

Meeting Date: Tuesday 20 October 2015
Location: Committee Room 2, Level 5, Civic Centre, 1 Devlin Street, Ryde
Time: 6.00pm

NOTICE OF BUSINESS

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1 ELECTION OF CHAIRPERSON AND DEPUTY CHAIRPERSON

Report prepared by: Section Manager - Governance**File No.:** CLM/15/1/8/2 - BP15/1310

REPORT SUMMARY

The Chairperson and Deputy Chairperson of the Finance and Governance Committee are elected for a one (1) year term and the following procedures are to be followed for the election process:

- (a) Determination of method of voting (ordinary ballot, preferential ballot or open voting).
- (b) Announcement of nominations.
- (c) Conduct of election.

RECOMMENDATION:

- (a) That the Committee determine the method of voting for the election of the Chair and Deputy Chair.
- (b) That the General Manager or her delegate, as Returning Officer, undertake the election of the Chair and Deputy Chair for the ensuing twelve (12) months by announcing the nominations and then conducting the election.

ATTACHMENTS

There are no attachments for this report.

Report Prepared By:

Amanda Janvrin
Section Manager - Governance

Report Approved By:

Roy Newsome
Group Manager - Corporate Services

2 INVESTMENT REPORT - September 2015

Report prepared by: Chief Financial Officer**File No.:** FIM/07/6/4/5 - BP15/1417

REPORT SUMMARY

This report details Council's performance of its investment portfolio for September 2015 and compares it against key benchmarks. The report includes the estimated market valuation of Council's investment portfolio, loan liabilities, an update on Council's legal action against various parties and a commentary on significant events in global financial markets.

Council's financial year to date return is 3.19%, which is 1.03% above benchmark. Income from interest on investments and proceeds from sale of investments totals \$1,220K, \$270K above revised budget projections. An adjustment will be made in the September Quarterly Budget Review, which recognises the increased revenue Council has received for Section 94 contributions.

RECOMMENDATION:

That Council endorse the report of the Chief Financial Officer dated 1 October 2015 on Investment Report – September 2015.

ATTACHMENTS

1 P03 Investment Report - September 2015 Attachment

Report Prepared By:

John Todd
Chief Financial Officer

Report Approved By:

Roy Newsome
Group Manager - Corporate Services

ITEM 2 (continued)

Discussion

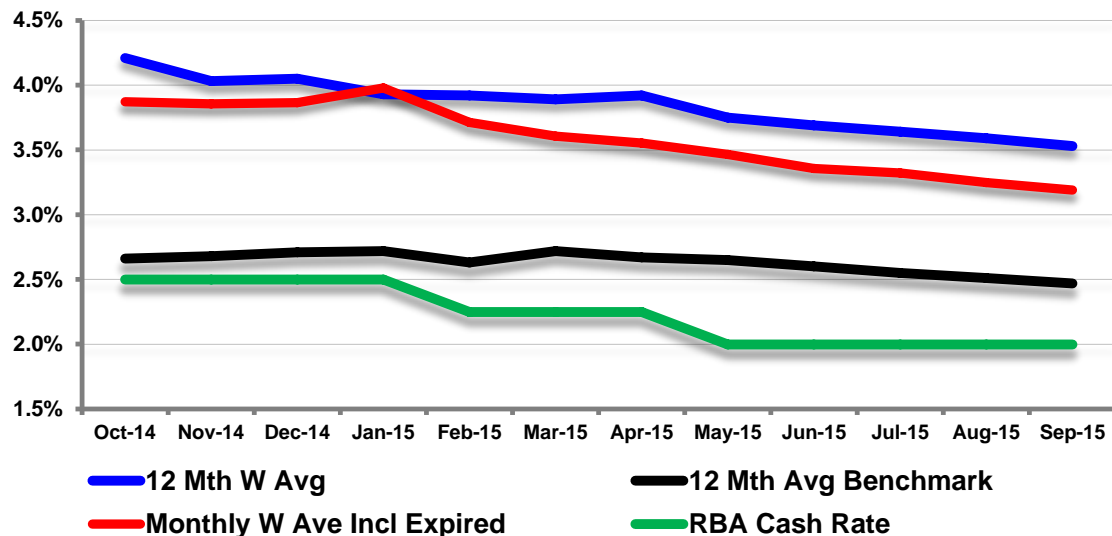
Council's Responsible Accounting Officer, is required to report monthly on Council's Investment Portfolio and certify that the Investments are held in accordance with Council's Investment Policy and Section 625 of the Local Government Act.

Investment Performance Commentary

Council's performance against the benchmark for returns of its investment portfolio for September 2015 and the past 12 months are as follows:

	Sept	12 Mth	FYTD
Council Return	3.19	3.53	3.24
Benchmark	2.16	2.47	2.15
Variance	1.03	1.06	1.09

Performance - All Investments



Council's investment portfolio as at the end of September was as follows:

Cash/Term Deposits	118.7M	77.4%
Floating Rate Notes	32.7M	21.3%
Fixed Bonds	2.0M	1.3%
Total Cash Investments	153.4M	
Investment Properties	136.2M	
Total Investments	289.6M	

ITEM 2 (continued)

Council's investment properties are shown in **ATTACHMENT 1** and this table was updated as at 30 June 2015. The valuations listed have been undertaken in accordance with the revaluation process to 'fair value' by an independent valuer, in compliance with the Australian Accounting Standards. It should be noted that there are three properties, being air rights, the property at Reserve Street, West Ryde, and the Operations Centre in Constitution Road, Meadowbank, which have been revalued, however these values have not been incorporated into the value of the Investment Properties in the Financial Statements, as they do not fit the criteria and we need to have further discussions with Council's External Auditor.

Council continues to utilise the Federal Government's current guarantee (\$250K) investing in Term Deposits with a range of Authorised Deposit Taking Institutions (ADI's) on short to medium term investments (generally 30 days to 180 days maturity) where more competitive rates are available.

Whilst Council has moved some of its investment portfolio out to longer terms, to lock in future returns, it should be noted that there is approximately \$73.1 million of Council's funds held in internal reserves. Should Council consider utilising its internal reserves, this will have a direct impact on the amount of investment income that will be realised and will require a reduction in the future projected investment income and will place pressure on Council to be able to maintain its current level of expenditure on capital projects or maintenance.

Council's income from investments is above the revised projections, due mainly to Council receiving more funds from Section 94 contributions, with investment income for General Revenue remaining steady.

Financial Security Reserve (FSR)

The Financial Security Reserve has a balance of \$3.48 million as at 30 September with no movements this year. A detailed transaction history is included in **ATTACHMENT 1**.

Council has resolved to transfer all proceeds and interest earned on written down investments to this reserve.

The finalisation of all of the Court action is taking longer than anticipated and the receipt of any proceeds from those actions will be transferred to this reserve. Other action that has commenced is noted in the Legal Issues section.

Once all funds are received from all action, it would be prudent to return the funds to the Investment Property Reserve, from which the funds were originally taken to create this reserve.

ITEM 2 (continued)

Economic Commentary

GDP growth figures showed the local economy grew 0.2% in the June quarter with an annual growth rate of 2 per cent, the slowest since 2013. The headline GDP measures production in the economy, but ignores the price received for that production. Falling prices resulted in a decrease in 'real net national disposable income' of 0.9% for the quarter, and down 1.1% for the year, with a falling AUD, it will mean that households will have lower disposable income as the cost of imports rises. The ratio of mortgage debt to disposable income hit a record high in the June quarter of 132.8%. Stocks ended Quarter 3, 8% lower, as fears of a steep economic slowdown hit resources stocks particularly hard.

The slowdown of the Chinese economy has continued to impact negatively on the local economy, with two aspects especially troubling; the speed of the deceleration of growth, and the change in the makeup of that growth away from commodity intensive infrastructure programs towards consumption led growth. The impact of the Chinese economy is having a significant impact on the Australian economy as Australia is the largest exporter of goods into China.

The US Fed left the benchmark rate on hold once again this month, with expectations that it will be lifted by the end of the year.

Legal Issues

The following update is provided in respect of Council's legal action in these matters, which are still to be resolved.

The team from Piper Alderman, led by Amanda Banton, moved to Squire Patton and Boggs, another firm of solicitors. The funders of Council's legal action consented to their representation moving with Amanda Banton and her team, with Council supportive of this change as resolved at its meeting on 10 February 2015.

Over the last 12 months additional legal action was commenced against rating agencies, as part of the original class action against the issuing bodies. The rating agencies are:

- McGraw Hill Companies Inc.; and
- Standard & Poor's International, LLC.

Lehman / Grange IMP

On Friday 21 September 2012, Justice Rares handed down the judgment in this matter, which was in favour of the Councils involved in this legal action.

ITEM 2 (continued)

On 25 September 2013 the Federal Court approved the calling of a meeting of Scheme Creditors of Lehman Australia to consider the proposed Insurance Only Scheme. The applicants and group members in the Lehman Australia class action are Scheme Creditors.

The Scheme is subject to Court approval. The application was listed for hearing on 31 October 2013. The Scheme was approved by the Court on 9 December 2013; all Scheme Creditors are now bound by the Scheme irrespective of whether they have voted for it or even if they voted against it. Council has received a counter offer from Lehman Brothers Australia Limited (in Liquidation), which was \$27k less than the amount claimed. This offer has been accepted by the Acting General Manager under delegated authority. The finalisation of the matter is pending, and it was anticipated to be between March and April 2015, with the most recent update being that the total dividend to be paid will be between 20 and 40c in the dollar.

The first dividend payment of 10.99c in the dollar was received on 30 September 2015.

While the above court action has been proceeding, the related investments of the Lehman / Grange IMP (Merimbula and Global Bank Note) have been finalised and paid to Council. As previously reported, Council has received \$752k for these investments representing full payment of the principal and interest.

Lehman / Grange IMP (Standard and Poors, and McGraw-Hill)

The funding body continued the class action, and is part of the original funding agreement, but required taking out a separate action against McGraw Hill Companies Inc.; and Standard & Poor's International, LLC.

These actions commenced in August 2014.

A recent update from Council's funding body, IMF advises Council that S&P have not complied with the Court's order to provide its evidence by 11 September 2015 and therefore this will see this matter further delayed. It is anticipated that this matter will be listed for a hearing date in August 2016. The Court has ordered S&P to complete its further discovery by 30 October 2015 and to provide its expert evidence by 7 December 2015.

ITEM 2 (continued)

LGFS – Rembrandt

On 5 November 2012, Federal Court Justice Jayne Jagot ruled that Councils were entitled to succeed in their claim for damages against Local Government Financial Services (LGFS), ABN AMRO and Standard & Poors (S&P). This result vindicates Council's Investment in this product with Justice Jayne Jagot finding that LGFS, ABN AMRO and S&P had collectively been responsible for misleading and deceptive conduct and negligent misrepresentation of this investment to Councils.

On 1 March 2013, the Federal Court of Australia awarded compensation and costs to Councils against S&P. Council was awarded \$933K principal (equivalent to the balance outstanding) and \$331K in interest. Of this, 70% is payable to IMF Bentham for their funding of the legal action (including legal costs), resulting in a net benefit to Council of approximately \$382K, which was paid to Council on 4 April 2013.

A teleconference was held on 4 November 2013 with the other Councils involved to discuss GST issues, should a settlement be reached.

The appeal has been heard in relation to this matter, and judgement handed down on Friday 6 June 2014, where the appeal was dismissed, and all the findings of the primary judge, Justice Jagot, were upheld.

Accordingly the Full Court held that each of LGFS, ABN Amro and S&P are individually liable for 100% of Council's losses. The primary orders held them liable for 1/3 each. Council has already received payment from each of the respondents, as indicated above.

CBA – Oasis and Palladin

Council has endorsed City of Ryde being a third party to an action against CBA in relation to the Oasis CDO investments for \$1 million that Council has written down to zero. A mediation session occurred with CBA on 8 October 2013. The mediation was adjourned to allow certain steps to take place and the parties are continuing to engage in "without prejudice" discussions, and the outcome will not be known until mid-2015. These confidential discussions have been continuing and are close to being finalised and Councillors will be advised of the outcome when known. Any settlement out of these discussions will require Court approval, with the last step to be rescheduled due to delays with the settlement documentation.

Whilst Council had written off the Oasis investment, the investment had one further default until it completely defaulted. As previously reported, Council sold the Oasis investment at 35.7 cents in the dollar on the remaining principal of \$625K, being \$223,337. Should Council be successful in this legal action, then this will be taken into account as part of any settlement.

ITEM 2 (continued)

As part of this action, Council is also a party to action against CBA for its investment in the Palladin CDO, of which Council held \$2 million. This investment defaulted in October 2008, and was written down to zero.

Justice Foster has approved a proposed settlement with CBA, in relation to costs, with reasons due to be published in October 2015.

Payment will now be due from CBA, at the latest by the end of November for an interim dividend, subject to the parties taking all the steps required under the Settlement Distribution Scheme. Our solicitors will confirm the amount each claimant is likely to receive and the estimated time frame for payment, during October/November, depending on the response from CBA.

CBA – Oasis and Palladin (Standard and Poors, and McGraw-Hill)

This is a continuation of the class action against CBA for the Oasis and Palladin products, and is part of the original funding agreement, but requires the taking out of a separate action against McGraw Hill Companies Inc.; and Standard & Poor's International, LLC.

Council endorsed in August 2015 to continue as a member of this further class action, under the original funding agreement. This is being filed to ensure that it is within the statute of limitations.

Loan Liability

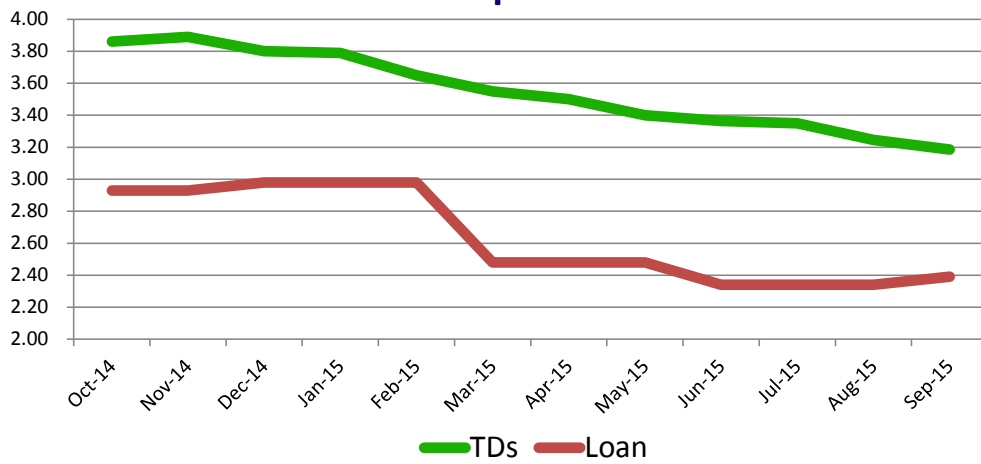
Council's loan liability as at 30 September was \$5.59 million which represents the balance of:

- 1) \$6.8M 15 year loan drawn down in 2004 at 90 Day BBSW + 20 basis points for the Civic Centre Redevelopment and refinancing the West Ryde Tunnel. The interest rate for this loan is reset every quarter;
- 2) \$1.5M 10 year loan drawn down 31 January 2014 at 180 day BBSW +175 basis points for the Children's Play Implementation Plan, which was approved for an LIRS subsidy in Round 2. The interest rate for this loan is reset every six months;
- 3) \$1.2M 7 year loan drawn down 31 January 2014 at 5.24% for construction of the Surf Attraction at the RALC; and
- 4) \$1.5M 10 year loan drawn down 1 September 2014 at 4.95% for Phase 2 of the Children's Play Implementation Plan, which was approved for an LIRS subsidy in Round 3.

