In 2007, the Council appointed Mr Geoff Williams of Fraud Prevention Services as the independent reviewer for any alleged breaches of the Code of Conduct by the Mayor, a Councillor or the General Manager. The independent reviewer role up to the advent of the 2008 Model Code of Conduct was to be part of a Council led panel.

### **Future independent review processes**

Councils now have the choice of either independent:

- Conduct Review Committees; or
- Individual reviewers.

In either circumstance the committee or the reviewer undertakes enquiries into alleged breaches. Members of the committee, or a sole reviewer, must be independent of the Council and can act in the role for more than one Council.

### **Options for independent review processes in BMCC**

As the Code of Conduct 2008 was legislated in June 2008 and there will be a Local Government Election in September 2008 it is considered beneficial to have a short-term independent review process while the longer-term independent review process is defined and managed.

#### Short term independent review process

Mr Geoff Williams of Fraud Prevention Services has been the independent reviewer for the Conduct Review Committee under the Code of Conduct 2005. Mr Williams has also been liaising with the Department of Local Government on the development of the 2008 Model Code of Conduct in relation to the independent review process.

Due to this background Mr Williams is considered a viable short term option to deliver on any requirements around alleged breaches of the Code of Conduct by Mayor, Councillors or General Manager.

Long Term Independent Review Processes

There are key options that can be explored for the long term independent review process:

- BMCC establish a Council specific independent review committee of independent reviewers not associated with Council and with suitable credentials; or
- WSROC has offered members Councils the ability to participate in the development of a regional approach to the formation of Conduct Review Committees or independent reviewers.

*Council Specific Option*

The Council specific option for establishing a panel of independent reviewers who can be accessed as individual reviewers or accessed to form a Conduct Review Committee would be an open market process.

*WSROC Option*

WSROC has approached member Councils as follows:

“At its last meeting the WSROC Executive Management Committee resolved to ascertain whether there was any interest among member councils in developing a regional approach to the formation of Conduct Review Committees.

I am therefore writing to seek an informal response regarding whether your council is interested in being involved in developing a regional approach. This could, for example, take the form of establishing a regional panel of appropriately-qualified persons who could be drawn on by all councils to form conduct review committees, possibly with consistent rates of remuneration.”

At this time is considered worthwhile to pursue this option as it may provide:

- Access to a broader range of professional reviewers than those available on an individual council basis; and
- A ‘scale of economy’ fee structure due to greater volume service requirement.

**Sustainability Assessment**

<b>Criteria</b>	<b>Positive</b>	<b>Negative</b>
Social	Provides positive guidance to all identified parties and the community on acceptable standards of behaviour of Council officials and in identifying, resolving and managing alleged breaches of the Code of Conduct.	Nil
Environmental	Nil	Nil
Economic	Nil	Nil

**Financial Implications**

Nil

**Legal and Risk Impacts**

Nil known

**Conclusion**

It is recommended that the Council pursue a solution through WSROC to accessing individual reviewers. A further report should come to the Council before the final decision is made to adopt this model as it is necessary to ensure that professional services are acquired at a 'scale of economy' rate. In the short-term the Council should establish the revised conditions of service with Mr Geoff Williams of Fraud Prevention Services.

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**ITEM NO: 6****SUBJECT: FOURTH QUARTER (END-OF-YEAR) 2007-2008 REPORT -  
MANAGEMENT PLAN INCLUDING CAPITAL WORKS PROGRAM  
AND OPERATING BUDGET****FILE NO: F02974 / F03819**

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**Recommendations:**

1. *That the General Manager's report together with the accompanying documents titled "Quarterly Review Management Plan including Capital Works June 2008 – 2007-2008" and "Quarterly Review Budget June 2008 – 2007-2008" (both separately enclosed) be endorsed.*
  2. *That the variations of income and expenditure as identified in the accompanying documents be endorsed.*
  3. *That the recommended carry forwards to 2008-2009 of unspent 2007-2008 funds, be approved.*
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**Report by General Manager:****Summary**

This report presents an assessment of the performance of the Council in Quarter 4 against the 2007-2008 Management Plan and Budget. This report also marks the completion of final year of the Council's four year Management Plan covering the period 2004-2008. The 2004-2008 Management Plan represented the Council's initial response to the community endorsed *City Vision and Map for Action 2000-2025 – Towards A More Sustainable Blue Mountains*.

