

AGENDA

Finance and Governance Committee

Monday, 13 March 2023

6:00pm

Waratah Room

Georges River Civic Centre

Hurstville



OATH OF OFFICE OR AFFIRMATION OF OFFICE

All Georges River Councillors are reminded of their Oath of Office or Affirmation of Office made at the time of their swearing into the role of Councillor.

All Councillors are to undertake the duties of the office of Councillor in the best interests of the people of the Georges River Council area and are to act faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the *Local Government Act 1993* or any other Act to the best of their ability and judgement.

DISCLOSURES OF INTEREST

All Georges River Councillors are reminded of their obligation to declare any conflict of interest (perceived or otherwise) in a matter being considered by Council or at any meeting of Council.

FINANCE AND GOVERNANCE COMMITTEE

ORDER OF BUSINESS

OPENING

ACKNOWLEDGEMENT OF COUNTRY

APOLOGIES / LEAVE OF ABSENCE

NOTICE OF WEBCASTING

DISCLOSURES OF INTEREST

PUBLIC FORUM

CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

FIN008-23	Confirmation of the minutes of the previous meeting held on 13 February 2023 (Report by Executive Services Officer)	4
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1. COMMITTEE REPORTS

FIN009-23	Investment Report as at 31 January 2023 (Report by Acting Senior Financial Accountant - Reporting).....	10
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FIN010-23	Property Matter - Purchase of 25 Joffre Street, South Hurstville for Public Recreation Purposes (Report by Strategic Property Specialist)	24
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CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Item: FIN008-23 Confirmation of the minutes of the previous meeting held on 13 February 2023

Author: Executive Services Officer

Directorate: Office of the General Manager

Matter Type: Previous Minutes

FIN008-23

RECOMMENDATION:

That the Minutes of the Finance and Governance Committee Meeting held on 13 February 2023 be confirmed.

ATTACHMENTS

Attachment 1 UNCONFIRMED Minutes - Finance and Governance Committee - 13 February 2023

MINUTES

Finance and Governance Committee

Monday, 13 February 2023

6:00pm

Waratah Room

Ground Floor

Georges River Civic Centre, Hurstville



PRESENT

COUNCIL MEMBERS

The Mayor Nick Katris, Councillor Elise Borg (Chairperson), Councillor Veronica Ficarra, Councillor Christina Jamieson, Councillor Peter Mahoney and Councillor Colleen Symington.

COUNCIL STAFF

Acting Director Business and Corporate Services - Danielle Parker, Chief Audit Executive – Juliette Hall, Acting General Counsel – Sue Weatherley, Acting Chief Finance Officer – Scott Henwood, Business Performance Accountant – Jo Dikkenberg, Acting Executive Manager – Vicki McKinley, Executive Services Officer – Marina Cavar, Acting Chief Information Officer - Brendan Scott, Technology Business Support Officer – Mark Tadros, Technology and Business Support Officer - Sandra Vazzoler and Executive Assistant to the Director Business and Corporate Services - Nickie Paraskevopoulos (Minutes).

OPENING

The Chairperson, Councillor Borg, opened the meeting at 6:00pm.

ACKNOWLEDGEMENT OF COUNTRY

The Chairperson, Councillor Borg acknowledged the Bidjigal people of the Eora Nation, who are the Traditional Custodians of all lands, waters and sky in the Georges River area. I pay my respect to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples who live, work and meet on these lands.

APOLOGIES/LEAVE OF ABSENCE

There were no apologies or requests for leave of absence.

REQUEST TO ATTEND MEETING VIA AUDIO VISUAL LINK

There were no requests to attend via audio visual link.

NOTICE OF WEBCASTING

The Chairperson, Councillor Borg, advised staff and the public that the meeting is being recorded for minute-taking purposes and is also webcast live on Council's website, in accordance with Section 5 of Council's Code of Meeting Practice. This recording will be made available on Council's website.

DISCLOSURES OF INTEREST

There were no disclosures of interest made.

PUBLIC FORUM

There were no registered speakers.

CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

FIN001-23 Confirmation of the minutes of the previous meeting held on 12 December 2022

(Report by Executive Services Officer)

RECOMMENDATION: Councillor Mahoney and Councillor Ficarra

That the Minutes of the Finance and Governance Committee Meeting held on 12 December 2022 be confirmed.

Record of Voting:

For the Motion: Unanimous

COMMITTEE REPORTS

FIN002-23 Audit, Risk and Improvement Committee - Minutes of Meetings held on 25 August and 17 November 2022

(Report by Chief Audit Executive)

RECOMMENDATION: Councillor Mahoney and the Mayor Katris

That the confirmed Minutes of the Audit Risk and Improvement Committee meetings held on 25 August and 17 November 2022 (Special Financial Statements) be received and noted by Council.