ITEM 2 (continued)

There is no advantage to Council in changing the arrangements or repaying the loan as detailed at point 1 above earlier than planned. Council is receiving a better rate of return on its investments than it is paying in interest on this loan. The following graph shows the gap between the average interest rate earned on Council's term deposits (top line) compared to the interest rate applying to loan 1 above (bottom line).

Term Deposits/Loan Interest Rate Comparison



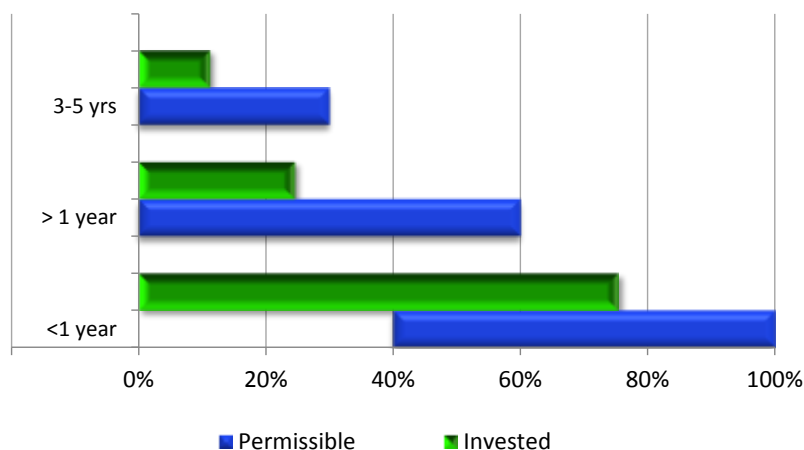
NB: This graph only compares the 2004 NAB loan.

Policy Limits

The following graph shows the limits, as a percentage of total cash investments, of the amounts by period, as allowed under Council's policy, and comparing them to the amounts actually invested, as a percentage of total cash investments.

It shows that the funds invested are within the limits set in the policy.

Policy Limits on Maturities



ITEM 2 (continued)

INVESTMENT SUMMARY AS AT 30 SEPTEMBER 2015

Issuer	Investment Name	Investment Rating	Invested at 30-Sep-15 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2015	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Westpac	1. Westpac At Call	AA-	6,476	1.36	1.75	1.36	4.22	6,476	100.00%
Bank of Queensland	2. Bank of Queensland TD	A-	2,000	3.04	3.42	3.04	1.30	2,000	100.00%
CBA	3. Bankwest Term Deposit	AA-	1,000	3.04	3.35	3.04	0.65	1,000	100.00%
NAB	4. NAB Term Deposit	AA-	1,000	3.55	3.55	3.55	0.65	1,000	100.00%
Westpac	5. Westpac Term Deposit	AA-	1,000	2.81	3.70	2.80	0.65	1,000	100.00%
NAB	6. NAB Term Deposit	AA-	1,000	4.08	4.08	4.08	0.65	1,000	100.00%
AMP	7. AMP TD	A	1,000	2.90	3.32	2.90	0.65	1,000	100.00%
MyState CU	8. MyState CU TD	BBB	1,000	3.02	3.17	3.02	0.65	1,000	100.00%
NAB	9. NAB Term Deposit	AA-	2,000	4.10	4.10	4.10	1.30	2,000	100.00%
CBA	10. Bankwest Term Deposit	AA-	2,000	2.90	3.17	2.90	1.30	2,000	100.00%
CBA	11. Bankwest TD	AA-	2,000	2.92	3.27	2.92	1.30	2,000	100.00%
CBA	12. Bankwest TD	AA-	2,000	2.83	3.39	2.83	1.30	2,000	100.00%
CBA	13. Bankwest Term Deposit	AA-	1,500	3.03	3.29	3.03	0.98	1,500	100.00%
NAB	14. NAB Term Deposit	AA-	2,000	4.05	4.05	4.05	1.30	2,000	100.00%
Defence Bank	15. Defence Bank TD	BBB+	1,000	3.00	3.11	3.00	0.65	1,000	100.00%
Qld Police CU	16. Qld Police CU TD	Unrated	1,000	2.98	2.98	2.98	0.65	1,000	100.00%
Beyond Bank	17. Beyond Bank TD	BBB+	500	2.85	3.15	2.85	0.33	500	100.00%
Bendigo and Adelaide Bank	18. Bendigo Bank TD	A-	1,000	2.70	3.14	2.95	0.65	1,000	100.00%
Peoples Choice CU	19. Peoples Choice CU	BBB+	1,000	2.97	3.10	2.97	0.65	1,000	100.00%
Bendigo and Adelaide Bank	20. Rural Bank	A-	1,000	6.48	6.48	6.48	0.65	1,000	100.00%
Banana Coast CU	21. Bananacoast CU TD	Unrated	500	3.55	3.62	3.55	0.33	500	100.00%
Me Bank	22. ME Bank TD	BBB+	1,000	2.82	3.36	2.84	0.65	1,000	100.00%
CBA	23. Bankwest Term Deposit	AA-	2,000	2.87	4.07	2.98	1.30	2,000	100.00%
IMB	24. IMB TD	BBB+	1,000	2.78	3.27	2.78	0.65	1,000	100.00%
AMP	25. AMP Business Saver	A	986	2.59	2.88	2.58	0.64	986	100.00%
CBA	26. CBA Term Deposit	AA-	1,000	4.55	4.55	4.55	0.65	1,000	100.00%
Newcastle Perm Bldg Soc	27. Newcastle Perm Bldg Soc	BBB+	1,000	2.80	2.97	2.80	0.65	1,000	100.00%
Greater Bldg Soc	28. Greater Bldg Soc TD	BBB	1,000	2.83	3.47	3.09	0.65	1,000	100.00%
Police CU (SA)	29. Police CU - SA	Unrated	1,000	3.11	3.11	3.11	0.65	1,000	100.00%
AMP	30. AMP TD	A	1,000	3.05	4.41	3.05	0.65	1,000	100.00%
CBA	31. CBA TD	AA-	1,000	4.15	4.15	4.15	0.65	1,000	100.00%
CBA	32. CBA TD	AA-	2,000	3.12	3.27	3.12	1.30	2,000	100.00%
Rabobank	33. Rabodirect At-call	AA	5	2.32	2.64	2.32	0.00	5	100.00%
Me Bank	34. ME Bank At Call Account	BBB	3,229	2.52	2.74	2.50	2.10	3,229	100.00%
CBA	35. CBA FRN	AA-	1,000	3.36	3.66	3.38	0.65	1,008	100.76%
Westpac	36. Westpac FRN	AA-	999	3.43	3.70	3.42	0.65	1,004	100.53%
CBA	37. CBA FRN	AA-	999	3.41	3.72	3.43	0.65	1,007	100.76%
NAB	38. NAB FRN	AA-	998	3.64	3.94	3.63	0.65	1,004	100.63%
NAB	39. NAB FRN	AA-	999	3.61	3.92	3.60	0.65	1,005	100.63%
CBA	40. CBA FRN	AA-	998	3.58	3.88	3.59	0.65	1,006	100.76%
ANZ	41. ANZ FRN	AA-	998	3.63	3.90	3.62	0.65	1,003	100.53%
NAB	42. NAB Fixed MTN	AA-	998	6.30	6.26	6.33	0.65	1,047	104.88%
Westpac	43. Westpac Fixed MTN	AA-	999	6.21	6.20	6.31	0.65	1,048	104.93%
Macquarie Bank	44. Macquarie Bank TD	A	500	6.50	6.50	6.50	0.33	500	100.00%
CBA	45. CBA Retail Bond	AA-	969	3.84	4.20	3.88	0.63	970	100.06%
Bendigo and Adelaide Bank	46. Delphi Bank TD	Unrated	250	6.05	6.05	6.05	0.16	250	100.00%
Bendigo and Adelaide Bank	47. Rural Bank TD	A-	1,000	2.87	3.14	2.87	0.65	1,000	100.00%
Me Bank	48. ME Bank TD	BBB+	1,000	2.83	3.38	2.83	0.65	1,000	100.00%
CBA	49. CBA Retail Bonds	AA-	499	4.05	4.41	4.08	0.33	499	100.06%
CBA	50. CBA Retail Bonds	AA-	499	4.08	4.44	4.11	0.33	499	100.06%
Bank of Queensland	51. Bank of Queensland TD	A-	1,000	5.15	5.15	5.15	0.65	1,000	100.00%
Bank of Queensland	52. Bank of Queensland TD	A-	2,000	4.10	4.10	4.10	1.30	2,000	100.00%
BoQ Specialist	53. BoQ Specialist	BBB+	250	6.15	6.15	6.15	0.16	250	100.00%
IMB	54. IMB TD	BBB+	1,000	2.78	3.36	2.99	0.65	1,000	100.00%
CBA	55. CBA Retail Bond	AA-	499	4.00	4.36	4.03	0.33	499	100.06%
CBA	56. CBA Retail Bond	AA-	499	3.99	4.34	4.02	0.33	499	100.06%
Bendigo and Adelaide Bank	57. Rural Bank TD	A-	1,000	2.82	3.29	2.99	0.65	1,000	100.00%
ING	58. ING Floating Rate TD	A-	1,000	4.54	4.82	4.53	0.65	1,000	100.00%
IMB	59. IMB TD	BBB+	2,000	2.80	3.28	2.80	1.30	2,000	100.00%
Bank of Queensland	60. Bank of Queensland TD	A-	1,000	2.97	3.43	2.97	0.65	1,000	100.00%
NAB	61. NAB TD	AA-	2,000	3.55	3.67	3.55	1.30	2,000	100.00%
Me Bank	62. ME Bank TD	BBB+	1,000	2.98	3.27	2.98	0.65	1,000	100.00%
Bank of Queensland	63. Bank of Queensland FRN	A-	2,000	3.80	4.09	3.80	1.30	2,005	100.23%

ITEM 2 (continued)

Issuer	Investment Name	Investment Rating	Invested at 30-Sep-15 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2015	% of Total Invested	Indicative Market Value ** \$000's	% Market Value
Bendigo and Adelaide Bank	64. Bendigo Bank TD	A-	1,000	2.85	3.32	2.82	0.65	1,000	100.00%
Bendigo and Adelaide Bank	65. Bendigo & Adelaide Bank FRN	A-	1,000	3.39	3.66	3.39	0.65	1,007	100.74%
CBA	66. CBA TD	AA-	1,000	3.19	3.19	3.19	0.65	1,000	100.00%
CBA	67. CBA TD	AA-	1,000	3.75	3.74	3.75	0.65	1,000	100.00%
NAB	68. NAB TD	AA-	1,000	3.55	3.57	3.55	0.65	1,000	100.00%
NAB	69. NAB Term Deposit	AA-	1,000	2.86	3.94	3.29	0.65	1,000	100.00%
NAB	70. NAB Term Deposit	AA-	1,000	2.87	4.04	3.34	0.65	1,000	100.00%
AMP	71. AMP Term Deposit	A+	2,000	3.30	3.35	3.30	1.30	2,000	100.00%
Bank of Queensland	72. Bank of Queensland TD	A-	2,000	3.15	3.35	3.15	1.30	2,000	100.00%
NAB	73. NAB TD	AA-	2,000	3.55	3.55	3.55	1.30	2,000	100.00%
Bendigo and Adelaide Bank	74. Bendigo and Adelaide Bank FRN	A-	2,000	3.46	3.73	3.46	1.30	2,027	101.34%
Bendigo and Adelaide Bank	75. Rural Bank TD	A-	2,000	2.97	3.22	2.97	1.30	2,000	100.00%
Auswide Bank	76. Auswide Bank TD	BBB	1,000	3.04	3.20	3.04	0.65	1,000	100.00%
Newcastle Perm Bldg Soc	77. Newcastle Perm Bldg Soc	BBB+	1,000	3.03	3.19	3.03	0.65	1,000	100.00%
Westpac	78. WBC Floating TD	AA-	1,000	3.13	3.41	3.13	0.65	1,000	100.00%
CUA	79. CUA FRN	BBB+	1,000	3.51	3.81	3.50	0.65	1,002	100.21%
Peoples Choice CU	80. Peoples Choice CU TD	BBB+	1,000	2.82	2.82	2.82	0.65	1,000	100.00%
CUA	81. CUA TD	BBB+	1,000	3.05	3.36	3.05	0.65	1,000	100.00%
NAB	82. NAB Flexi TD 2	AA-	1,000	3.18	3.45	3.18	0.65	1,000	100.00%
Bank of Queensland	83. Bankwest TD	AA-	2,000	2.93	3.19	2.93	1.30	2,000	100.00%
Bank of Queensland	84. Bank of Queensland FRN	A-	1,000	3.21	3.49	3.21	0.65	1,005	100.49%
AMP	85. AMP Notice Account	A+	1,040	2.73	3.02	2.73	0.68	1,040	100.00%
NAB	86. NAB TD	AA-	2,000	2.87	3.50	3.12	1.30	2,000	100.00%
Police Bank	87. Police Bank FRN	BBB+	1,000	3.28	3.55	3.27	0.65	1,002	100.18%
Newcastle Perm Bldg Soc	88. Newcastle Perm Bldg Soc TD	BBB+	1,000	2.73	3.24	2.73	0.65	1,000	100.00%
Bendigo and Adelaide Bank	89. Bendigo Bank TD	A-	2,000	2.82	3.28	2.93	1.30	2,000	100.00%
CUA	90. CUA TD	BBB+	1,000	3.10	3.30	3.10	0.65	1,000	100.00%
Newcastle Perm Bldg Soc	91. Newcastle Perm Bldg Soc	BBB+	1,000	2.70	3.15	2.70	0.65	1,000	100.00%
ANZ	92. ANZ FRN	AA-	2,000	3.03	3.28	3.02	1.30	2,007	100.35%
Me Bank	93. ME Bank FRN	BBB+	2,000	3.18	3.42	3.18	1.30	2,001	100.04%
NAB	94. NAB TD	AA-	2,000	3.55	3.55	3.55	1.30	2,000	100.00%
CBA	95. Bankwest TD	AA-	2,000	2.85	3.13	2.85	1.30	2,000	100.00%
Bendigo and Adelaide Bank	96. Rural Bank TD	A-	2,000	2.92	3.16	2.92	1.30	2,000	100.00%
QT Mutual Bank	97. Queensland Teachers Mutual Bank FRN	BBB+	1,000	3.26	3.49	3.25	0.65	1,001	100.11%
Teachers Mutual Bank	98. Teachers Mutual Bank	BBB+	1,000	3.24	3.47	3.23	0.65	1,001	100.10%
Auswide Bank	99. Auswide Bank TD	BBB	750	3.01	3.16	3.01	0.49	750	100.00%
MyState CU	100. MyState CU TD	BBB	750	3.60	3.60	3.60	0.49	750	100.00%
CBA	101. Bankwest TD	AA-	2,000	2.83	3.17	2.98	1.30	2,000	100.00%
CBA	102. Bankwest TD	AA-	2,000	2.92	3.03	2.92	1.30	2,000	100.00%
NAB	103. NAB Flexi TD	AA-	1,000	3.20	3.41	3.21	0.65	1,000	100.00%
Westpac	104. Westpac FRN	AA-	2,000	3.06	3.30	3.09	1.30	2,001	100.04%
Bendigo and Adelaide Bank	105. Rural Bank Ltd	A-	1,000	2.87	3.04	3.00	0.65	1,000	100.00%
Macquarie Bank	106. Macquarie Bank FRN	A	750	3.28	3.35	3.29	0.49	751	100.08%
CBA	107. CBA TD	AA+	2,000	3.15	3.15	3.15	1.30	2,000	100.00%
Newcastle Perm Bldg Soc	108. Newcastle Perm Bldg Soc FRN	BBB+	1,000	3.53	3.53	3.53	0.65	999	99.87%
Heritage Bank	109. Heritage Bank FRN	BBB+	1,000	3.34	3.35	3.34	0.65	999	99.88%
Bendigo and Adelaide Bank	110. Bendigo Bank TD	A-	2,000	2.92	2.92	2.92	1.30	2,000	100.00%
CBA	111. CBA FRN	AA-	2,000	3.08	3.07	3.07	1.30	2,000	100.00%
Westpac	112. Westpac FRN	AA-	1,000	3.06	3.06	3.06	0.65	1,000	100.00%
CBA	113. CBA TD	AA-	2,000	2.84	2.84	2.84	1.30	2,000	100.00%
Bendigo and Adelaide Bank	114. Bendigo Bank FRN	A-	1,000	3.28	3.28	3.28	0.65	997	99.73%
CBA	115. CBA TD	AA-	2,000	2.71	2.71	2.71	1.30	2,000	100.00%
CBA	116. CBA TD	AA-	2,000	2.85	2.85	2.85	1.30	2,000	100.00%
NAB	117. NAB TD	AA-	2,000	3.02	3.02	3.02	1.30	2,000	100.00%
			153,439	3.19	3.48	3.22	100	153,638	