In responding to the *City Vision*, the 2004-2008 Management Plan included six Sustainability Priorities and five sustainability-based pilot performance targets. This report presents a summary of results achieved against these priorities and targets over the four year period.

This report outlines key achievements in each Principal Activity in Quarter 4 of 2007-2008 as well as projects not completed. It presents a summary of performance in implementing the 2007-2008 Capital Works Program and Major Projects. Finally the report presents a summary of the Quarter 4 2007-2008 financial position of the Council as further detailed in the separately enclosed document titled "*Quarterly Review Budget June – 2007-2008*".

**Summary for End-of-Year 2007-2008**

The following table presents an overview of the Council's performance in Quarter 4 2007-2008 against Management Plan Sustainability Priorities, Projects and Programs, Capital Works Projects and Programs and Environmental Levy Actions:

<b>Item</b>	<b>No</b>	<b>Complete</b>	<b>Not Completed</b>	<b>% Completed</b>
<i>Management Plan Sustainability Priorities</i>	18	18	0	100%
<i>Management Plan Projects and Programs*</i>	28	28	0	100%
<i>Capital Works Projects &amp; Programs</i>	56	43	13	77%
<i>Environmental Levy Actions</i>	19	17	2	89%
<b>TOTAL</b>	<b>121</b>	<b>106</b>	<b>15</b>	<b>88%</b>

*\*Excluding Capital Works Program projects and programs*

As shown in the table above, the Council has performed satisfactorily against the 2007-2008 Management Plan actions and their corresponding Quarter 4 targets with 88% of projects completed. The document “*Quarterly Review Management Plan including Capital Works June 2008 – 2007-2008*” (separately enclosed) provides more detailed information on overall progress and performance in a concise and readable format.

Of the 15 projects that were not completed in accordance with Quarter 4 targets, 9 projects (7%) were near-complete with expected completion in Quarter 1 of 2008-2009. The remaining 6 projects (5%) experienced longer delays and will be progressed during 2008-2009 pending resolution of more complex issues.

**Sustainability Priorities – Key Achievements 2004-2008**

The 2004-2008 Management Plan established outcomes for six sustainability priority areas. Significantly all priorities were actioned and achieved against set performance measures. The following summary outlines key achievements over 2004-2008 for each sustainability priority.

*Priority 1: To improve the management and condition of built assets for which Council is responsible*

- Version 1 of Sustainable Asset Management (SAM) Plans for all asset classes have been completed. The findings from the SAM Plans have informed the development of the Council’s Capital Works Program and have informed the development of a target for an additional \$6.5 million for asset renewal and maintenance in the City over 2008-2012.

*Priority 2: To manage the community’s resources in a sustainable, responsible and business like way*

- The Long Term Financial Strategy has been completed and regularly updated and has informed the development of financial targets for the organisation.
- Income generation initiatives were progressed with a number of initiatives considered for further development. The ‘Kids Kingdom’ Playland opened on 7 June 2008.
- The Property Disposal and Investment Program was progressed with a number of property sales completed.

- The development and implementation of the 2004-2008 Human Resource Strategy was completed and the development of the next four-year Human Resource Strategy was commenced.

*Priority 3: To deliver an outstanding level of service to Council's customers*

- The Customer Call Centre was established with the development of Customer Service Standards.
- The RTA business was successfully integrated with the Council's Business and Information Centre at the Katoomba Office of the Council.
- Audits of customer service standards were undertaken with the results utilised as part of staff performance reviews.
- E-Pathway (on-line customer service requests, on-line certificate requests and on-line basic development applications) and Consensus (customer service management software) was implemented and an on-line computer process for assessing proposed development applications for commercial, industrial and multi-residential applications was trialled.
- The Electronic Document Management System was introduced in 2006-2007 and was reviewed in 2007-2008 including a review of processes and procedures. Additional training was also provided to staff.