Record of Voting:

For the Motion: Unanimous

Note: Councillor Jamieson arrived late to the meeting at 6:08pm

FIN003-23 Amendments to 2022/23 Fees and Charges

(Report by Business Performance Accountant)

RECOMMENDATION: Councillor Symington and Councillor Ficarra

(a) That the following 2022/23 Fees & Charges be amended:

- i. Impounded Animal Daily Boarding Charge – Dogs - \$92 per day (+ GST)
- ii. Impounded Animal Daily Boarding Charge – Cats – \$34 per day (+ GST)
- iii. Impounded Animal Daily Boarding Charge – Small Animals - \$34 per day (+ GST)
- iv. Impounded Animal Veterinary Treatment Charge – At Invoiced cost

(b) That the following fees be added into the 2022/23 schedule of Fees & Charges:

- i. Impounded Animal Transport Charge – Strathfield – \$160 (+ GST)
- ii. Impounded Animal Transport Charge – Austral – \$260 (+ GST)
- iii. After Hours Emergency Animal Transport Charge - Rosebery - \$200 (+ GST)
- iv. Animal Intake Administration Fee \$50 (+ GST)

Record of Voting:

For the Motion: Unanimous

FIN004-23 Administration of the 2024 Local Government Elections

(Report by Acting Manager Office of the General Manager)

RECOMMENDATION: Councillor Mayor Katris and Councillor Ficarra

- (a) That pursuant to Section 296(2) and (3) of the *Local Government Act 1993 (NSW)* ("the Act"), Council enter into an election arrangement by contract for the Electoral Commissioner to administer all elections of the Georges River Council.
- (b) That pursuant to Section 296(2) and (3) of the Act, as applied and modified by s.18, that a council poll arrangement be entered into by contract for the Electoral Commissioner to administer all council polls of the Georges River Council.
- (c) That pursuant to s.296(2) and (3) of the Act, as applied and modified by s.18, that a constitutional referendum arrangement be entered into by contract for the Electoral Commissioner to administer all constitutional referenda of the Georges River Council.

Record of Voting:

For the Motion: Unanimous

FIN005-23 Investment Report as at 30 November 2022

(Report by Acting Senior Financial Accountant - Reporting)

RECOMMENDATION: Councillor Mahoney and Councillor Ficarra

That the Investment Report as at 30 November 2022 be received and noted by Council.

Record of Voting:

For the Motion: Unanimous

FIN006-23 Investment Report as at 31 December 2022

(Report by Acting Senior Financial Accountant - Reporting)

RECOMMENDATION: Councillor Symington and Councillor Ficarra

That the Investment Report as at 31 December 2022 be received and noted by Council.

Record of Voting:

For the Motion: Unanimous

FIN007-23 Quarterly Budget Review Report for Period Ended 31 December 2022

(Report by Business Performance Accountant)

RECOMMENDATION: Councillor Symington and Councillor the Mayor Katris

- (a) That Council receives and notes the contents of this report in relation to the Quarterly Budget Review for the period ending 31 December 2022.
- (b) That Council adopt the proposed amendments to the 2022/23 Budget as outlined in Attachment 1.

Record of Voting:

For the Motion: Unanimous

CONCLUSION

The Meeting was closed at 6:35pm

Chairperson Councillor Elise Borg

UNCONFIRMED MINUTES

UNCONFIRMED MINUTES

UNCONFIRMED MINUTES

COMMITTEE REPORTS**Item:** FIN009-23 Investment Report as at 31 January 2023**Author:** Acting Senior Financial Accountant - Reporting**Directorate:** Business and Corporate Services**Matter Type:** Committee Reports

FIN009-23

RECOMMENDATION:

That the Investment Report as at 31 January 2023 be received and noted by Council.

EXECUTIVE SUMMARY

1. This report details Council's performance of its investment portfolio as at 31 January 2023 and compares its performance against key benchmarks.
2. This report also includes the estimated market valuation of Council's investment portfolio, loan liabilities and any required update on Council's legal action against various parties.
3. Council's annualised rate of return as at 31 January 2023 is 1.67% which is 0.15% above benchmark with income from interest on investments totalling \$3,011,000 which is \$1,497,000 higher than the year-to-date adopted budget of \$1,514,000.

BACKGROUND

4. 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, section 625 of the *Local Government Act 1993* and *Local Government (General) Regulation 2021*.

INVESTMENT PERFORMANCE COMMENTARY

5. Council's performance against the benchmark for returns of its investment portfolio for January 2023, are as follows:

	1 Month	3 Month	12 Month
Portfolio Performance	0.25%	0.72%	1.67%
Performance Index	0.27%	0.77%	1.52%
Excess Performance	-0.02%	-0.05%	0.15%

Notes:

- (a) Portfolio performance is the rate of return of the portfolio over the specified period.
- (b) The Performance Index is the Bloomberg Ausbond Bank Bill Index.
- (c) Excess performance is the rate of return of the portfolio in excess of the (b) Performance Index.