ITEM 2 (continued)

*Monthly returns when annualised can appear to exaggerate performance

**Market valuations are indicative prices only, and do not necessarily reflect the price at which a transaction could be entered into.

Return including Matured/Traded Investments	Sep	12 Mth	FYTD
Weighted Average Return	3.19	3.53	3.24
Benchmark Return: AusBond Bank Bill Index (%)	2.16	2.47	2.15
Variance From Benchmark (%)	1.03	1.06	1.09

Investment Income

	\$000's
This Period	437
Financial Year To Date	1,220
Budget Profile	950
Variance from Budget - \$	270

Certificate of the Chief Financial Officer (Responsible Accounting Officer)

I certify that as at the date of this report, the investments listed have been made and are held in compliance with Council's Investment Policy and applicable legislation.



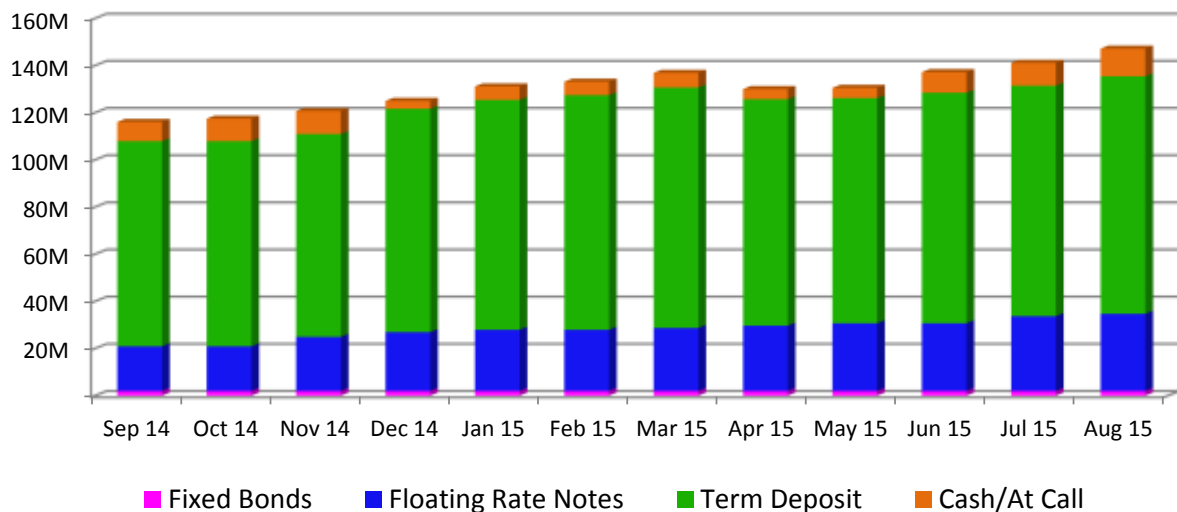
John Todd Date: 01/10/2015

Analysis of investments

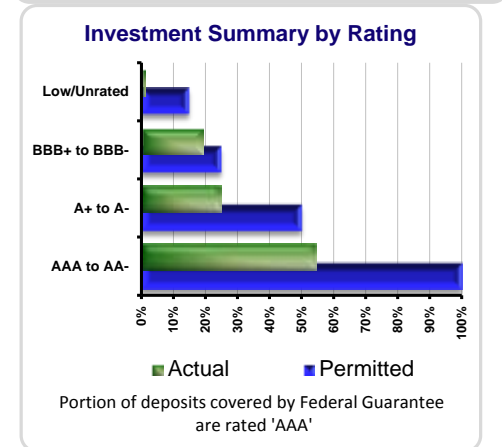
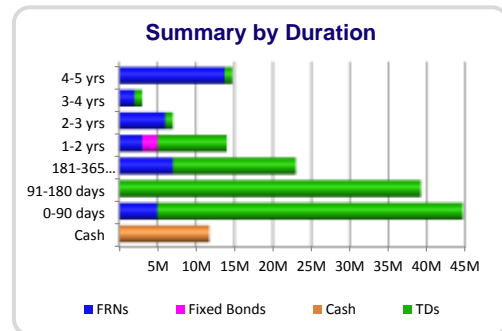
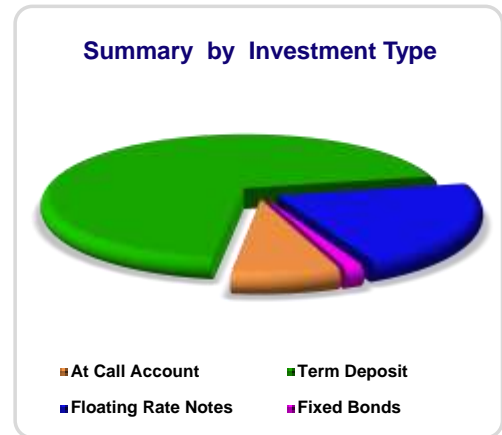
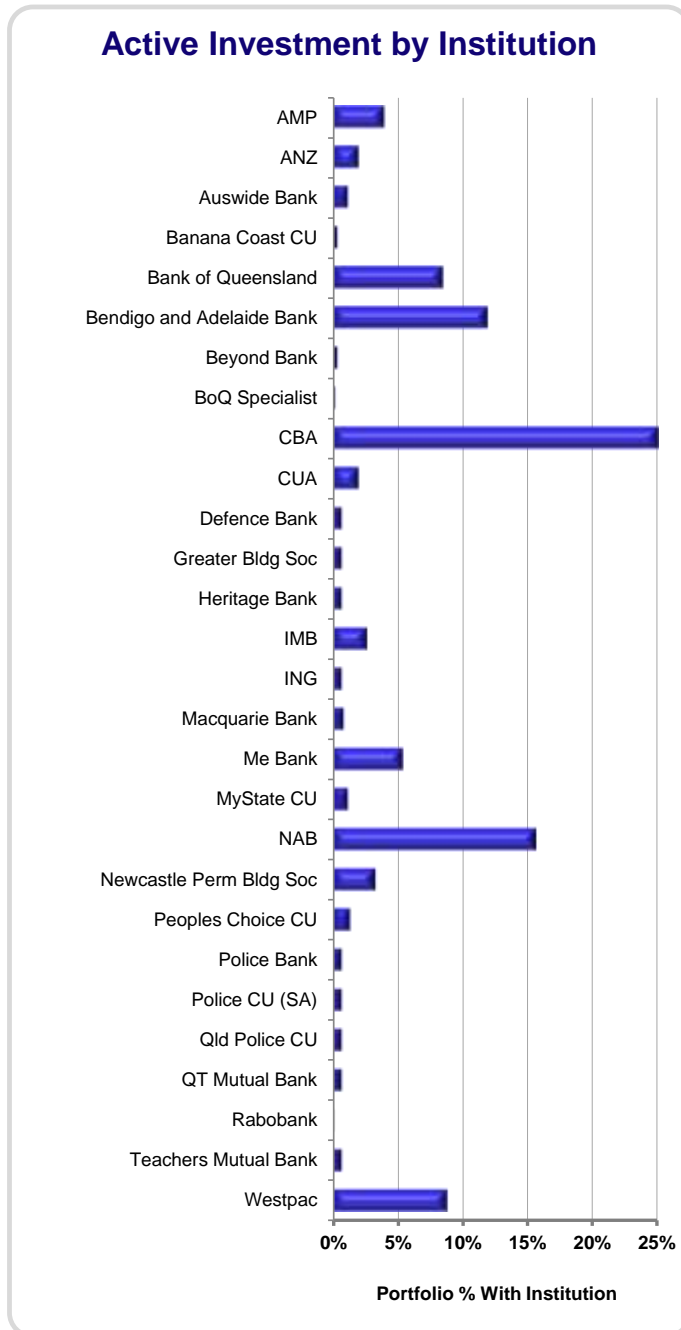
The following graphs show analysis of the total cash investments by:

- Type of investment
- Institution
- Duration
- Rating

Total Funds Invested



ITEM 2 (continued)



	<365 days	>365 days
Cash/TDs	\$106.7M	\$12.0M
FRNs	\$12.0M	\$20.8M
Fixed Bonds	\$0.0M	\$2.0M
	\$118.7M	\$34.7M

ITEM 2 (continued)

Context

The recommendation is consistent with Section 625 of the Local Government Act, which deals with the investment of surplus funds by Councils.

Financial Implications

Income from interest on investments and proceeds from sales of investments totals \$1,220K, being \$270K above revised budget projections, with an adjustment being made in the September Quarterly Budget Review. The increase in interest is due mainly to Council receiving more funds for Section 94 contributions.

The Financial Security Reserve has a current balance of \$3.48 million.

ITEM 2 (continued)
ATTACHMENT 1
Council's Property Investment Portfolio

The following properties were held as part of Council's Property Investment portfolio;

Property	\$' M
1A Station St, West Ryde	1.05
2 Dickson Ave, West Ryde	0.82
8 Chatham Rd, West Ryde	1.17
202 Rowe Street, Eastwood	2.95
226 Victoria Rd, Gladesville	0.30
7 Anthony Road, West Ryde Car Park site, West Ryde	4.76
7 Coulter Street, Coulter St Car Park, Gladesville	16.35
6-12 Glen Street, Glen Street Car Park, Eastwood	30.40
2 Pittwater Road, John Wilson Car Park, Gladesville	6.44
150 Coxs Road, Cox Rd Car Park, North Ryde	1.35
33-35 Blaxland Road, Argyle Centre, Ryde	6.50
19-21 Church Street and 16 Devlin Street, Ryde	3.52
741-747 Victoria Road, Ryde (Battery World)	1.88
53-71 Rowe Street, Eastwood	2.23
39 Church Street, Ryde	25.91
Total Investment Properties as per the Financial Statements	105.63
Herring Road Air Space Rights ⁽¹⁾	0.50
6 Reserve Street, West Ryde ⁽²⁾	1.80
1 Constitution Road, Operations Centre, Meadowbank ⁽³⁾	28.25
PROPERTIES HELD FOR RE-SALE	136.18

(1) This has been valued, but is yet to be brought to account within the Financial Statements. Discussion with the auditors did not clarify the situation.

(2) The value in the Financial Statements is currently zero, with the land being valued at \$1.8m; this is due to the current construction of the new units. Once completed they will be revalued and the valuation updated.

(3) The value for this is currently held in Non-Current Assets in Note 9, and once vacated by Council, it will be transferred to Investment Properties within the Financial Statements.

Benchmark

The Australian UBS Bank Bill index is constructed as a benchmark to represent the performance of a passively managed short-term money market portfolio. It comprises thirteen Bank Bills of equal face value, each with a maturity seven days apart. The average term to maturity is approximately 45 days.

A Bank Bill is a non-interest bearing security issued by a bank whereby the bank takes on an obligation to pay an investor a fixed amount (face value) at a fixed future date. It is sold to an investor at a discount to the face value. Bank Bills are short-term money market investments with maturities usually between 30 days and 180 days.

ITEM 2 (continued)

ATTACHMENT 1

Types of Investments

The following are the types of investments held by Council:

At Call refers to funds held at a financial institution, and can be recalled by Council either same day or on an overnight basis.

A Floating Rate Note (FRN) is a debt security issued by a company with a variable interest rate. This can either be issued as Certificates of Deposit (CD) or as Medium Term Notes (MTN). The interest rate can be either fixed or floating, where the adjustments to the interest rate are usually made quarterly and are tied to a certain money market index such as the Bank Bill Swap Rate.

A Fixed Rate Bond is a debt security issued by a company with a fixed interest rate over the term of the bond.

Credit Rating Information

Credit ratings are generally a statement as to an institution's credit quality. Ratings ranging from AAA to BBB- (long term) are considered investment grade.

A general guide as to the meaning of each credit rating is as follows:

- AAA: the best quality companies, reliable and stable
- AA: quality companies, a bit higher risk than AAA
- A: economic situation can affect finance
- BBB: medium class companies, which are satisfactory at the moment
- BB: more prone to changes in the economy
- B: financial situation varies noticeably
- CCC: currently vulnerable and dependent on favourable economic conditions to meet its commitments
- CC: highly vulnerable, very speculative bonds
- C: highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- D: has defaulted on obligations and it is believed that it will generally default on most or all obligations

Note: Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

ITEM 2 (continued)**ATTACHMENT 1****Council's Investment Powers**

Council's investment powers are regulated by Section 625 of the Local Government Act, which states:

- 1) A council may invest money that is not, for the time being, required by the council for any other purpose.
- 2) Money may be invested only in a form of investment notified by order of the Minister published in the Gazette.
- 3) An order of the Minister notifying a form of investment for the purposes of this section must not be made without the approval of the Treasurer.
- 4) The acquisition, in accordance with section 358, of a controlling interest in a corporation or an entity within the meaning of that section is not an investment for the purposes of this section.