*Priority 4: To provide civic leadership for a City in a World Heritage National Park*

- The first major review of progress in implementing the City Vision and Map for Action 2000-2025 was initiated and a major community consultation conducted on 31 May 2007 with over 120 stakeholders: *A Sustainable Blue Mountains - How Are We Travelling – Tracking Our Progress in Achieving Our City Vision and Map for Action 2000-2025*.
- The first State of the City Report was drafted for Council consideration in 2008-2009.
- A trend data (social, environmental and economic) was developed to support monitoring and reporting on the State of the City.
- An on-line demographic data tool was introduced to the Council's website.
- The Council developed the Sustainable Blue Mountains website as a tool for all stakeholders in monitoring the City's progress in achieving our *City Vision and Map for Action 2000-2025 – Towards a More Sustainable Blue Mountains*.

*Priority 5: To provide information about Council's policy setting and operations in a transparent manner*

- Organisational performance measures and targets were developed and have been included in the 2008-2009 Management Plan.
- A Triple Bottom Line decision-making process was introduced to Council Business Paper reports with the development of supporting tools.
- Councillors and staff were provided with training to support the implementation of triple bottom line assessment and decision making.

*Priority 6: To provide accessible and fairly distributed services and facilities throughout the Local Government Area*

- The *Blue Mountains Service Provision Framework* was developed and adopted by the Council as part of the 2007 Community Plan – including development of a master list of services needed in the City and the need to establish service delivery benchmarks and priorities. Key principles underpinning the framework include: effectiveness,

efficiency and innovation in service provision; sustainability; equity and access; and a spatial planning approach to planning and service provision assessment.

- Building on this work, in 2007-2008 the service planning approach was further developed focusing on the external and internal services specifically provided by the Council. This approach, which is currently being piloted, focuses on the development of integrated business plans for each of the Council's services taking into account such factors as the Council's financial situation, key change drivers, community needs and asset management planning work.

### **Pilot Performance Targets 2004-2008 – Results**

In responding to the *City Vision and Map for Action 2000-2025 – Towards a More Sustainable Blue Mountains*, the Council's 2004-2008 Management Plan introduced five pilot performance targets. The targets were chosen to link with and support sustainability measures being piloted to track progress in achieving the City Vision "on-the-ground" with a focus on tangible results for the community.

Of the five pilot performance targets, the Council achieved two targets with substantial progress made on the remaining three targets (all of which will be fully achieved in 2008-2009).

In summary, the pilot performance targets and status as at June 2008 is as follows:

- Total Annual Waste disposal levels are decreased between 2004-2008 – ***Achieved***.
- Increase in number of disabled access public toilets from 10 in 2004 to 13 in 2008 – ***Not Achieved*** - will be achieved in 2008-2009 with the completion of the Mt Victoria toilets.
- Available capacity of landfill infrastructure is increased from 4 years in 2004 to 11 years in 2008 – ***Not Achieved*** - will be achieved in 2008-2009 with the completion of the new cell at the Blaxland Waste Management Facility.
- Length of off-road shared cycleways is increased from 20.1 km in 2004 to at least 24.1 km in 2008 - ***Achieved***.
- Three hundred businesses achieve accreditation in sustainable business practices by 2008 – ***Not Achieved*** - will be achieved in 2008-2009.

More detailed information on each of these targets is available in the separate enclosure "*Quarterly Review Management Plan including Capital Works June 2008 – 2007-2008*".

### **Other Achievements for the Fourth Quarter**

Other initiatives that were achieved in the final quarter of 2007-2008 are presented below.