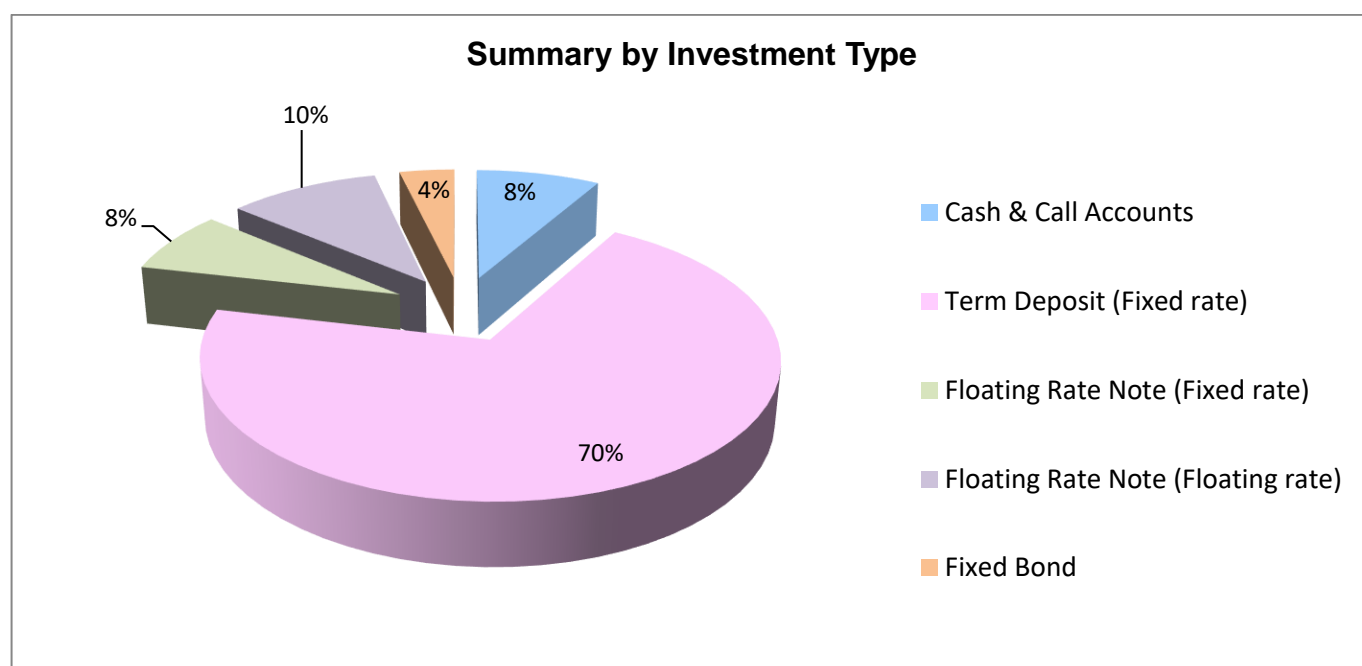
6.

Council's investment portfolio as at the end of January 2023 was as follows:

Security Type	Market Value \$000's	% Total Value
At Call Deposit	1,184	0.55%
Consolidated Cash Fund	16,850	7.79%
Term Deposit (Fixed rate)	152,000	70.25%
Floating Rate Note (Fixed rate)	16,350	7.56%
Floating Rate Note (Floating rate)	21,998	10.17%
Fixed Bond	8,000	3.70%
Portfolio Total	216,382	100%

7. At the end of January 2023, total cash and investments were \$216 million, which was a decrease of \$3 million from the previous month (December 2022: \$219 million).
8. Council continues to utilise the Federal Government's current guarantee (\$250,000) investing in term deposits with a range of Authorised Deposit Taking Institutions (ADI's).