Council's investment policy requires that all investments are to be made in accordance with;

- Local Government Act 1993 - Section 625
- Local Government Act 1993 - Order (of the Minister) dated 12 January 2011
- The Trustee Amendment (Discretionary Investments) Act 1997 – Sections 14A(2), 14C(1) & (2)
- Local Government (Financial Management) Regulation 1993
- Investment Guidelines issued by the Department of Local Government

ITEM 2 (continued)
ATTACHMENT 1
Financial Security Reserve Transactional History

Starting Balance	8,000,000.00	10 Oct 2008
Write off Constellation	(1,000,000.00)	10 Oct 2008
Write off Rembrandt	(1,000,000.00)	10 Oct 2008
Write off Palladin	(2,000,000.00)	10 Oct 2008
Write off Alpha	(1,000,000.00)	30 Jun 2010
Write off Covent Garden	(2,000,000.00)	30 Jun 2010
Write off Oasis	(1,000,000.00)	30 Jun 2010
FY2009 and FY2010		
Interest Payments		
Default of Constellation - Residual	21,615.62	10 Oct 2008
Default of Palladin - Residual	-	28 Oct 2008
Default of Rembrandt - Residual	68,393.78	27 Oct 2008
FY2010		
Interest Payments	50,334.01	
FY2011		
Starting balance 1 July 2010	140,343.41	
Sale of Flinders	301,000.00	12 Aug 2010
Quartz Maturity	209,626.75	20 Oct 2010
Sale of Glenelg	160,000.00	29 Dec 2010
Interest on Grange IMP Sept	31,561.37	
Interest on Grange IMP Dec	24,731.75	
Interest on Grange IMP Mar	10,310.63	
Interest on Grange IMP June	16,092.08	
Interest on Oasis	81,758.10	
Interest on Alpha	12,534.80	
Interest on Covent Garden	16,521.58	
Default of Covent Garden	-	29 Mar 2011
Closing balance FY 2011	1,004,480.47	
FY2012		
Interest on Oasis	42,942.41	
Interest on Alpha	4,837.56	
Interest on Grange IMP Sept	9,862.09	
Interest on Grange IMP Dec	129.02	
Maturity of Alpha	1,001,974.90	20 Mar 2012
Interest on Grange IMP March	123.38	
Closing Balance FY 2012	2,064,349.83	
FY2013		
Interest on Oasis FY2013	20,215.91	
Sale of Oasis	219,266.42	23 Jan 2013
Grange Settlement -Beryl	559,966.39	25 Feb 2013
Grange Settlement -Zircon	192,383.73	25 Feb 2013
Rembrandt Settlement	381,695.85	04 Apr 2013
Closing Balance FY 2013	3,437,878.13	
FY2016		
Lehman 1st Dividend	39,365.19	11-Sep-16
Closing Balance FY2016	3,477,243.32	

ITEM 2 (continued)**ATTACHMENT 1****Overview of Investments**

An overview of all investments held by the City of Ryde as at 30 September is provided below:

1. **Westpac at Call Account (AA-):** This investment is an at call account, paying the short term money market rate. These funds are used for operational purposes.
2. **Bank of Queensland Term Deposit (A-):** This investment is a 215 day term deposit paying 3.00% (3.04% annualised), and matures 12 January 2015.
3. **Bankwest Term Deposit (AA-):** This investment is a 183 day term deposit paying 2.70% (2.72% annualised), and matures 22 October 2015.
4. **NAB Term Deposit (AA-):** This investment is a one year term deposit, paying 3.55% p.a. (3.55% annualised), and matures 6 Oct 2015.
5. **Westpac Term Deposit (AA-):** This investment is a 91 day term deposit, paying 2.78% (2.81% annualised), and matures 26 November 2015.
6. **NAB Term Deposit (AA-):** This investment is a two year term deposit, paying 4.05% p.a., and matures 4 April 2016.
7. **AMP Term Deposit (A+):** This investment is a one year term deposit, paying 2.90% p.a., and matures 28 July 2016.
8. **MyState Bank Term Deposit (BBB):** This investment is a 178 day term deposit, paying 3.00% p.a. (3.02% annualised), and matures 17 December 2015.
9. **NAB Term Deposit (AA-):** This investment is a two year term deposit, paying 4.10% p.a., and matures 11 March 2016.
10. **Bankwest Term Deposit (AA-):** This investment is a one year term deposit, paying 2.90% p.a. and matures 21 July 2016.
11. **Bankwest Term Deposit (AA-):** This investment is a 182 day term deposit, paying 2.90% p.a. (2.92% annualised), and matures 7 January 2016.
12. **Bankwest Term Deposit (AA-):** This investment is a 91 day term deposit, paying 2.80% p.a. (2.83% annualised), and matures 26 November 2015.

ITEM 2 (continued)**ATTACHMENT 1**

13. **Bankwest Term Deposit (AA-):** This investment is a 149 day term deposit, paying 3.00% p.a. (3.03% annualised), and matures 15 October 2015.
14. **NAB Term Deposit (AA-):** This investment is a two year term deposit, paying 4.05% p.a., and matures 25 February 2016.
15. **Defence Bank Term Deposit (BBB+):** This investment is a one year term deposit paying 3.00% p.a. and matures on 4 March 2016.
16. **Qld Police CU (Unrated):** This investment is a 18 month term deposit paying 3.00% p.a. and matures on 2 March 2017.
17. **Beyond Bank Term Deposit (BBB+):** This investment is a 183 day term deposit paying 2.83% (2.85% annualised) and matures on 22 October 2015.
18. **Bendigo Bank TD (A-):** This investment is a one year term deposit paying 2.70% and matures on 8 September 2016.
19. **Peoples Choice Credit Union Term Deposit (BBB+):** This investment is a five year term deposit, paying 2.95% p.a., and matures on 22 October 2015.
20. **Rural Bank Term Deposit (A-):** This investment is a five year term deposit, paying 6.48% p.a., and matures on 21 March 2017.
21. **Bananacoast CU Term Deposit (Unrated):** This investment is a one year term deposit paying 3.55% p.a. and matures on 7 January 2016.
22. **ME Bank Term Deposit (BBB+):** This investment is a 147 day term deposit paying 2.80% (2.82% annualised) and matures on 21 January 2016.
23. **Bankwest Term Deposit (AA-):** This investment is a 187 day term deposit, paying 2.85% p.a. (2.87% annualised), and matures 22 March 2016.
24. **IMB Term Deposit (Unrated):** This investment is a 91 day term deposit paying 2.75% (2.78% annualised) and matures on 13 October 2015.
25. **AMP Business Saver at call account (A+):** This investment is an at-call account earning 2.55%. No fees are payable by Council on this investment.
26. **CBA Term Deposit (AA-):** This investment is a three year term deposit paying 4.55% annually and matures on 16 May 2016.

ITEM 2 (continued)**ATTACHMENT 1**

27. **Newcastle Permanent Building Society Term Deposit (BBB+):** This investment is a 36 day term deposit, paying 3.10% (3.14% annualised), and matures on 10 February 2016.
28. **Greater Building Society Term Deposit (BBB):** This investment is a 102 day term deposit, paying 2.80% pa, and matures on 17 November 2015.
29. **Police CU SA Term Deposit (Unrated):** This investment is a two year term deposit paying 3.11% p.a. (3.11% annualised), and matures 27 March 2017.
30. **AMP Term Deposit (A+):** This investment is a 1 year term deposit paying 3.05% p.a. which matures on 18 February 2016.
31. **CBA Term Deposit (AA-):** This investment is a 216 day term deposit paying 3.10% (3.12% annualised), and matures on 1 October 2015.
32. **CBA Term Deposit (AA-):** This investment is a five year term deposit paying 4.15% pa, and matures on 18 November 2019.
33. **Rabodirect At-Call (AA):** This investment is an at call account, paying the short term money market rate. These funds are used for operational purposes.
34. **Members Equity Bank At-Call Account (BBB):** This investment is an at call account, paying the short term money market rate. These funds are used for operational purposes.
35. **CBA FRN (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 120 above BBSW. This investment matures 2 August 2016.
36. **Westpac Floating Rate Note (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 123 above BBSW. This investment matures 9 May 2016.
37. **CBA FRN (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 125 above BBSW. This investment matures 2 August 2016.
38. **National Australia Bank FRN (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 142 above BBSW. This investment matures 21 June 2016.
39. **National Australia Bank FRN (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 140 above BBSW. This investment matures 21 June 2016.

ITEM 2 (continued)**ATTACHMENT 1**

40. **CBA FRN (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 140 above BBSW. This investment matures 2 August 2016.
41. **ANZ FRN (AA-):** This investment is a senior, unsecured floating rate note purchased at a yield of 142 above BBSW. This investment matures 9 May 2016.
42. **NAB Fixed MTN (AA-):** This is a fixed rate bond paying 6.18% (6.30% annualised) and matures 15 February 2017.
43. **Westpac Fixed MTN (AA-):** This is a fixed rate bond paying 6.00% (6.14% annualised) and matures 20 February 2017.
44. **Macquarie Bank Term Deposit (A):** This is a five year term deposit paying 6.50% (6.50% annualised) and matures 3 April 2017.
45. **CBA Retail Bond (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 160 above BBSW. This investment matures 24 December 2015.
46. **Delphi Bank Term Deposit (Unrated):** This investment is a five year term deposit paying 6.05% p.a. and matures on 15 May 2017.
47. **Rural Bank Term Deposit (Unrated):** This investment is a 181 day term deposit paying 2.85% (2.87% annualised) and matures on 27 January 2015.
48. **ME Bank Term Deposit (BBB+):** This investment is a 93 day term deposit paying 2.80% p.a. (2.83% annualised) and matures on 29 October 2015.
49. **CBA Retail Bonds (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 182 above BBSW. This investment matures 24 December 2015.
50. **CBA Retail Bonds (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 184 above BBSW. This investment matures 24 December 2015.
51. **Bank of Queensland Term Deposit (A-):** This investment is a five year term deposit paying 5.15% (5.15% annualised) and matures 20 November 2018.
52. **Bank of Queensland Term Deposit (A-):** This investment is a two year term deposit paying 4.10% (4.10% annualised) and matures 3 March 2016.

ITEM 2 (continued)**ATTACHMENT 1**

53. **BoQ Specialist Bank (formerly Investec) Term Deposit (BBB+):** This investment is a five year term deposit paying 6.95% on maturity (6.15% annualised) and matures 15 August 2017.
54. **IMB Term Deposit (BBB):** This investment is a 95 day term deposit paying 2.75% p.a. (2.78% annualised) and matures 17 November 2015.
55. **CBA Retail Bonds (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 175 above BBSW. This investment matures 24 December 2015.
56. **CBA Retail Bonds (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 174 above BBSW. This investment matures 24 December 2015.
57. **Rural Bank Term Deposit (A-):** This investment is a 210 day term deposit, paying 2.80% p.a. and matures on 3 March 2016.
58. **ING Floating Rate Term Deposit (A):** This is a five year floating rate term deposit paying 2.30% above 90 day BBSW, and matures 4 September 2017.
59. **IMB Term Deposit (BBB):** This investment is a 342 day term deposit paying 2.80% p.a. (2.80% annualised) and matures 11 August 2016.
60. **Bank of Queensland Term Deposit (BBB+):** This is a 182 day term deposit paying 2.95% (2.97% annualised) and matures 12 November 2015.
61. **NAB Term Deposit (AA-):** This is a one year term deposit paying 3.55% pa and matures 15 December 2015.
62. **Members Equity Bank Term Deposit (BBB):** This is a 126 day term deposit paying 2.95% (2.98% annualised) and matures 29 October 2015.
63. **Bank of Queensland FRN (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 160 above BBSW. This investment matures 7 December 2015.
64. **Bendigo Bank Term Deposit (A-):** This investment is a one year term deposit paying 2.85% p.a. and matures 18 August 2016.
65. **Bendigo Bank FRN (A-):** This is a senior, unsecured floating rate note purchased at a yield of 120 above BBSW. This investment matures 17 May 2017.

ITEM 2 (continued)**ATTACHMENT 1**

66. **CBA Term Deposit (AA-):** This investment is a one year term deposit paying 3.19% pa and matures 9 February 2016.
67. **CBA Term Deposit (AA-):** This investment is a three year term deposit paying 3.75% pa and matures 20 November 2017.
68. **NAB Term Deposit (AA-):** This investment is a one year term deposit paying 3.55% pa and matures 6 November 2015.
69. **NAB Term Deposit (AA-):** This investment is a 90 day term deposit paying 2.83 % (2.86% annualised) and matures 11 November 2015.
70. **NAB Term Deposit (AA-):** This investment is a 149 day term deposit paying 2.85% (2.87% annualised) and matures 21 January 2015.
71. **AMP Term Deposit (A+):** This investment is a two year term deposit paying 3.30 p.a., and matures 21 March 2017.
72. **Bank of Queensland TD (A-):** This is a one year term deposit paying 3.15% p.a., and matures 11 February 2016.
73. **NAB Term Deposit (AA-):** This investment is a one year term deposit paying 3.55% and matures 9 October 2015.
74. **Bendigo Bank FRN (A-):** This is a senior, unsecured floating rate note purchased at a yield of 127 above BBSW. This investment matures 14 November 2018.
75. **Rural Bank Term Deposit (A-):** This investment is a 172 day term deposit, paying 2.95% (2.97% annualised), and matures on 11 January 2016.
76. **Auswide Bank Term Deposit (BBB):** This investment is a one year term deposit paying 3.04% (3.04% annualised) and matures on 10 March 2016.
77. **Newcastle Permanent Building Society (BBB+):** This investment is a two year term deposit, paying 3.03% p.a. and matures on 5 June 2017.
78. **Westpac Floating Rate Term Deposit (AA-):** This investment is a 25 month floating rate term deposit paying 90d BBSW + 95 and matures 9 February 2016.
79. **Credit Union Australia Floating Rate Note (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 130 above BBSW. This investment matures 20 March 2017.