#### ***Providing Good Government***

- An on-line induction program for new Councillors was delivered.
- The Council delivered on its election requirements of the NSW Electoral Commission.
- The Council's Serious and Substantial Complaints Policy was adopted following public exhibition.
- A Privacy e-learning package was sourced and purchased for internal staff training.
- The Citizenship Policy, Procedure and Checklist update was completed.
- The Council voluntarily completed the Department of Local Government's 'Better Practice Review'.
- Organisational training in Customer Service Standards and corporate customer service systems was undertaken.

- An Investment Security Review Report on all the Council's investment portfolios was completed.
- Collection of some long outstanding sundry debts was finalised.
- The Council's Fringe Benefit tax return for 2007-2008 was completed and submitted.
- The rating structure was analysed and explained for the Mt Tomah/Berambing community.
- New Valuer General valuations were incorporated into the rating system and rates were calculated for 2008-2009.

***Looking after Environment***

- The Council was successful in its grant application to the Australian Greenhouse Office for \$30,000 for a Blue Mountains Climate Change Risk Assessment. This project will be undertaken in 2008-2009.

***Looking after People***

- Family Day Care commenced working under the new Childcare Management System for the Department of Education, Employment and Workplace relations resulting in more readily available care placements and reports to the department.
- The new Playland (Kids Kingdom) was opened at the Katoomba Sports and Aquatic Centre on Saturday 7 June 2008. The facility is receiving positive acclaim and the 1,847 visitors from the period 7 June to 30 June 2008 has exceeded forecasts.
- The BMCC "Better Read than Blue", Blue Mountains Early Literacy Forum was implemented on 8 April 2008.
- The ArtSpace cultural program was implemented in April 2008 with a dance program "Bite Sized" at the Wentworth Falls School of Arts.
- The Seniors Physical Activity Directory was launched in April 2008.
- The Youth Council Scholarship was presented in April 2008.
- Training in the use of Profile Census Data web based tools was delivered to staff and community sector in April 2008.
- Mental Health Training for local youth workers was supported/ implemented in May 2008.
- New premises for the Blue Mountains Family Support Service were opened in May 2008.
- The Council was successful in obtaining a grant from Festivals Australia to implement the '100 Women Dancing in the Gully' Aboriginal development project.
- The Access For All Art Exhibition was implemented in June 2008 at the Civic Centre.
- An Early Childhood Summit was held in June 2008 attended by 180 children and family workers, organisations and agency representatives including Department of Community Services, the health sector and Department of Education - this Summit focused on further developing a coordinated approach to early childhood service provision in the Blue Mountains.
- A grant funded Youth Safety Event hosted by the BMCC Youth Council was implemented at the Winter Magic Festival held in June 2008.
- Youth Week, Seniors Week and the Blue Fringe Festival were implemented and celebrated in Quarter 4.
- The Blue Mountains City Council Community Donations funding program was adopted by Council for implementation.

- The Community Development Support Expenditure Program (Clubs funding) was coordinated by the Council and recommendations for funding endorsed by the clubs involved.

***Using Land for Living***

- The Council's Waste Services team contributed positively to the organisation of the Winter Magic Festival with changes introduced that resulted in reduced clean up times and a better outcome for the festival.
- Consultation with the flood affected community in the Jamison Creek Flood Risk Management Study and Catchment Plan was undertaken.

***Moving Around***

- The Local Link Road Strategy 1999 was reviewed and an update provided to the 24 June 2008 Council meeting.
- The Draft Blue Mountains Bike Plan 2020 was adopted for public exhibition in April 2008.

***Working and Learning***

- The Greater Blue Mountains Region was included in the inaugural launch of Tourism Australia's National Landscapes onto the international marketing program at the official Australian exchange in Perth in June 2008.
- The Chatterbooks children's book group commenced at Blaxland Library on 3 June 2008 and will run for 6 weeks. The program has been well received with approximately 14 children attending the program.
- Library and Information Week celebrations were held at all library branches.
- 'Simultaneous Story time' was held at Katoomba, Springwood and Blaxland library branches.
- Library school holiday activities included craft activities at all branches, movie nights for children and youth at Springwood library, hip-hop dance lessons at Springwood library and Sparkles the Clown at Katoomba library and Springwood library.
- Cultural Partnerships Program funding recommendations were adopted on 13 May 2008.