TYPE OF INVESTMENTS

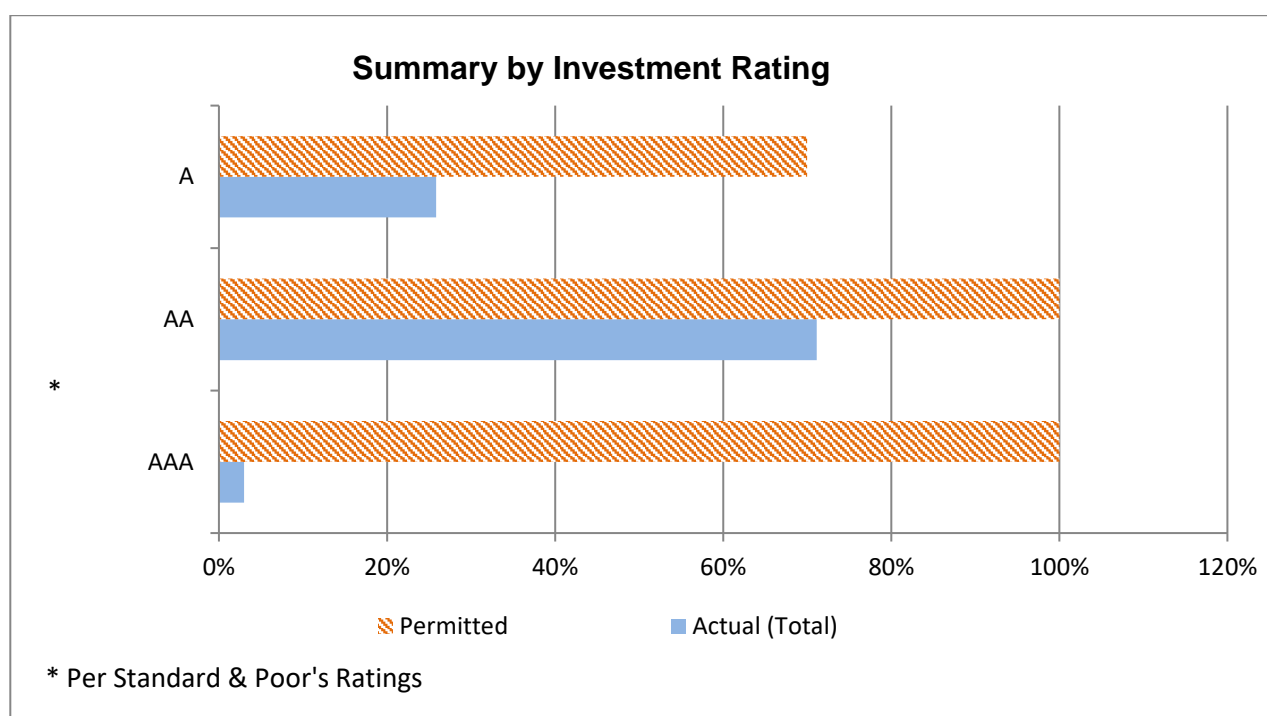


9. The majority of Council's investment portfolio is made up of fixed term deposits, which account for approximately 70% of total investments.
10. Bank Floating Rate Notes (FRN) can offer liquidity and a higher rate of income accrual, which is highly recommended by our Investment Advisors (CPG Research & Advisory).
11. The following are the types of investments held by Council:
 - a) Cash and Call Accounts refer to funds held at a financial institution and can be recalled by Council either same day or on an overnight basis.
 - b) An 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.

- c) A Term Deposit is a debt security issued by a company with a fixed or floating interest rate over the term of the deposit, 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.
- d) A Fixed Bond is a debt security issued by a government in a form of fixed rate of interest at a specified time.

POLICY LIMITS

12. The graph below shows the investment rating limits, as a percentage of total cash investments, which are allowed under Council's Investment Policy. All funds invested are within the limits set in the Investment Policy.



INVESTMENT INCOME

13. Income from interest on investments totals \$3,011,000 which is \$1,497,000 higher than the year-to-date adopted budget of \$1,514,000.
14. Investments have been made in accordance with the *Local Government Act 1993*, Minister's Guidelines, Regulations and Council's Investment Policy.