ITEM 2 (continued)**ATTACHMENT 1**

80. **Peoples Choice CU Term Deposit (BBB+):** This is a 182 day term deposit paying 2.80% (2.82% annualised) and matures 26 November 2015.
81. **Credit Union Australia Term Deposit (BBB+):** This investment is a one year term deposit paying 3.05% (3.05% annualised) and matures on 24 March 2016.
82. **NAB Floating Rate Term Deposit (AA-):** This investment is a two year floating rate term deposit paying 90d BBSW + 100 and matures 16 May 2016.
83. **Bankwest Term Deposit (A-):** This investment is a 121 day term deposit paying 2.90% (2.93% annualised), and matures 15 October 2015.
84. **Bank of Queensland FRN (AA-):** This investment is a four year floating rate term deposit paying 90d BBSW + 100 and matures 12 June 2018.
85. **AMP 31 Day Notice Account (A+):** This investment is an account which pays +100 over the cash rate.
86. **NAB Term Deposit (AA-):** This investment is a 180 day term deposit paying 2.85% (2.87% annualised) and matures 10 February 2016.
87. **Police Bank Floating Rate Note (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 110 above BBSW. This investment matures 21 August 2017.
88. **Newcastle Permanent Building Society (BBB+):** This investment is a 91 day term deposit paying 2.70% (2.73% annualised) and matures 3 December 2015.
89. **Bendigo Bank Term Deposit (A-):** This investment is a 187 day term deposit paying 2.80% (2.82% annualised) and matures 22 March 2016.
90. **Credit Union Australia Term Deposit (BBB+):** This investment is an 11 month term deposit paying 3.10% (3.10% annualised) and matures on 9 February 2016.
91. **Newcastle Permanent Building Society (BBB+):** This investment is a 1 year term deposit, paying 2.70% (2.70% annualised), and matures on 10 June 2016.
92. **ANZ Floating Rate Note (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 85 above BBSW. This investment matures 11 November 2019.

ITEM 2 (continued)**ATTACHMENT 1**

93. **ME Bank Floating Rate Note (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 100 above BBSW. This investment matures 17 November 2017.
94. **NAB Term Deposit (AA-):** This investment is a one year term deposit paying 3.55% pa and matures 3 December 2015.
95. **Bankwest Term Deposit (AA-):** This investment is a one year term deposit paying 2.85% p.a. and matures 14 July 2016.
96. **Rural Bank Term Deposit (A-):** This investment is a 196 day term deposit paying 2.90% (2.92% annualised) and matures 18 February 2016.
97. **Queensland Teachers Mutual Bank Floating Rate Note (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 105 above BBSW. This investment matures 11 December 2017.
98. **Teachers Mutual Bank Floating Rate Note (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 105 above BBSW. This investment matures 4 December 2017.
99. **Auswide Bank Term Deposit (BBB):** This investment is a one year term deposit, paying 3.01% p.a., and matures on 8 March 2016.
100. **MyState Credit Union Term Deposit (BBB):** This investment is a one year term deposit, paying 3.60% pa, and matures on 8 December 2015.
101. **Bankwest Term Deposit (AA-):** This investment is a 98 day term deposit paying 2.80% (2.83% annualised) and matures 17 December 2015.
102. **Bankwest Term Deposit (AA-):** This investment is a 182 day term deposit paying 2.90% (2.92% annualised) and matures 10 December 2015.
103. **NAB Flexi Term Deposit (AA-):** This investment is a two year floating TD paying 103 above 90 day BBSW and matures 9 January 2017.
104. **Westpac Floating Rate Note (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 90 above BBSW. This investment matures 22 January 2020.
105. **Rural Bank Term Deposit (A-):** This investment is a 187 day term deposit paying 2.85% (2.87% annualised) and matures 8 March 2016.

ITEM 2 (continued)**ATTACHMENT 1**

- 106. Macquarie Bank FRN (A):** This investment is a five year floating rate term deposit paying 90d BBSW + 110 and matures 3 March 2020.
- 107. CBA Term Deposit (AA-):** This investment is a 214 day term deposit paying 3.13% (3.15% annualised) and matures on 6 October 2015.
- 108. Newcastle Permanent Building Society FRN (BBB+):** This investment is a five year floating rate term deposit paying 90d BBSW + 110 and matures 3 March 2020.
- 109. Heritage Bank FRN (BBB+):** This is a senior, unsecured floating rate note purchased at a yield of 115 above BBSW. This investment matures 7 May 2018.
- 110. Bendigo Bank Term Deposit (A-):** This investment is a 179 day term deposit paying 2.90% (2.92% annualised) and matures 1 December 2015.
- 111. CBA Floating Rate Note (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 90 above BBSW. This investment matures 17 July 2020.
- 112. Westpac Floating Rate Note (AA-):** This is a senior, unsecured floating rate note purchased at a yield of 90 above BBSW. This investment matures 28 July 2020.
- 113. CBA Term Deposit (AA-):** This investment is a one year term deposit paying 2.84% and matures on 17 August 2016.
- 114. Bendigo Bank FRN (A-):** This is a senior, unsecured floating rate note purchased at a yield of 110 above BBSW. This investment matures 18 August 2020.
- 115. CBA Term Deposit (AA-):** This investment is a 61 day term deposit paying 2.68% (2.71% annualised) and matures on 3 November 2015.
- 116. CBA Term Deposit (AA-):** This investment is a 196 day term deposit paying 2.83% (2.85% annualised) and matures on 17 March 2016.
- 117. NAB Term Deposit (AA-):** This investment is a 180 day term deposit paying 3.00% (3.02% annualised) and matures on 22 March 2016.

3 2014/2015 FINANCIAL STATEMENTS

Report prepared by: Chief Financial Officer

File No.: FIM/07/6/4/2/6/2 - BP15/1442

REPORT SUMMARY

This report is to bring before this Committee, the audited 2014/2015 Financial Statements, for referral to the Council meeting on 27 October 2015, the date set for the public presentation of the Financial Statements.

At the Council meeting the Council's Chief Financial Officer, Council's External Auditor, Pricewaterhouse Coopers and members of the Audit Committee will make a presentation to Council and answer questions in respect of the 2014/2015 Financial Statements.

RECOMMENDATION;

- (a) That in accordance with Section 419 of the Local Government Act, Council receive and note the Auditor's Reports on the 2014/2015 Annual Financial Statements for the year ended 30 June 2015.
- (b) That any public submissions on the 2014/2015 Financial Reports be referred to Council's Auditors, Pricewaterhouse Coopers.
- (c) That Council suspend standing orders to allow a presentation by Council's staff and any comments by or questions of the external auditor, Pricewaterhouse Coopers or members of the Audit Committee, in respect of the 2014/2015 Financial Statements including the Auditor's Reports.

ATTACHMENTS

- 1 2014-2015 Income Statement
- 2 2014-2015 Statement of Comprehensive Income
- 3 2014-2015 Statement of Financial Position
- 4 2014-2015 Statement of Changes in Equity
- 5 2014-2015 Statement of Cash Flows
- 6 2014-2015 Financial Statements - Audited - CIRCULATED UNDER SEPARATE COVER
- 7 Audit Report - General Purpose Financial Statements for 2014/2015 from PriceWaterhouse Coopers
- 8 Conduct of Audit Report - General Purpose Financial Statements for 2014/2015 from PriceWaterhouse Coopers
- 9 Audit Report - Special Purpose Financial Statements for 2014/2015 from PriceWaterhouse Coopers

ITEM 3 (continued)

- 10** Audit Report - Special Schedules 7 and 8 for 2014/2015 from PriceWaterhouse Coopers
- 11** Audit Report - Special Schedule 9 for 2014/2015 from PriceWaterhouse Coopers

Report Prepared By:

John Todd
Chief Financial Officer

Report Approved By:

Roy Newsome
Group Manager - Corporate Services

ITEM 3 (continued)

Discussion

Council at its meeting of 25 August 2015 resolved to refer the draft Annual Financial Reports for the year ended 30 June 2015 to Audit.

Council's Audit Committee met on 25 August 2014 to review the 2014/2015 Annual Financial Statements and recommended to Council that the reports be referred for Audit.

Council's Auditors, Pricewaterhouse Coopers, have completed the audit and copies of the five Auditor's Reports which were received on 28 September 2015, are included in the Annual Financial Statements.

The Annual Financial Statements were sent to the Division of Local Government (DLG) on 1 October 2015, ahead of the statutory 31 October 2015 timeframe.

The Annual Financial Statements together with the Auditor's Reports were placed on public exhibition from 7 October 2014 to 27 October 2015, inviting public submissions with the Annual Financial Statements to be presented to Council at its meeting of 27 October 2015. Submissions in accordance with Section 420 of the Local Government Act 1993, from members of the public regarding any aspect of the Financial Reports or Auditor's Reports will be received up to 3 November 2015, being seven days after the date of this meeting.

All submissions will be considered by Council and referred to its Auditor in accordance with the Local Government Act 1993.

Report

Council's Financial Statements, which includes the Auditor's Reports for 2014/2015 have been completed and are **CIRCULATED UNDER SEPARATE COVER** (Attachment 6). The statements are now formally presented to the public as required by Section 419 of the Local Government Act 1993.

The Financial Statements consist of the following General Purpose Financial Statements;

- | | | |
|------|---|--|
| i. | Income Statement | (ATTACHED) |
| ii. | Statement of Comprehensive Income | (ATTACHED) |
| iii. | Statement of Financial Position | (ATTACHED) |
| iv. | Statement of Changes in Equity | (ATTACHED) |
| v. | Statement of Cash Flows | (ATTACHED) |
| vi. | Notes to the Financial Statements 1 to 26 | (INCLUDED IN ATTACHMENT UNDER SEPARATE COVER) |
| vii. | Auditor's Reports on the Statements | (ATTACHED) |

ITEM 3 (continued)

The Financial Statements also include Special Purpose Financial Statements. These relate to the following designated business activities of Council;

- Ryde Aquatic Leisure Centre
- Commercial Waste Removal

No public submissions had been received at the time of writing this report.

The Chief Financial Officer will make a presentation to the Council meeting on 27 October 2015 on Council's financial performance for the year. Council's External Auditors and members of the Audit Committee will also be present at the Council meeting to provide additional comments and to answer any questions on the Financial Reports and the Auditor's Reports.

The Auditor has issued an unqualified opinion in the Audit Report, noting Council's investment portfolio has been sufficiently addressed in previous years and the remaining CDO investments will be monitored until finalisation of the legal actions.

The following summary of the City of Ryde's financial results and key financial performance measures for 2014/2015, demonstrates Council's sound financial position;

Financial Results	<u>2012</u> 000's	<u>2013</u> 000's	<u>2014</u> 000's	<u>2015</u> 000's
Operating Result	\$23,246	\$12,234	\$15,571	\$41,003
Operating Result Before Capital	\$460	(\$5,795)	\$1,342	\$10,044
Total Cash & Investments	\$79,082	\$91,877	\$105,958	\$137,752
Internal Reserves	\$50,889	\$50,602	\$55,800	\$73,214
Working Capital	\$5,360	\$4,264	\$4,065	\$4,963
Assets under Management⁽¹⁾	\$2.56B	\$2.22B	\$2.56B	\$2.54B

(1) Investment properties totalling \$108k were withdrawn from Assets in Note 9.

ITEM 3 (continued)

Performance Indicators

The following key performance indicators provide further information on Council's financial performance;

<u>Note 13 Performance Indicators</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating performance	0.51%	-6.60%	1.15%	8.53%
Own source operating revenue	62.13%	66.46%	82.04%	71.44%
Unrestricted current ratio	2.59x	3.03x	3.59x	5.03x
Debt service cover ratio	23.9x	28.29x	27.26x	20.86x
Rates & annual charges outstanding percentage	4.19%	3.93%	3.65%	3.84%
Cash expense cover ratio (months)	1.43	10.00	13.46	15.68
 <u>Special Schedule 7 Indicators</u>				
Building & infrastructure renewal ratio	0.80	0.94	1.23	0.89
Infrastructure backlog ratio (WDV)	12.0%	8.4%	8.6%	3.4%
Infrastructure backlog ratio (GBV)	6.3%	6.0%	6.1%	2.5%
Asset maintenance ratio	0.69	2.28	0.91	1.08
Capital expense ratio	1.89	1.26	1.52	1.66

Several of the ratios have been changed since last year, plus there have been a number included, with more included on Special Schedule 7.

The result for 2014/2015 is a sound result for the City of Ryde that reflects the efforts of Council, all stakeholders and staff in maintaining Council's financial position.

Working Capital

Council's 2014-2018 Four Year Delivery Plan including One Year Operational Plan was adopted on a projected Working Capital position of \$3.05 million as at 30 June 2015. The 2014/2015 actual result is a Working Capital position of \$4.96 million, an improvement of \$1.91 million on that forecast.

It is anticipated that some of the additional funds, to be held in Working Capital, will be required by Council to be able to position itself, through the organisational review that the General Manager reported to Council recently, so that Council is in the best position to progress any changes that are projected to come from the State Government's Fit for the Future determinations.

Council could, move some of the additional funds into a reserve, and this can be done as part of the September Quarterly Review, once the level of funding for the organisational review is known.

ITEM 3 (continued)

Council's Working Capital was \$4.11 million as at 30 June 2014 and detailed below;

	Opening Working Capital	Change in Working Capital	Closing Working Capital
<i>Delivery Plan 2014-2018</i>	4,110	(743)	3,367
<i>EOY 2013/2014</i>	(45)		(45)
<i>New 2014/2015</i>	4,065	(743)	3,322
<i>Sep 2014 Changes</i>		428	428
<i>Dec 2014 Changes</i>		(726)	(726)
<i>Mar 2015 Changes</i>		30	30
<i>Revised Balance 2014/2015 (prior to 15/19 Delivery Plan)</i>	4,065	(1,012)	3,053

The budget for 2015/2016 projected a Working Capital position as at 30 June 2016 of \$3.04 million in utilising \$0.01 million from Working Capital. The actual Working Capital result as at 1 July 2014, of \$4.96 million, will therefore amend the forecasted balance as at 30 June 2016 to \$4.95 million as at 30 June 2016.

	Opening Working Capital	Change in Working Capital	Closing Working Capital
<i>Projected in Delivery Plan 2015-2019⁽¹⁾</i>	3,053	(7)	3,046
<i>EOY 2014/2015</i>	1,910		1,910
<i>Carryover Changes</i>	-		-
<i>Jun 2015 Changes</i>	-		-
<i>Revised 2015/2016</i>	4,963	(7)	4,956

(1) included in Delivery Plan 2015-2019

The minimum level of Working Capital that Council should operate on is \$3.00 million, with the current level of Internal Restrictions.

Investments

Council had \$137.75 million in cash and investments at 30 June 2015, of which \$4.80 million was unrestricted and is part of the calculation of Working Capital. The remainder is either Internally Restricted, \$73.21 million, which has been earmarked specifically by Council for a particular purpose or Externally Restricted by legislation, \$59.74 million, which can only be used for the purpose for which it has been provided.

ITEM 3 (continued)

Council also had an amount of \$105.63 million in Investment Properties, as at 30 June 2015, which were also recognised in the Financial Statements.

Council has the ability to change the Internal Restrictions that it has placed over its Cash Reserves, but would need to take into account the reasons that the Reserve was created in the first place, to ensure that it does not reduce its ability to meet the need for which it was established.