***Projects Not Completed as at the End of 2007-2008***

As at the end of June 2008, a number of projects were not completed in accordance with the targets that were set for 2007-2008. These projects have been described as "not completed". These projects are outlined below.

***Looking after Environment******Environmental Levy***

Project: Stormwater Asset Management (2.2)

*Comment: Construction commenced. Contract let for six pre-fabricated stormwater devices. Installation and completion for all stormwater devices scheduled for August 2008.*

***Environmental Levy***

Project: Walking Track & Lookouts Management (6.1)

*Comment: Design completed for Hargraves Lookout. Draft design complete for Darwin's Walk foot bridge. Boardwalk completed for Darwin's Walk. Timber steps completed at Fairy Dell. Stone stair case completed section at Centennial Glen. Fabrication of track signage for*

*3 reserves. Track head sign design and fabrication contractor engaged for 3 reserves – to be completed in 2008-2009.*

### ***Looking after People***

**Project:** Increase bushfire preparedness and community safety by constructing a new rural fire brigade station at Valley Heights (CWP)

*Comment: Project delayed due to need to resolve zoning issues. New SEPP likely to allow project to proceed and currently this is being further investigated. Also awaiting design from Rural Fire Service.*

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

*Comment: Unexpected delays encountered for scheduled project commencement when heritage study and consultation with Aboriginal community were required. Order placed, toilets scheduled for delivery late August with completion currently programmed for late September.*

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

*Comment: Approval to proceed with site work was not achieved. The construction of the skate park is dependent on the approval of the development application by the Council. The Development Application is scheduled to be presented to the Council in Quarter 1, 2008-2009.*

**Project:** Improve safety in Council playgrounds through installation of safer synthetic softfall in priority areas (CWP)

*Comment: Replacement softfall and renewal of associated playground equipment at various locations commenced. However, playground equipment renewal at some locations not yet complete. The contract was awarded and the swings are programmed to be installed in August 2008.*

### ***Using Land for Living***

**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: Redevelopment of entry not completed due to delays in engaging consultant – should be achieved in Quarter 1 of 2008-2009. Creek diversion works not completed due to delays in approval by Department of Environment and Climate Change – should be achieved in Quarter 1 of 2008-2009.*

**Project:** Blaxland Waste Management Facility Leachate Management

*Comment: Not completed due to delays in Sydney Water approvals – will be completed in Quarter 1 of 2008-2009.*

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

*Comment: Project near-completed. Play equipment on order.*

**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. Total cost of project exceeds available budget due to additional requirements by Sydney Water. Funding alternatives are being assessed.*

**Project:** Undertake works to consolidate seven land parcels into three land parcels to allow sale of Council owned land at Pulpit Hill, Katoomba (CWP)

*Comment: Approvals not achieved. Water cycle management, bush fire assessment studies and resultant works to consolidate and make ready for marketing to be undertaken in 2008-2009.*

**Project:** Replace old concrete sewage effluent tank, pumps and effluent pump-out at Echo Point Tourist Precinct to ensure reliable service provision and reduce risk of environmental damage (CWP)

*Comment: 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 and better environmental outcomes... Designs / costings / grant application to be developed during 2008-2009 with implementation planned for 2009-2010.*

**Project:** Katoomba Town Entry (CWP)

*Comment: Quotes exceeded available budget. Scope of work to be reviewed in 2008-2009.*

**Project:** Warrimoo South Neighbourhood Park (CWP)

*Comment: Not completed. Settled on 12 June. Minor holding improvements to be undertaken in 2008-2009.*

**Project:** Peter Carrol Field Leura - Stage 2

*Comment: Volunteer labour is progressing with construction work.*

**Summary of 2007-2008 Capital Works Program**

The 2007-2008 Capital Works Program (CWP) budget was \$8,571,389 after incorporation of adopted carryovers and Quarter 1, 2 and 3 variations (and excluding Lawson Town Centre Redevelopment and Cultural Centre, Library and Ancillary Projects). At the end of 2007-2008, 77% of the capital projects and / or programs were completed.