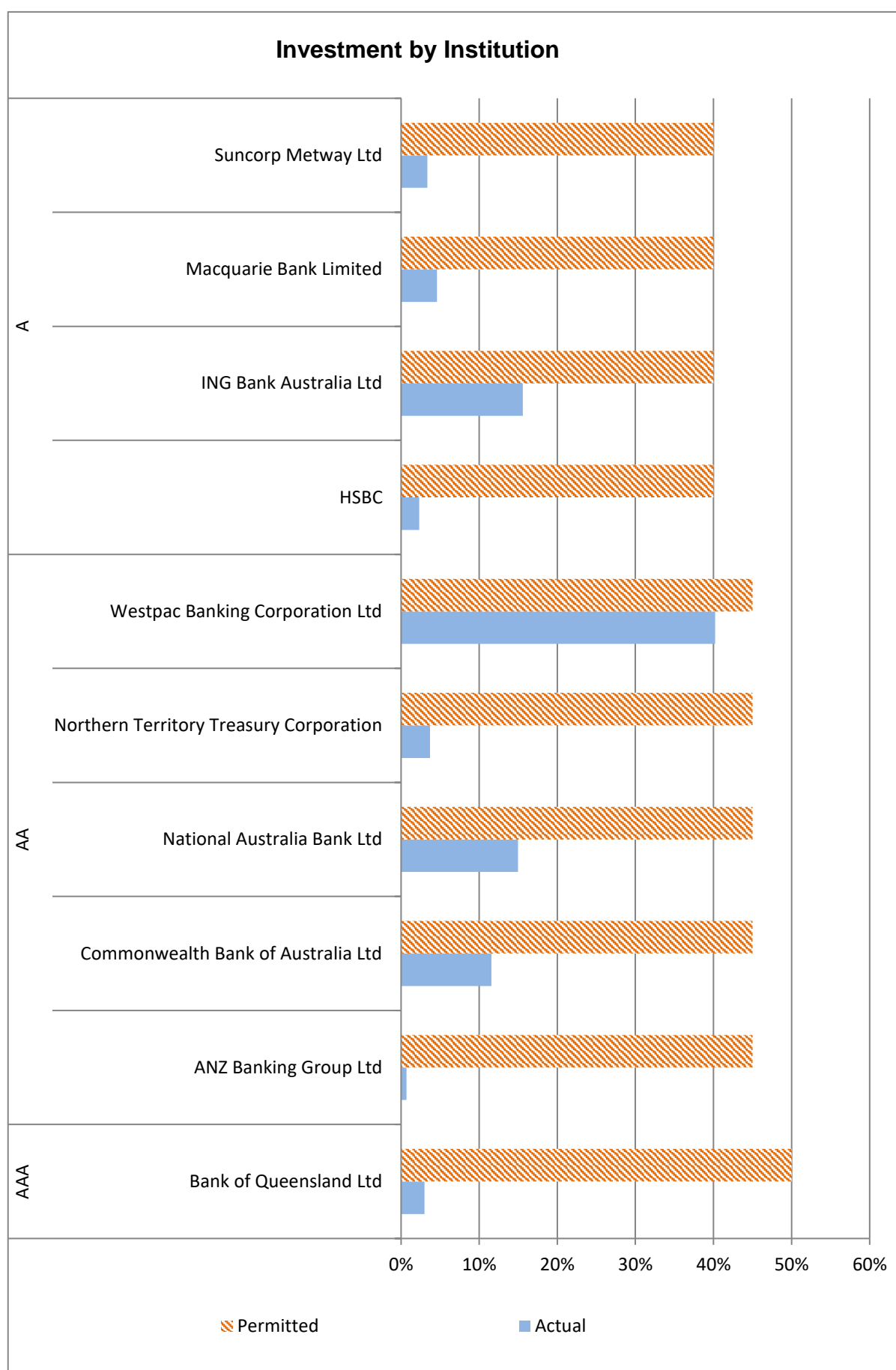
ANALYSIS OF INVESTMENTS

15. Investment Duration

Investment Term	Market Value \$000's	% Total Value	Policy Limits %
0 to < 1 Year	98,038	45.31%	100%
1 to < 3 Years	53,696	24.82%	60%
3 to < 5 Years	64,648	29.88%	40%
Portfolio Total	216,382	100.00%	

16. Council's portfolio is liquid, with 45% of assets maturing within 12 months. FRNs, At-Call Funds and Fixed Bonds also provide additional liquidity in an emergency.

17. The following graph shows the analysis of the total cash investment by institution as at 31 January 2023.



CREDIT RATING

18. Credit ratings are generally a statement as to an institution's credit quality. Council's investment advisors (CPG Research & Advisory) use standard & poor's credit ratings to classify the investments held by Council. Ratings ranging from AAA to A (short term) & AAA to A (long term) are considered investment grade.

19. A general guide for the meaning of each credit rating that Council deals with is as follows:

Short-term

AAA: The highest possible quality. An obligor's capacity to meet its financial commitments on the obligation is extremely strong.

AA: The best quality companies, reliable and stable. An obligor's capacity to meet its financial commitments on the obligation is very strong.

A: The obligor's capacity to meet its financial commitments on the obligation is still strong but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.

Long-term

AAA: The highest possible quality. An obligor's capacity to meet its financial commitments on the obligation is extremely strong.

AA: Quality companies, a bit higher risk than AAA. An obligor has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.

A: Economic situation can affect finance. An obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

20. The credit quality of Council's portfolio is high with 100% of assets rated 'A' or higher.

COUNCIL'S INVESTMENT POWERS

21. Council's investment powers are regulated by Section 625 of the *Local Government Act 1993*, which states:

- A council may invest money that is not, for the time being, required by the council for any other purpose.
- Money may be invested only in a form of investment notified by order of the Minister published in the Gazette.
- 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.
- 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.

22. Council's Investment Policy and strategy 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.

LEGAL MATTERS

23. Georges River Council is participating in a Group Class Action since January 2019 against Fitch Ratings Inc and Fitch Ratings Ltd (collectively Fitch), in respect to losses suffered in relation to products Council acquired which were rated by Fitch, specifically the Corsair (Cayman Islands) No.4 Ltd Series 6 Kakadu Collateralised Debt Obligation (CDO) notes (rated AA by Fitch but estimated in fact BB). Council suffered a capital loss of \$215,000 on these investments dating back to December 2006 and will seek damages of the capital loss including lost interest, as part of the action.
24. As a Group Member, Council will not incur any legal costs or disbursements, or be liable for any adverse costs order that the Court may make in the proceedings. The Banton Group Pty Ltd (Banton) is the legal firm acting for Council in relation to the class action proceedings against Fitch, engaged on November 2020. Banton has been working on the matter and conferring with consultant experts on a new potential fraud issue within Fitch's ratings methodology. The latest correspondence on this matter was in November 2020, where Banton anticipates there is still further work to be done but is moving closer towards the anticipated commencement of the proceedings against Fitch.
25. Council received an interim dividend of \$842,515.01 on 22 December 2022 from a Group Class Action against the Australian Lehman Group of companies (Lehman Brothers), that the former Hurstville City Council joined in September 2008. This matter is closed and will not be reported on in future investment reports.