Assets under Management

In 2014/2015 Council delivered a \$25.40 million Capital Works Program, excluding contributed assets, (\$24.56 million in 2013/2014) with major projects including;

Catchment program	\$ 2.31 million
Centres and Neighbourhood program	\$ 1.58 million
Community and Cultural program	\$ 0.20 million
Foreshore program	\$ 0.12 million
Governance and Civic program	\$ 0.00 million
Internal Corporate Services program	\$ 3.49 million
Library program	\$ 0.62 million
Open Space, Sport & Recreation program	\$ 4.68 million
Paths and Cycleways program	\$ 3.34 million
Property Portfolio program	\$ 1.81 million
Roads program	\$ 4.79 million
Traffic & Transport program	\$ 0.69 million
Waste and Recycling program	\$ 1.75 million
TOTAL	<u>\$ 25.40 million</u>

Council received no “contributed assets” this year as in 2013/2014; which keeps Council’s Assets under Management at \$2.54 billion.

Council has revalued all its infrastructure assets to fair value and has depreciated them using the decay model based on the Asset Management Guidelines prepared and endorsed by the seven member Councils of NSROC. A further review was undertaken during 2014/2015 to ensure that the new Asset Management Plans reflected the true value of works required to be done for asset renewal.

This is the sixth year since Council adopted Fair Value, with the full impact of depreciation being brought to account in Council’s Financial Statements resulting in Council’s depreciation expense decreasing by \$1.78 million in 2014/2015 to \$14.78 million. This decrease is due to a revision during 2014/2015 of the useful life of assets.

ITEM 3 (continued)

Asset Management - Condition of Public Infrastructure

Council has undertaken a comprehensive asset management programme in order to improve asset management practices across the vast infrastructure assets within the City.

As stated earlier in the report, the City of Ryde owns and maintains over \$2.54 billion worth of infrastructure including roads, parks, buildings, stormwater drainage, bridges, footpaths, lighting, seawalls and wharves with a current written down value, after depreciation, of over \$2.25 billion, of this \$1.56 billion is land.

During 2014/2015 Council changed how it determined the value of its infrastructure backlog. The end of Condition 4 is the Intervention Point, or the age of the asset at which time it is due to be renewed, and therefore has come to the end of its useful life. Therefore those assets that are in Condition 5 are likely to fail and are “overdue renewals”. Council uses the value of the assets in Condition 5 as its value for its infrastructure backlog.

Special Schedule 7 which reports on the condition of infrastructure assets included in the Financial Statements shows that Council has overdue renewals of \$24.69 million (\$29.0 million in 2013/2014) to bring its infrastructure assets to a satisfactory standard. It also shows that we need to spend \$18.84 million per annum to maintain the current standard of the asset.

While the 2014/2015 results demonstrate Council is in a sound financial position in the short term, Council sought, and had approved a Special Rating Variation (SRV) of 7% per annum over four years, cumulative. The additional funds from the SRV will be used to maintain its existing assets in a satisfactory condition as projected in Council’s Long Term Financial Plan (LTFP). The plan provides critical information that fully informs Council of its forecasted financial position and commitments for the City of Ryde.

Council revised its LTFP in 2014/2015 to obtain a financial projection that quantifies the operation of Council’s services for the next 10 years. The plan forecasts a much smaller cash shortfall, and the amount that Council will be able to expend on asset renewal per year will increase to \$23.32 million, which is short of the projected amount that is required to renew its infrastructure when they fall due.

The Infrastructure Backlog will have contracted to \$13.28 million by as a direct result of the additional spending that will be funded through the Special Rating Variation (SRV), which was approved on 19 May 2015.

Council is addressing its declining long term operating result by the use of the following options, or a combination of them.

ITEM 3 (continued)

1. Special Rating Variation (SRV) above rate pegging. (Approved on 19 May 2015)
2. Strengthening Ryde program, which includes;
 - a. New revenue opportunities;
 - b. Commercial business undertakings, where supported by a business case;
 - c. Streamlining operational costs; and
 - d. Increase existing or introduce new user fees and charges, where appropriate.

As part of the Community Strategic Plan, a revised Asset Management Plan for the period of that plan has been developed. Information from this revised plan has been utilised in updating Councils LTFP.

Financial Security Reserve

Council was pro-active in establishing an \$8.00 million Financial Security Reserve in October 2008 to protect Council against any future fallout from the global financial crisis.

The impact of the global financial crisis on Council's investment portfolio has been fully reported to Council in both the monthly investment report and additional reports to Council. As resolved by Council, proceeds and interest on written down investments received this financial year have been transferred to the reserve, resulting in a balance in the Financial Security Reserve as at the 30 June 2015 of \$3.44 million.

Consultation

Internal Council business units consulted included;

- Finance Unit
- All Service Units, especially Service Units in the Public Works Group relating to Council's assets and the condition assessment of all infrastructure

City of Ryde Advisory Committees consulted included;

- Audit Committee

ITEM 3 (continued)

External public consultation included;

- Council's Auditors, Pricewaterhouse Coopers
- Division of Local Government

Critical Dates

Council's audited Financial Statements (including General and Special Purpose Financial Statements) are required to be submitted to the Division of Local Government by 31 October 2015. Council has met this requirement.

Council is required to hold a Council meeting to present the Audited Financial Statements and the Auditor's Reports as soon as practicable after receipt of the reports and no later than 30 November 2015 after the end of the financial year. With the presentation of the Annual Financial Statements to the public at its meeting of 27 October 2015, Council will meet this requirement.

Financial Impact

The Council's financial results as attested to by its auditors, Pricewaterhouse Coopers, reflect that Council is in a sound financial position.

During 2012/2013 TCorp completed a review of Council's Financial Sustainability and Council was rated as '*Sound*' financially but with a '*Negative*' outlook. This means that Council had some medium to long term financial issues and limited funding that Council will now be able to address through the approved SRV.

The Working Capital result of \$4.96 million as at the 30 June 2015 is one of Council's key financial indicators. This result is an improvement on the forecast of \$3.37 million as detailed in the original Council's 2014-2018 Four Year Delivery Plan including One Year Operational Plan.

Council's Delivery Plan 2015-2019 and Operational Plan 2015/2016 have been adopted utilising \$0.01 million of Working Capital and forecasted to have a balance of \$3.04 million as at 30 June 2016.

Based on the actual result of \$4.96 million as at 30 June 2015, the forecast Working Capital is \$4.95 million as at 30 June 2016.

It is anticipated that some of the additional funds, to be held in Working Capital, will be required by Council to be able to position itself, through the organisational review that the General Manager reported to Council recently, so that Council is in the best position to progress any changes that are projected to come from the State Government's Fit for the Future determinations.

ITEM 3 (continued)
ATTACHMENT 1
General Purpose Financial Statements – Year Ended 30 June 2015
INCOME STATEMENT

Original Budget*		Notes	Actual 2015 (\$'000)	Actual 2014 (\$'000)
INCOME FROM CONTINUING OPERATIONS				
66,100	Rates and Annual Charges	3(a)	66,641	63,259
14,825	User Charges and Fees	3(b)	14,861	13,988
3,347	Interest and Investment Revenue	3(c)	4,811	4,331
7,061	Other Revenues	3(d)	8,939	8,932
6,563	Grants & Contributions provided for operating purposes	3(e&f)	6,932	5,549
424	Grants & Contributions provided for capital purposes	3(e&f)	30,959	14,229
Other Income:				
-	Net gain from the disposal of assets	5	915	64
-	Net share of interests in joint ventures and associates using the equity method	19	-	-
98,320	TOTAL INCOME FROM CONTINUING OPERATIONS		134,058	110,352
EXPENSES FROM CONTINUING OPERATIONS				
42,666	Employee Benefits and On-costs	4(a)	39,538	39,789
234	Borrowing Costs	4(b)	256	146
26,654	Materials and Contracts	4(c)	25,618	25,590
15,088	Depreciation, Amortisation and Impairment	4(d)	14,778	16,559
17,224	Other Expenses	4(e)	12,865	12,697
-	Interest and Investment Losses	3(c)	-	-
-	Net Loss from the disposal of assets	5	-	-
-	Share of interests in joint ventures and associates using the equity method	19	-	-
101,866	TOTAL EXPENSES FROM CONTINUING OPERATIONS		93,055	94,781
(3,546)	OPERATING RESULT FROM CONTINUING OPERATIONS		41,003	15,571
-	Operating result from discontinued operations	24	-	-
(3,546)	NET OPERATING RESULT FOR THE YEAR	2(a)	41,003	15,571
(3,970)	NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES		10,044	1,342

* Original budget as approved by Council - Refer Note 16

The above Income Statement should be read in conjunction with the accompanying notes.

ITEM 3 (continued)
ATTACHMENT 2
General Purpose Financial Statements – Year Ended 30 June 2015
STATEMENT OF COMPREHENSIVE INCOME

	Notes	2015 (\$'000)	2014 (\$'000)
Net operating result for the year - from Income Statement		41,003	15,571
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	77,909	347,819
Adjustment to correct prior period errors	20(d)	(6,434)	1,832
Amounts which will be reclassified subsequently to operating result when specific conditions are met.			
Realised available-for-sale investment gains recognised in revenue	20(b)		
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	-
Total other comprehensive income for the year		<u>71,475</u>	<u>349,651</u>
Total comprehensive income for the year		<u>112,478</u>	<u>365,222</u>
Attributable to:			
- Council		112,478	365,222
- Non-controlling Interests		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

ITEM 3 (continued)
ATTACHMENT 3

General Purpose Financial Statements – Year Ended 30 June 2015

STATEMENT OF FINANCIAL POSITION

	Notes	2015		2014	
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
ASSETS					
Current Assets					
Cash and Cash Equivalents	6(a)	14,305		15,793	
Investments	6(b)	90,704		51,500	
Receivables	7	8,314		7,713	
Inventories	8	618		489	
Other	8	798		315	
Non-Current assets classified as held for Sale	22	-		-	
Total Current Assets			114,739		75,810
Non-Current Assets					
Investments	6(b)	32,743		38,665	
Receivables	7	1,064		962	
Inventories	8	-		-	
Infrastructure, Property, Plant and Equipment	9	2,245,889		2,268,131	
Investments accounted for using equity method	19	-		-	
Investment Property	14	105,628		2,800	
Intangible assets	25	-		-	
Other	8	-		-	
Total Non-Current Assets			2,385,324		2,310,558
TOTAL ASSETS			<u>2,500,063</u>		<u>2,386,368</u>
LIABILITIES					
Current Liabilities					
Payables	10(a)	19,229		19,205	
Borrowings	10(a)	993		793	
Provisions	10(a)	10,868		10,314	
Total Current Liabilities			31,090		30,312
Non-Current Liabilities					
Payables	10(a)	-		-	
Borrowings	10(a)	5,241		4,822	
Provisions	10(a)	156		136	
Total Non-Current Liabilities			5,397		4,958
TOTAL LIABILITIES			<u>36,487</u>		<u>35,270</u>
NET ASSETS			<u>2,463,576</u>		<u>2,351,098</u>
EQUITY					
Retained Earnings	20	1,783,775		1,742,772	
Revaluation reserves	20	679,801		608,326	
Council equity interest			2,463,576		2,351,098
Minority equity interest			-		-
TOTAL EQUITY			<u>2,463,576</u>		<u>2,351,098</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

ITEM 3 (continued)

ATTACHMENT 4

General Purpose Financial Statements – Year Ended 30 June 2015

STATEMENT OF CHANGES IN EQUITY

	Note	2015 (\$'000)					2014 (\$'000)						
		Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Non-controlling Interest	Total Equity	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Non-controlling Interest	Total Equity
Opening Balance	20	1,742,772	608,326	-	2,351,098	-	2,351,098	1,725,369	290,507	-	1,985,876	-	1,985,876
Correction of errors					-	-	-				-	-	-
Changes in Accounting Policies					-	-	-				-	-	-
Restated Opening Balance	20	1,742,772	608,326	-	2,351,098	-	2,351,098	1,725,369	290,507	-	1,985,876	-	1,985,876
Net Operating Result for the Year	20	41,003			41,003	41,003	41,003	15,571			15,571		15,571
Other Comprehensive Income	20		71,475		71,475	71,475	71,475	1,832	347,819		349,651		349,651
Total Comprehensive Income	20	41,003	71,475	-	112,478	-	112,478	17,403	347,819	-	365,222	-	365,222
Closing Balance	20	1,783,775	679,801	-	2,463,576	-	2,463,576	1,742,772	608,326	-	2,351,098	-	2,351,098

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ITEM 3 (continued)

ATTACHMENT 5

General Purpose Financial Statements – Year Ended 30 June 2015

STATEMENT OF CASH FLOWS

Original Budget* 2015 (\$'000)	Notes	2015 (\$'000)	2014 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
66,100	Rates & Annual Charges	66,383	63,366
16,110	User Charges & Fees	16,307	15,335
3,347	Investment Revenue and Interest	4,742	3,896
6,838	Grants and Contributions	39,483	16,726
-	Deposits and Retentions	2,359	2,359
7,351	Other	6,506	7,944
Payments			
(42,772)	Employee Benefits and on-costs	(39,393)	(39,223)
(28,901)	Materials and Contracts	(28,518)	(24,886)
(234)	Borrowing Costs	(256)	(94)
-	Deposits and Retentions	(1,426)	(1,426)
(18,577)	Other	(11,464)	(10,602)
9,283	Net cash provided (or used) in Operating Activities	54,723	35,395
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
51,500	Sale of Investments	18,761	32,034
-	Sale of Investment Property	-	-
-	Sale of Real Estate Assets	-	894
1,285	Sale of Infrastructure, Property, Plant and Equipment	3,224	1,468
-	Sale of Interests in Joint Ventures/Associates	-	-
-	Proceeds from Boundary Adjustment	-	-
-	Other	-	-
Payments			
(90,704)	Purchase of Investments	(52,000)	(46,050)
-	Purchase of Investment property	(1,150)	-
(21,656)	Purchase of Property, Plant and Equipment	(25,665)	(25,944)
-	Purchase of Real Estate	-	-
-	Purchase of Interests in Joint Ventures/Associates	-	-
-	Other	-	-
(50,585)	Net cash provided by (or used in) Investing Activities	(56,830)	(37,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
1,500	Borrowings and Advances	1,500	2,700
-	Other	-	-
Payments			
(885)	Borrowings and Advances	(881)	(507)
-	Lease Liabilities	-	-
-	Other	-	-
615	Net cash provided by (or used in) Financing Activities	619	2,193
(49,716)	Net Increase (Decrease) in Cash & Cash Equivalents	(1,488)	(12)
15,793	Cash & Cash Equivalents at beginning Reporting Pd 11(a)	15,793	15,805
(33,923)	Cash & Cash Equivalents at end of Reporting Pd 11(a)	14,305	15,793

* Original budget as approved by Council - Refer Note 16

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

ITEM 3 (continued)

ATTACHMENT 7

**The City of Ryde Council****Independent auditor's report to the Council – s417(2)
Report on the general purpose financial statements****Report on the financial statements**

We have audited the accompanying financial statements of the City of Ryde Council, which comprise the statement of financial position as at 30 June 2015 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillors' responsibility for the financial statements

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993 and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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ITEM 3 (continued)

ATTACHMENT 7



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's opinion:

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as at 30 June 2015 and its Financial Performance and its Cash Flows for the year then ended in accordance with Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



PricewaterhouseCoopers



Peter Buchholz
Partner

Sydney
28 September 2015

ITEM 3 (continued)

ATTACHMENT 8



Private & Confidential

The Mayor
Councillor Jerome Laxale
Council of City of Ryde
DX 8403
RYDE

Dear Councillor Laxale

**Report on the conduct of the Audit for year ended 30 June 2015 –
Section 417(3)**

We have completed our audit of the financial reports of the Council for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

Operating result

Council's operating surplus declined from \$95 million in the previous year to \$93 million in the current period. The net operating result before capital contributions was a surplus of \$10 million against the previous year's surplus of \$1.3 million

Cash position

Council's overall cash position increased from \$106 million to \$138 million during the period under review. The following table highlights the composition of cash.