The table below provides a summary of the Council's end-of-year capital expenditure compared to previous financial years.

	<b>Jun Qtr 2003/2004</b>	<b>Jun Qtr 2004/2005</b>	<b>Jun Qtr 2005/2006</b>	<b>Jun Qtr 2006/2007</b>	<b>Jun Qtr 2007/2008</b>
Total Budget*	\$14,002,354	\$9,811,037	\$8,779,391	\$7,632,664	\$8,571,389
Total Dollars Spent plus Committals	\$12,350,346	\$8,666,489	\$7,331,187	\$5,274,702	\$6,721,121
% Spent	88.20%	88.33%	83.50%	69.10%	78.41%

*\*Excludes Lawson Town Centre Redevelopment Projects and Cultural Centre, Library and Ancillary Projects.*

The capital works projects that will not be completed this financial year according to planned targets, as detailed earlier in this report, and their associated unspent funds are:

- Installation of safer synthetic softfall in priority areas - \$30K committed
- Blaxland Waste Management Facility - commencing redevelopment of the entry incorporating weighbridge, gatehouse, small vehicle tipping area and upgraded resource recovery facilities as well as creek diversion works - \$935K committed
- Warrimoo Oval tree planting and installation of seating - \$13K (\$12K committed)
- Pulpit Hill, Katoomba – consolidation of land parcels - \$168K
- Katoomba Town Entry - \$13K
- Warrimoo South Neighbourhood Park - \$24K
- Blaxland Waste Management Facility leachate management

It is recommended that these projects and associated balance of funds totaling approximately \$1.2 million be carried forward into 2008-2009.

The capital works projects that were substantially completed this year, but require carry forward of remaining funds for final payments of minor outstanding works or for additional works are:

- Modifications to 10 Station Street, Katoomba – \$1K
- Design and install a memorial ashes garden at Katoomba Cemetery – seating – \$2K committed
- Former Lawson Golf Course development - \$31K
- Walking Tracks - \$2K committed
- Cycleway Program - \$19K
- Civil Infrastructure Program (grant funded by Supplementary Department of Transport and Regional Services funding) - \$150K
- Bridge remedial works - \$12K
- Parks and Sportsgrounds Renewal Program – two projects - \$26K (\$14K committed)
- Mt Victoria toilets - \$74K
- Telstra Car Park project - \$125K
- Lawson Landfill site rehabilitation - \$149K

It is recommended that the balance of funds totalling approximately \$568K be carried forward into 2008-2009.

Projects and associated remaining funds that were adopted for carry forward as part of the Quarter 3 report were:

- Replacement toilet facility at Mt York - \$34K committed
- Skate facility within Summerhayes Park at Winmalee - \$196K
- Peter Carrol Field Leura - Stage 2 - \$44K
- New Glenbrook Aquatic Centre backwash holding tank - \$58K

Projects and associated remaining funds that were adopted for carry forward as part of the Quarter 2 report were:

- Constructing a new rural fire brigade station at Valley Heights - \$27K
- Replacement of old concrete sewage effluent tank, pumps and effluent pump-out at Echo Point Tourist Precinct - \$77K

*Quarter 4 note: it is recommended that remaining budget for this project be carried forward to 2009-2010 so that design / costings and grant applications can be undertaken during 2008-2009 with implementation to follow in 2009-2010.*

Overall, approximately \$2.2 million is recommended to be carried forward to 2008-2009 for these capital works projects.