FINANCIAL IMPLICATIONS

26. Income from interest on investments totals \$3,011,000 which is \$1,497,000 higher than the year-to-date adopted budget of \$1,514,000.

RISK IMPLICATIONS

27. Enterprise risk/s identified, and management process applied.
28. Council's enterprise risk identified was 'poor financial management adversely impacts Council's long-term financial sustainability'. The risk has been managed by Council's management of investments in accordance with the relevant Act and Regulations, along with Council's adopted Investment Policy and introduction of the SRV. To further minimise the risk, Council is progressively moving towards the placement of investments only in investments rated A or above.

COMMUNITY ENGAGEMENT

29. No community consultation is required.

FILE REFERENCE

D23/21861

ATTACHMENTS

Attachment [1](#)  P07. Investment Portfolio as at 31 Jan 2023



INVESTMENT REPORT

As at 31 January 2023



TABLE OF CONTENTS

1. Portfolio as at 31 January 2023
2. Portfolio Valuation by Categories as at 31 January 2023



Investment Report
 Georges River Council
 as at 31 January 2023

1. Portfolio Valuation As At 31 January 2023

	Fixed Interest Security	ISIN	Face Value Original	Market Value	% Total Value
Cash at Bank					
	CBA Consolidated		16,849,965.98	16,849,965.98	7.79%
			16,849,965.98	16,849,965.98	7.79%
At Call Account					
	CBA At Call		70,476.71	70,476.71	0.03%
	CBA At Call		1,113,087.42	1,113,087.42	0.51%
			1,183,564.13	1,183,564.13	0.55%
Fixed Bond					
	NTTC 0.5 15 Jun 2023 832DAY Fixed		3,000,000.00	3,000,000.00	1.39%
	NTTC 1.0 15 Dec 2024 1207DAY Fixed		5,000,000.00	5,000,000.00	2.31%
			8,000,000.00	8,000,000.00	3.70%
Floating Rate Note (Floating rate)					
	ANZ 0.77 29 Aug 2024 FRN	AU3FN0049730	1,500,000.00	1,500,360.00	0.69%
	CBA 0.8 25 Apr 2023 FRN	AU3FN0040556	2,000,000.00	2,004,190.00	0.93%
	HSBCSyd 0.83 27 Sep 2024 FRN	AU3FN0050498	5,000,000.00	5,001,875.00	2.31%
	MACQ 0.48 09 Dec 2025 FRN	AU3FN0057709	3,000,000.00	2,935,680.00	1.36%
	SunBank 0.45 24 Feb 2026 FRN	AU3FN0058343	2,100,000.00	2,047,857.00	0.95%
	BOQ 1.07 14 May 2025 FRN	AU3FN0054086	6,500,000.00	6,508,255.00	3.01%
	MACQ 0.55 08 Sep 2023 FRN	AU3FN0071262	2,000,000.00	2,000,000.00	0.92%
			22,100,000.00	21,998,217.00	10.17%
Floating Rate Note (Fixed rate)					
	NAB 4.95 25 Nov 2027 FRN	AU3CB0294502	7,400,000.00	7,400,000.00	3.42%
	ING 4.70 8 Dec 2025 FRN	AU3CB0294759	3,750,000.00	3,750,000.00	1.73%
	Suncorp 4.80 14 Dec 2027 FRN	AU3CB0294957	5,200,000.00	5,200,000.00	2.40%
			16,350,000.00	16,350,000.00	7.56%



Investment Report
 Georges River Council
 as at 31 January 2023

Term Deposit (Fixed rate)