	2015	2014
	\$m	\$m
Externally restricted	60	44
Internally restricted	73	56
Unrestricted	5	6
Total	138	106

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ITEM 3 (continued)

ATTACHMENT 8



Working capital

Council's net current assets increased from \$45 million to \$84 million during the period under review. The value of net current assets needs to be adjusted in order to establish the available working capital position.

	2015	2014
	\$m	\$m
Net current assets	84	45
Less: External restrictions	(27)	(11)
Internal restrictions	(73)	(50)
Add: Current liabilities deferred	20	20
Available working capital	4	4

The effective unrestricted or available working capital upon which Council could build its 2016 budget was \$4 million.

Performance indicators

The financial reports disclose of a number of indicators in Note 13 and these are detailed below:

	2015	2014
	%	%
Operating Performance Ratio	9	1
Own Source Operating Revenue Ratio	71	82
Unrestricted Current Ratio	503	359
Debt Service Cover Ratio	2086	2726
Rates Outstanding Ratio	3.8	3.7
Cash Expense Cover Ratio	16	13

The Operating Performance Ratio improved to 9% and remained above the industry benchmark of 0%.

The Own Source Operating Revenue Ratio declined to 71% but remained above the industry benchmark of 60%.

The Unrestricted Current Ratio improved and remained above the industry benchmark of 150%.

The Debt Service Cover Ratio declined but remained well above the industry benchmark of 200%.

The Rates Outstanding Ratio increased slightly but remained better than the industry benchmark of 5%.

The Cash Expense Cover Ratio indicated that Council could continue to cover its operating costs for 16 months should cash inflows cease. This compares very favourably with the industry benchmark of 3 months.

ITEM 3 (continued)

ATTACHMENT 8



Council is considered to be in a sound and stable financial position. All the financial indicators are better than accepted industry benchmarks.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and her staff for the cooperation and courtesy extended to us during the course of our audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'P L Buchholz'.

PricewaterhouseCoopers

A second handwritten signature in blue ink, appearing to read 'P L Buchholz'.

P L Buchholz
Partner
28 September 2015

Sydney

ITEM 3 (continued)

ATTACHMENT 9

**The City of Ryde Council****Independent auditor's report
Report on the special purpose financial statements****Report on the financial statements**

We have audited the accompanying financial statements, being the special purpose financial statements, of the City of Ryde Council (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2015, the Income Statements by Business Activity for the year then ended, Notes to the financial statements for the Business Activities identified by Council and the Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting for the year ended 30 June 2015.

Councillors' responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial statements, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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ITEM 3 (continued)

ATTACHMENT 9



Auditor's opinion:

In our opinion, the financial statements presents fairly, in all material respects, the financial position by Business Activity of The City of Ryde Council as of 30 June 2015 and its financial performance by Business Activity for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial statements, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Council.



PricewaterhouseCoopers



Peter Buchholz
Partner

Sydney
28 September 2015

ITEM 3 (continued)

ATTACHMENT 10

**City of Ryde Council****Independent auditor's report
Report on the Special Schedules No. 7 & 8****Report on the Special Schedules No. 7 & 8**

We were engaged to audit the accompanying Special Schedules 7 & 8 comprising the Condition of Public Works and Financial Projections, respectively for the City of Ryde Council as at the year ended 30 June 2015.

Responsibility of Council for Special Schedules No. 7 & 8

The Council is responsible for the preparation and fair presentation of Special Schedules No. 7 & 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 7 & 8 that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 7 & 8 based on our audit. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Special Schedules 7 & 8 are based in forecast expenditure over the useful life of public works in the case of Special Schedule 7 and forecast revenue and expenditure of Council for a period of 10 years in the case of Special Schedule 8. Any of the estimates used in preparing these forecasts could be inaccurate and therefore we can provide no assurance the forecast information in Special Schedule 7 & 8 will eventuate. In the light of significant uncertainties inherent in forward looking statements, we disclaim from forming an audit opinion on these Special Schedules.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on Special Schedules 7 & 8.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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ITEM 3 (continued)

ATTACHMENT 10



Restriction on distribution

Without modifying our opinion, we advise that Special Schedules 7 & 8 have been prepared for distribution to the Office of Local Government for the purposes of informing the Council's the Condition of Public Works and Financial Projections. As a result, the schedules may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

Peter Buchholz
Partner

Sydney
28 September 2015

ITEM 3 (continued)

ATTACHMENT 11

**The City of Ryde Council****Independent auditor's report
Report on the Special Schedule No. 9****Report on the Special Schedule No. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of The City of Ryde Council ("the Council") for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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ITEM 3 (continued)

ATTACHMENT 11



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of The City of Ryde Council for the year ending 30 June 2016 is properly drawn up in all material respects in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Restriction on distribution

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.



PricewaterhouseCoopers



Peter Buchholz
Partner

Sydney
28 September 2015

4 SALE OF LAND FOR UNPAID RATES

Report prepared by: Chief Financial Officer

File No.: FIM/07/6/12/13 - BP15/1272

REPORT SUMMARY

Council at its meeting held on Tuesday 28 July 2015 resolved, in principle, to proceed with the process to sell those properties that had rates outstanding for more than five full years.

As at that date, there were 36 properties that were in this position, however this had reduced to 30 properties once the General Manager's certificates were completed with a combined total outstanding rates balance of \$371,272.

Since then Council has written to all owners, with 15 of the remaining owners either paying in full or making suitable arrangements to pay the amounts outstanding. The remaining 15 properties have a combined outstanding rates balance of \$229,303.

Division 4 and 5 of the Local Government Act sets out the process to sell properties that have rates and charges that are outstanding for more than five years.

This report recommends that Council proceed with the sale of the remaining properties in accordance with the Local Government Act, through resolving that the properties be sold, setting a date and time for the public auction, and seeking to appoint an auctioneer.

Should other owners either pay in full or make suitable arrangements, the properties will be withdrawn from the sale.

RECOMMENDATION:

- (a) That Council resolve to sell all land listed in ATTACHMENT 2 (Circulated Under Separate Cover – Confidential), titled "Details of land submitted for sale for unpaid rates and charges", at a public auction for unpaid rates in accordance with the provisions of Chapter 17 Part 2 Division 5 of the Local Government Act, 1993.
- (b) That the public auction be held on Saturday 5 March 2016 at 9.00am in the Civic Hall, 1 Devlin Street, Ryde.
- (c) That any land that fails to sell at public auction be sold by private treaty at the General Manager's discretion.
- (d) That Council seek expressions of interest from suitably qualified persons, along with a schedule of rates and fees for the provision of auctioneering services, for consideration and selection by the General Manager.

ITEM 4 (continued)

- (e) That Council's preferred option for a property to be withdrawn from the public auction is payment in full of all overdue amounts, and that only in exceptional circumstances, will arrangements be entered into, with the General Manager delegated to accept those arrangements.

ATTACHMENTS

- 1 Scanned signed General Manager's Certificates for the Sale of Land for Unpaid Rates – CIRCULATED UNDER SEPARATE COVER – CONFIDENTIAL
- 2 Listing of properties for Sale for Council – CIRCULATED UNDER SEPARATE COVER - CONFIDENTIAL

Report Prepared By:

John Todd
Chief Financial Officer

Report Approved By:

Roy Newsome
Group Manager - Corporate Services

ITEM 4 (continued)

Discussion

The rates and annual charges outstanding percentage as at 30 June 2015 was 3.84%, which is below the benchmark of 5%. Despite this low percentage, there are a number of rate accounts where the amounts overdue are for more than five full years. One rate account has overdue amounts for more than 15 years and another has overdue amounts for more than 19 years but not greater than 20 years.

Section 712 of the Local Government Act prohibits recovery action being taken for any amount overdue greater than 20 years.

Therefore, recovery action is necessary for other rate accounts with an amount overdue greater than 5 years,

Council at its meeting on Tuesday 28 July 2015 resolved to commence the process, in accordance with Section 713 (2)(a) of the Local Government Act, to sell the 36 properties that meet the criteria at a public auction at a time and date to be fixed by Council.

Once staff commenced the process to collect the information for all properties, it was found that six of the properties had either paid or made arrangements to pay, and therefore were excluded from the process.

Council then wrote to all 30 remaining property owners detailing Council's resolution and the intention to report the matter back to Council in October, which would be seeking to sell the properties.

Since sending out the letters, 15 owners have either paid in full, or made suitable arrangements to pay and have been removed from the process. Staff have also commenced inspecting each property, where Council has not been contacted, to speak to the owner or tenant and leaving a message for the owner, asking them to contact Council.

There are 15 properties that remain where the rates and charges are outstanding for more than five full years, and no suitable arrangements have been made to pay, with an outstanding balance of \$229,303.

The General Manager's Certificates for each of the 15 properties, in accordance with Section 713, setting out the rates and charges that are due and payable on land for more than five years, particulars of the rates, date of service, how levied and the date they became payable, are **ATTACHMENT 1** (Circulated Under Separate Cover – CONFIDENTIAL).

It is anticipated that some of these will be removed prior to the auction, and some may also make arrangements between drafting this report and this Council meeting.

ITEM 4 (continued)

To proceed, Council will need to;

- Resolve to sell the properties that have not either paid or made suitable arrangements, and are listed on **ATTACHMENT 2** (Circulated Under Separate Cover – Confidential);
- Set a date, time and place for the auction of the properties;
- Give notice of the proposed sale by publishing a notice in the Government Gazette and one local newspaper; and
- Employ an auctioneer to conduct the auction.

It is recommended that Council resolve to sell the properties which remain eligible, in accordance with the requirements of the Local Government Act, 1993, at a public auction for unpaid rates.

To ensure that the timing requirements in the Local Government Act are met, it is recommended that the public auction be held on Saturday 5 March 2016 at 9.00am in the Civic Hall, 1 Devlin Street Ryde.

It is also recommended that Expressions of Interest (EOIs) be called for the auctioneer, and that the General Manager be delegated to determine the auctioneer from the EOIs.

Financial Implications

There will be additional costs for search fees, advertising in at least one newspaper, advertising in the Government Gazette, legal costs and costs associated with engaging a suitably qualified auctioneer.

However, these costs will be charged against the property and recovered from the proceeds of the sale. In the event of a property being withdrawn from the auction or handed in and not sold, the costs associated with these properties will be paid for from within Council's existing budget for legal costs.

Options

Whilst it is recommended that Council proceed with the sale of all of the properties listed, Council always has the option of doing nothing, and determining not to proceed with the sale of any property.

In not proceeding Council could also suffer reputational risk in not being prepared to take the ultimate step in the recovery of rates.

5 DISCLOSURE OF INTEREST RETURNS: 2014-2015

Report prepared by: Governance Coordinator

File No.: CLR/07/8/8/8/1 - BP15/1305

REPORT SUMMARY

This report provides a summary of the status of all Disclosure of Pecuniary Interest Returns that were required to be lodged for the period 1 July 2014 to 30 June 2015, in accordance with the *Local Government Act 1993* (the Act).

Under Section 449 of the Act, Councillors and designated persons are required to lodge an annual Disclosure of Pecuniary Interests Return by 30 September each year. In addition Section 450A of the Act requires the General Manager keep a register of the pecuniary interest returns that are required to be lodged, and of those that have been lodged.

Council is advised that all Returns have been completed as detailed in the report and therefore the Register of Disclosure of Pecuniary Interest Returns is tabled at this Council meeting.

RECOMMENDATION:

That the Register of Disclosure of Pecuniary Interest Returns is tabled as required under Section 450A of the *Local Government Act*.

ATTACHMENTS

There are no attachments for this report.

Report Prepared By:

Lorie Parkinson
Governance Coordinator

Report Approved By:

Amanda Janvrin
Section Manager - Governance

Roy Newsome
Group Manager - Corporate Services

ITEM 5 (continued)

Discussion

Section 449 of the *Local Government Act 1993* (the Act) requires Councillors and designated persons to lodge an annual Disclosure of Pecuniary Interests Return with the General Manager by 30 September each year.

Section 450A of the Act requires the General Manager to keep a register of these Disclosure of Pecuniary Interest Returns and to table these returns at the first Council meeting after the lodgement date.

Council is advised that:

- All 12 Councillors lodged their annual returns by the 30 September 2015 deadline.
- 166 Council staff are identified as designated persons. 165 staff lodged their annual return by the 30 September 2015 deadline. One Council officer lodged their return on 1 October 2015.

The 2014-2015 Register of Disclosure of Pecuniary Interests Returns is tabled.

Financial Implications

Adoption of the recommendations will have no financial impact.

Critical Dates

The following deadline was required to be met:

- Completed Disclosure of Pecuniary Interests Returns were required to be lodged with the General Manager by 30 September 2015.

6 2015/2016 CHRISTMAS / NEW YEAR ARRANGEMENTS - Business Operations

Report prepared by: Service Unit Manager - Human Resources
File No.: HRS/07/5/28 - BP15/1418

REPORT SUMMARY

This report seeks Council's endorsement of the proposed business operations during the 2015/2016 Christmas / New Year Period, with Council's operations proposed to close from noon on Thursday, 24 December 2015 and recommence on Monday, 4 January 2016.

Council's Operations Centre will be closing on Friday, 18 December 2015 with skeleton crews being in place from this date for all essential service areas and throughout the Christmas / New Year period, in addition to staff being available on call. For all other areas of Council's operations, normal business operations will be in place until close of business on Tuesday, 22 December 2015, with a skeleton staff to address essential services, being in operation from Wednesday, 23 December 2015 until noon on Thursday, 24 December 2015.

From noon on 24 December 2015, there will be a skeleton staff or staff on call throughout the Christmas / New Year period to ensure essential services are undertaken.

Also, during this period Council's Ryde Aquatic Leisure Centre (RALC) and Library services will be operating on revised operating hours as detailed in the report.

Council has organised for its staff to meet from 12 noon on Friday, 18 December 2015 for an end of year update on current issues from the General Manager, and to also provide staff with a Christmas lunch. Council's business operations will be therefore closed from 12 noon on 18 December 2015, with normal business operations resuming on Saturday, 19 December 2015.