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

**Summary of Major Projects as at End of 2007-2008**

**Lawson Town Centre Redevelopment**

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

As at 30 June 2008, initial works have commenced. The status of the project as at 30 June 2008 is summarised below:

- Development consent has been issued;
- The Memorandum of Understanding between the RTA and the Council for Lawson Town Centre funding and property acquisition has been executed by both parties and the \$4.8 million grant has been received by the Council;
- Construction stages 1, 2, 3 and 4 have been combined (Note: the tender documents for these stages have been completed and the tender was advertised on 8 July 2008);
- Settlement has occurred on the purchase of the properties 3, 5, 7 Honour Avenue and 8 Blind Street;
- Valuations have been completed for all land acquisitions required for the Lawson Town Centre;
- Draft contracts have been prepared and issued for property acquisitions; and
- Council determined the development application for demolition of the Lawson Community Hall on 22 April 2008 and development consent was issued on 24 April. Various conditions of consent in progress. Notice of the consent was sent to the RTA and negotiations have been undertaken regarding implementation of the consent.

**Budget**

2007-2008: All Lawson Project Capital Expenditure up to 30 June 2008:

<b>Description</b>	<b>Capital Expenditure</b>
Previous expenditure	2,242,923
2007-2008 expenditure	2,484,148
Reimbursed by the RTA	2,237,474
Total cost to the Council	2,489,597

It is recommended that unspent funds totalling approximately \$193K (including Lawson Community Hall) be carried forward to 2008-2009.

**Blue Mountains Cultural Centre, Library & Ancillary Projects**

The Council planned to undertake the following works during 2007-2008 to continue the Cultural Centre, Library and Ancillary projects, 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 30 June 2008, the project is generally well progressed. The status of the project as at 30 June 2008 is summarised below:

Cultural Centre Site Works

Development Application assessment in progress. (*Note: Deferred commencement now granted*).

Library

Library tender for the design and documentation has been advertised. Technical brief has been completed.

Cultural Centre Fit Out

Cultural Centre fit out scope has been prepared. Planning continuing.

Civic Centre and Connections

Civic Centre and pedestrian connections consultants have been appointed and the project definition stage has been completed. A Project Advisory Committee cultural facilities visits program has been developed. Working panels have been established.

Public Art and Interpretive Centre

Public Art Program and Interpretive Centre planning commenced. A brief for Expressions of Interest commenced in consultation with Project Advisory Committee.

Budget

2007-2008: All Cultural Centre, Library and Ancillary Project Capital Expenditure up to 30 June 2008:

<b>Description</b>	<b>Capital Expenditure</b>
Previous expenditure	nil
2007-2008 expenditure	25,190
Total cost to the Council	25,190

It is recommended that unspent funds totaling approximately \$70K be carried forward to 2008-2009.

**Summary of Fourth Quarter 2007-2008 Financial Position**

Councillors are referred to the separately enclosed document titled “*Quarterly Review Budget June – 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 June 2008 has resulted in an increase in working capital of \$341 from the original budget, giving a revised total working capital as at 30 June 2008 of \$1,819,578.

The following reconciliation illustrates the expected Working Capital position as at 30 June 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
June 2008 Review	1,865,831
June 2008 Review (Strategic Budget Variation)	(1,100,000)
<b>Working Capital Before Carried Forward Works</b>	<b>2,316,220</b>
Carried Forward Works (working capital funded)	(496,642)
<b>Revised Estimated Working Capital – 30 June 2008 (after carried forward works)</b>	<b>1,819,578</b>
<b>Working Capital is the net amount of uncommitted funds consisting of:</b>	<b>Preliminary Actual 2007-2008</b>
Unrestricted current cash	2,714,000
Current receivables	4,676,000
Inventories	395,000
Prepayments	330,000
Payables (excluding liabilities budgeted next year 2007/08)	(6,295,000)
Cash (overdraft)	0
<b>Total</b>	<b>1,820,000</b>

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 \$1,820,000 provides for liquidity and financial sustainability in the short term.

**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 Quarter 4, 2007-2008 Reviews.

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