NAB 0.6 09 Mar 2023 729DAY TD	5,000,000.00	5,000,000.00	2.31%
NAB 0.65 23 Jun 2023 730DAY TD	2,000,000.00	2,000,000.00	0.92%
NAB 0.60 28 Aug 2023 732DAY TD	7,000,000.00	7,000,000.00	3.24%
WBC 0.80 09 Sep 2024 1098DAY TD	4,000,000.00	4,000,000.00	1.85%
NAB 0.82 06 Sep 2024 1095DAY TD	3,000,000.00	3,000,000.00	1.39%
NAB 0.65 07 Sep 2023 730DAY TD	7,000,000.00	7,000,000.00	3.24%
WBC 0.59 05 Oct 2023 730DAY TD	4,000,000.00	4,000,000.00	1.85%
WBC 0.88 08 Oct 2024 1099DAY TD	4,000,000.00	4,000,000.00	1.85%
NAB 0.60 26 Sep 2023 720DAY TD	1,000,000.00	1,000,000.00	0.46%
WBC 1.21 04 Dec 2023 732DAY TD	8,000,000.00	8,000,000.00	3.70%
WBC 1.13 14 Dec 2023 730DAY TD	5,000,000.00	5,000,000.00	2.31%
MACQ 0.90 06 Mar 2023 368DAY TD	5,000,000.00	5,000,000.00	2.31%
ING 0.90 06 Mar 2023 368DAY TD	3,000,000.00	3,000,000.00	1.39%
WBC 3.29 02 May 2024 731DAY TD	6,000,000.00	6,000,000.00	2.77%
ING 3.40 02 May 2024 731DAY TD	2,000,000.00	2,000,000.00	0.92%
WBC 4.04 15 Jun 2023 365DAY TD	6,000,000.00	6,000,000.00	2.77%
WBC 4.07 20 Jun 2023 365DAY TD	10,000,000.00	10,000,000.00	4.62%
ING 3.90 18 Jul 2023 365DAY TD	10,000,000.00	10,000,000.00	4.62%
ING 3.90 8 Aug 2025 1096DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 4.67 30 Aug 2027 1827DAY TD	5,000,000.00	5,000,000.00	2.31%
CBA 4.36 5 Sep 2025 1096DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 5.10 27 Sep 2027 1826DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 5.10 27 Sep 2027 1826DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 5.10 27 Sep 2027 1826DAY TD	5,000,000.00	5,000,000.00	2.31%
ING 5.00 5 Oct 2027 1827DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 4.76 5 Oct 2027 1827DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 5.08 18 Oct 2027 1826DAY TD	5,000,000.00	5,000,000.00	2.31%
WBC 5.15 10 Nov 2027 1826DAY TD	10,000,000.00	10,000,000.00	4.62%
ING 4.65 14 Dec 2027 1826DAY TD	5,000,000.00	5,000,000.00	2.31%
	152,000,000.00	152,000,000.00	70.25%
Portfolio Total		216,381,747.11	100%



Investment Report
 Georges River Council
 as at 31 January 2023

2. Portfolio Valuation By Categories As At 31 January 2023

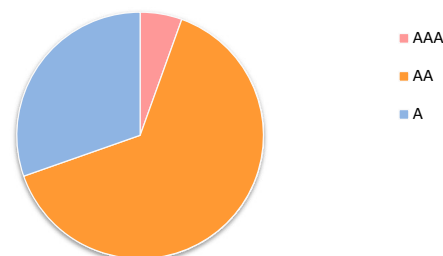
Short Term		% Total
Issuer/Security Rating Group	Market Value	Value
AA	78,037,720	36.06%
A	20,000,000	9.24%
Portfolio Total	98,037,720	45.31%

Market Value by Security Rating Group
 (Short Term)



Long Term		% Total
Issuer/Security Rating Group	Market Value	Value
AAA	6,508,255	3.01%
AA	75,900,360	35.08%
A	35,935,412	16.61%
Portfolio Total	118,344,027	54.69%

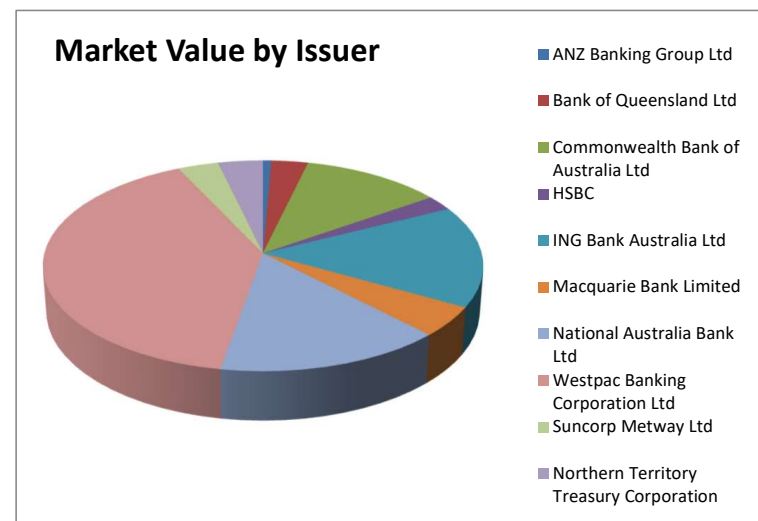
Market Value by Security Rating Group
 (Long Term)





Investment Report
 Georges River Council
 as at 31 January 2023

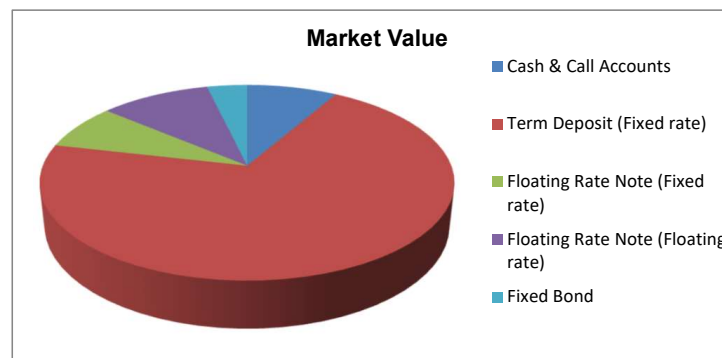
Issuer	Market Value	% Total Value
ANZ Banking Group Ltd	1,500,360	0.69%
Bank of Queensland Ltd	6,508,255	3.01%
Commonwealth Bank of Australia Ltd	25,037,720	11.57%
HSBC	5,001,875	2.31%
ING Bank Australia Ltd	33,750,000	15.60%
Macquarie Bank Limited	9,935,680	4.59%
National Australia Bank Ltd	32,400,000	14.97%
Westpac Banking Corporation Ltd	87,000,000	40.21%
Suncorp Metway Ltd	7,247,857	3.35%
Northern Territory Treasury Corporation	8,000,000	3.70%
Portfolio Total	216,381,747	100.00%