RECOMMENDATION:

- (a) That the changes to normal City of Ryde business operations over the 2015/2016 Christmas/New Year period, as outlined in the report be endorsed.
- (b) That the changes to normal business operations referred to in (a) above, be advertised in the Mayor's Column, on Council's website, through Social Media and by way of notice at the front of the Civic Centre, Council's branch libraries and the Ryde Aquatic Leisure Centre.
- (c) That Council endorse the staff function, including staff update / Christmas lunch, being held at the Civic Hall from 12 noon on Friday, 18 December 2015.

ITEM 6 (continued)**ATTACHMENTS**

There are no attachments for this report.

Report Prepared By:

Melissa Attia
Service Unit Manager - Human Resources

Report Approved By:

Roy Newsome
Group Manager - Corporate Services

ITEM 6 (continued)

Discussion

In recent years, normal City of Ryde business operations, except Ryde Aquatic Leisure Centre (RALC) have ceased over the Christmas / New Year period. Throughout this period, skeleton staff have remained on duty, supported by staff on-call to continue essential services and to respond to urgent customer requests. This report seeks Council's endorsement for the proposed arrangements for Council's operations to close from 12 noon on Thursday 24 December 2015 and recommence on Monday 4 January 2016.

Council's Operations Centre is proposed to close from Friday 18 December 2015, with skeleton crews being in place from this date for all essential service areas and throughout the Christmas / New Year period. Additional staff for key areas will also be on call.

Similar arrangements will apply to all other areas of Council's operations (excluding the RALC) with staff on call for all key areas throughout the Christmas / New Year period. In respect of the RALC, it will be operating on revised business hours as detailed later in this report.

In balancing Council's operational requirements with service delivery obligations to the community, all areas of Council's operations will be operating on a skeleton staff basis from Wednesday 23 December 2015, up until noon on Thursday 24 December 2015, when Council's offices will be closed until 4 January 2016. All essential areas will have appropriate operational arrangements put in place throughout the Christmas / New Year period.

It is proposed for Council staff to have its annual gathering from 12 noon on Friday 18 December 2015, to ensure staff attendance is maximised. This function will incorporate an update on all current issues from the General Manager, in addition to a Christmas lunch for staff. The cost of this function is incorporated in Council's operating budget.

Council's business operations will therefore close from 12 noon Friday 18 December 2015, to allow for the staff update / function to take place, with normal business operations being recommenced from Saturday 19 December 2015.

All Council's business operations excluding the RALC, will then close from noon on Thursday, 24 December 2015 (Libraries closing at 3.00 pm) and recommence on Monday, 4 January 2016. It is proposed that the RALC will be closed between 24 and 26 December 2015 inclusive (Thursday – Saturday) to allow essential maintenance such as the cleaning of the balance tanks, painting of the grandstand seating area, the painting of doors to all change rooms and undertaking some minor tiling repairs throughout the Centre.

ITEM 6 (continued)

During the shutdown period, the following service functions will remain operational with on-duty staff;

- Cleansing operations:
 - Shopping Centres – streets, footpaths and bin collections.
 - Parks – bin collections.
 - Public Toilets.
- Urgent infrastructure repairs (public safety).
- General Parks Maintenance and mowing of Regional Parks.
- Rangers – normal patrols.
- Hall Hire – pre bookings.
- The Shop Ryder Bus Service will operate as normal up to and including Thursday, 24 December 2015 and then cease operations from Friday, 25 December 2015 until Tuesday, 5 January 2016. Normal operations for this service will resume on Wednesday, 6 January 2016.

Ryde Aquatic Leisure Centre

The proposed RALC operation hours for this period are as follows:

Thursday	Dec 24	Closed to allow some remediation work to be undertaken
Friday	Dec 25	CLOSED (Christmas Day) Remediation work will be continuing
Saturday	Dec 26	CLOSED (Boxing Day) Remediation work will be continuing
Sunday	Dec 27	10.00am – 5.45pm
Monday	Dec 28	10.00am – 5.45pm
Tuesday	Dec 29	10.00am – 5.45pm
Wednesday	Dec 30	10.00am – 5.45pm
Thursday	Dec 31	10.00am – 5.45pm
Friday	Jan 01	10.00am – 5.45pm (New Year's Day)
Saturday	Jan 02	10.00am – 5.45pm
Sunday	Jan 03	10.00am – 5.45pm
Monday	Jan 04	5.30am – 8.45 pm (resume Normal Business Operations)

The RALC returns to normal hours of operation on Monday 4 January 2016.

ITEM 6 (continued)

City of Ryde Libraries

The proposed Library operations are as follows:

Friday 18 December 2015 – from 12 noon	All libraries closed
Saturday 19 December 2015 – Wednesday 23 rd December 2015	All libraries open normal hours (skeleton staff)
Thursday 24 December 2015	All libraries open with skeleton staff only and closing at 3.00 pm
From 3.00 pm Thursday 24 December 2015 – Friday 1 January 2016	All libraries closed
Saturday 2 January 2016	All libraries resume normal operations on this day

On-Call Arrangements

The Operations Centre will be closed from 12 noon on Friday 18 December 2015 through to Monday, 4 January 2016, returning to regular hours of operation on this date.

A roster of on-call staff will be prepared for all other departments and these staff will be available to respond to urgent matters if required. This will include other functions such as information systems (IT) support and Development Application (DA) notifications. All details of on-call staff will be provided to Councillors prior to the Christmas/New Year shutdown.

The normal after-hours call centre arrangements will apply during this period, whereby any customers calling Council's main phone number will speak to an operator who will then allocate the enquiry to the relevant officer for action.

The proposed changes to normal business operations for the Christmas/New Year period are proposed to be advertised in the Mayor's Column, on Council's website and by way of notice at the front of the Civic Centre, Council's branch libraries and the Ryde Aquatic Leisure Centre. It is also proposed to utilise Council's social media for notification.

It is proposed that the staff update / Christmas function will be held from 12 noon on Friday 18 December 2015 in Council's Civic Hall. Councillors will be advised of the details once confirmed, with all Councillors welcome to attend.

Financial Impact

Adoption of the recommendation outlined in this report will have no financial impact as the funding of staff resources over the Christmas/New Year shutdown period is already included in existing operational budgets.

ITEM 6 (continued)**Policy Implications**

There are no policy implications through adoption of the recommendation.

Other Options

Levels of services could be increased or decreased during this period. The arrangements proposed, however, will ensure the community is provided with appropriate levels of service throughout this period.

Conclusion

This report seeks Council's endorsement for the proposed arrangements for Council's operations to close from noon on Thursday, 24 December 2015 and recommence on Monday, 4 January 2016, noting Council's business operations will be closed for the afternoon (from 12 noon) on Friday, 18 December 2015, for a staff update / Christmas function. Appropriate arrangements for essential services throughout the Christmas / New Year period will be in place, comprising skeleton staffing and staff on call, to ensure any disruptions to services are minimised.

7 "EAT OUT IN RYDE" PROGRAM - New Outdoor Dining Opportunities

Report prepared by: Team Manager - Property Management
File No.: BPU/08/5/3/13 - BP15/945

REPORT SUMMARY

Within the City of Ryde, outdoor dining activities currently occur on Council controlled footways and plazas at 38 individual locations, mainly in the retail precincts of Eastwood Plaza and Cox's Road, North Ryde.

Throughout the City there are a number of footways that, whilst suitable for outdoor dining (such as the recently refurbished area on Church Street, Ryde), are not being utilised by any adjoining café/restaurants. This is due to a number of factors including the nature of the adjoining business not requiring outdoor dining facilities, capital and operational costs of establishment, climatic conditions and financial viability uncertainties, influencing the decision of many café/restaurant operators to adopt outdoor dining activities.

The promotion of outdoor dining opportunities is considered to have a positive economic impact to the City through new business activities and the activation of town centres. A vibrant outdoor dining precinct will attract additional visitors and provide additional dining options for residents of Ryde.

To assist in the activation of under-utilised footways and encourage the expansion and development of vibrant alfresco dining precincts throughout the City, it is proposed that a one-off temporary fee relief incentive be offered to any café/restaurant operators not currently embracing outdoor dining, to trial this service on public footways and plazas adjacent to their retail business in the City of Ryde under a new '*Eat Out in Ryde*' fee relief program.

It is proposed that an outdoor dining fee relief trial be offered for two (2) years as per the table below and be subject to review at the expiration of the first twelve (12) months.

Operating Times	12 Month Approval Period	24 Month Approval Period
Day time operating only (7.00am to 4.30pm)	Discount equivalent to 4 months of the annual fee.	Discount equivalent to 6 months of the annual fee.
Night time operating only (5.00pm to Midnight)	Discount equivalent to 5 months of the annual fee.	Discount equivalent to 7 months of the annual fee.
Day & Night time operating (7.00am to Midnight)	Discount equivalent to 6 months of the annual fee.	Discount equivalent to 8 months of the annual fee.

ITEM 7 (continued)

Outdoor Dining operators who receive the one-off incentive will be required to pay the full applicable outdoor dining fee from the expiration of the fee relief period. Operators who agree to enter into this trial will be required to comply with all other relevant provisions set out in Council's Outdoor Dining Policy.

Should Council be supportive of this proposal it will be necessary to amend the adopted outdoor dining fees set out in the 2015/16 Fees and Charges Schedule.

The endorsement of the proposal is recommended to support the promotion of business activities and activation of under-utilised footways across the City.

RECOMMENDATION:

- (a) That Council endorse the trial Outdoor Dining fee relief proposal as detailed within this report.
- (b) That should no submissions be received following the twenty eight (28) day public advertisement of the proposed Outdoor Dining Fee relief proposal, the one-off fee relief proposal be adopted.
- (c) That where submissions are received in respect of the proposed trial Outdoor Dining Fee relief proposal a further report is to be submitted for Council's consideration.
- (d) That the outcome of the trial be reviewed after two (2) years.

ATTACHMENTS

There are no attachments for this report.

Report Prepared By:

Rod Drummond
Team Manager - Property Management

Report Approved By:

Joe So
Service Unit Manager - Business Infrastructure

George Dedes
Group Manager - Public Works

ITEM 7 (continued)

Background

Within the City of Ryde, outdoor dining activities currently occur on Council controlled footways and plazas at 38 individual locations, mainly in the retail precincts of Eastwood Plaza and Cox's Road, North Ryde, with a small number occurring in niche retail precincts, such as Meadowbank Railway Station.

In line with Council's Outdoor Dining Policy, outdoor dining activity is generally permissible in areas adjacent the business premises and classified as "Exempt Development" in line with State Environmental Planning Policy 2013. Operators are required to pay a fee (based on a rate per square of space used) to Council for using the public's asset and enter into a formal occupancy arrangement.

The adopted fees for 2015/16 being:

Eastwood Plaza:	\$268.00 per square metre per annum
Cox's Road North Ryde:	\$208.00 per square metre per annum
All other areas excepting the above:	\$177.00 per square metre per annum

Council officers have identified a number of under-utilised footways which would benefit from outdoor dining activities. To encourage the expansion and development of unique alfresco dining precincts across the City, a one-off temporary fee relief incentive trial is proposed for Council's consideration.

Discussion

Throughout the City there are a number of footways that, whilst suitable for outdoor dining, are not being utilised by adjoining café/restaurants. Council officers consider that a number of risk factors such as capital and operational costs of establishment, climatic conditions and financial viability influence the decision of many café/restaurant operators to conduct outdoor dining activities outside their retail premises. The recently refurbished footway areas in Church Street, Ryde is considered a suitable example for outdoor dining expansion.

The promotion of outdoor dining opportunities is considered to have a positive economic impact to the City through new business activities and the activation of town centres. A vibrant outdoor dining precinct will attract additional visitors and provide additional dining options for residents of Ryde.

A proposal for a one-off fee relief for outdoor dining operators has been developed on a similar basis to "rent free" incentives offered to retailers in the marketplace as an enticement to occupy vacant retail premises. By providing the proposed financial incentive, it is anticipated that the level of risk will be mitigated to a level that will encourage café/restaurant operators to adopt the use of adjacent footways/plazas for outdoor dining purposes under a new 'Eat Out in Ryde' fee relief program.

ITEM 7 (continued)

As the incentive aims to encourage an expansion to new outdoor dining in the City, as such; existing outdoor dining operators would not be entitled to the proposed fee relief unless they wish to establish an extension on a completely separate area or in another retail precinct.

The *'Eat Out in Ryde'* fee relief program has not been limited or restricted to any particular area at its aim is to invigorate outdoor dining across the whole city.

Should Council be supportive of the outdoor dining fee relief proposal, the initiative will be communicated to the Economic Development Advisory Committee for promotion and discussion with Council's Economic Development Manager. A separate marketing campaign will also be developed via the Communication and Media Unit to advertise the new program.

Proposed Outdoor Fee Relief

It is proposed that an outdoor dining fee relief trial be offered for two (2) years and be subject to review at the expiration of the first twelve (12) months. Outdoor Dining operators who receive the one-off incentive will be required to pay the full applicable outdoor dining fee from the expiration of the fee relief period. Operators who agree to enter into this trial will be required to comply with all other relevant provisions set out in Council's Outdoor Dining Policy.

Operating Times	12 Month Approval Period	24 Month Approval Period
Day time operating only (7.00am to 4.30pm)	Discount equivalent to 4 months of the annual fee.	Discount equivalent to 6 months of the annual fee.
Night time operating only (5.00pm to Midnight)	Discount equivalent to 5 months of the annual fee.	Discount equivalent to 7 months of the annual fee.
Day & Night time operating (7.00am to Midnight)	Discount equivalent to 6 months of the annual fee.	Discount equivalent to 8 months of the annual fee.

Conclusion

It is anticipated that this trial will assist in the activation of vacant and under-utilised footway/plaza areas located in various retail precincts throughout the City of Ryde. In addition, the implementation of this proposal will recognise the willingness of Council to work in partnership with café/restaurant operators to support local businesses whilst promoting the development of a vibrant alfresco dining culture throughout the City, providing unique dining experiences to both visitors and residents.

ITEM 7 (continued)**Options****Option 1 - Support the Outdoor Dining Fee Relief proposal**

This proposal has been developed to assist in the activation and use of various under-utilised footway/plaza areas for alfresco dining purposes. In supporting the proposal, Council will encourage greater use of its public assets and provide local café/restaurant operators with an opportunity to embrace this popular activity at reduced cost. In addition, this proposal has the potential to provide residents and visitors with increased and varied alfresco dining experiences in the City.

Taking in consideration the above, this option is recommended.

Option 2 - Not support the Outdoor Dining Fee Relief proposal

Whilst there are currently 38 outdoor dining locations across the City of Ryde, it is considered that the current under-utilisation of footway/plaza areas will continue without further Council initiatives to encourage and promote this activity.

Accordingly, this option is not recommended.

Financial Implications

As this proposed is seeking to activate and encourage new outdoor dining opportunities, the trial will have no financial impact on the existing operating budget.

Whilst the adoption of this proposal will result in Council foregoing some initial outdoor dining income, the one-off and short term nature of the fee relief will limit the potential loss of income. Should the trial prove successful, it is highly likely that the activation of under-utilised footway/plaza areas will enhance economic development in the City and generate additional ongoing outdoor dining fee income for Council in future years.