Investment Report
 Georges River Council
 as at 31 January 2023

Security Type	Market Value	% Total Value
Cash & Call Accounts	18,033,530	8.33%
Term Deposit (Fixed rate)	152,000,000	70.25%
Floating Rate Note (Fixed rate)	16,350,000	7.56%
Floating Rate Note (Floating rate)	21,998,217	10.17%
Fixed Bond	8,000,000	3.70%
Portfolio Total	216,381,747	100.00%

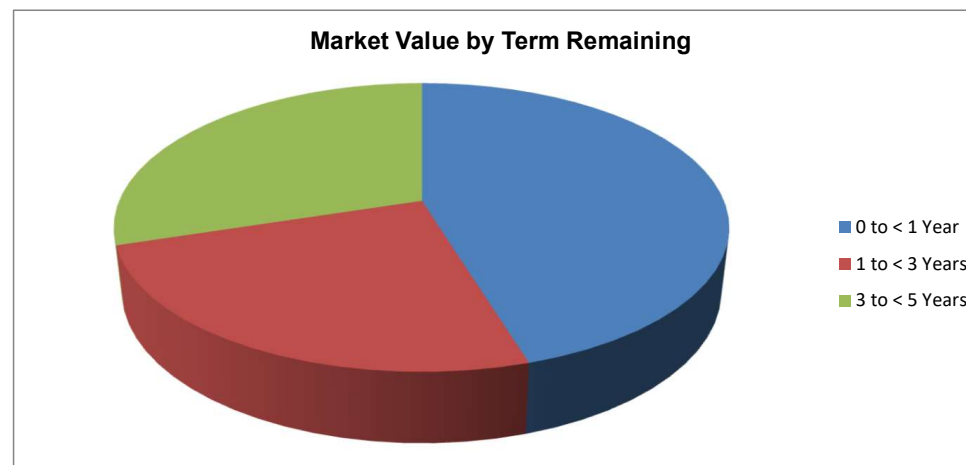




Investment Report
 Georges River Council
 as at 31 January 2023

Term Remaining	Market Value	% Total Value	Policy Limits %
0 to < 1 Year	98,038	45.31%	100%
1 to < 3 Years	53,696	24.82%	60%
3 to < 5 Years	64,648	29.88%	40%
Portfolio Total	216,382	100.00%	

Note: Term Remaining is calculated using a weighted average life date (WAL) where appropriate and available otherwise the interim (initial) maturity date is used.



Item: FIN010-23 Property Matter - Purchase of 25 Joffre Street, South Hurstville for Public Recreation Purposes

Author: Strategic Property Specialist

Directorate: Business and Corporate Services

Matter Type: Committee Reports

FIN010-23

RECOMMENDATION:

- (a) That Council purchase the residential property at 25 Joffre Street, South Hurstville, being Lot 60 in Deposited Plan 4607 on the terms outlined in the attached confidential Compensation Advice.
- (b) That Council authorise the General Manager to execute the Contract for Sale, Transfer Document and all other associated documentation to effect the purchase of Lot 60 in Deposited Plan 4607 at 25 Joffre Street, South Hurstville.
- (c) That in accordance with Section 31 (2) of the *Local Government Act 1993*, the land be classified as Community Land upon settlement.

EXECUTIVE SUMMARY

1. The former Kogarah City Council via the 2012 Kogarah City Council Local Environmental Plan ("LEP") zoned the land at 25 Joffre Street, South Hurstville as RE1 Public Recreation and reserved it for acquisition. The Georges River Council LEP 2021 maintains this zoning and reservation.
2. Council and the landowner have agreed to commercial terms via a private treaty in relation to the purchase of the property which, once acquired, will add to the existing property owned by Council at 27 Joffre Street, South Hurstville, as can be seen from the Location Plan in Attachment 1
3. The proposed acquisition of this property will be funded from monies collected and held in trust from the relevant Kogarah City Council development contribution plan.

BACKGROUND

4. The 2012 Kogarah City Council LEP zoned several residential properties for RE1 – Public Recreation and reserved them for acquisition by Council. Council thereby committed itself to acquiring these properties, either by compulsory process at a time to be determined, or by private treaty should the property owners so request. One of those properties was 25 Joffre Street, South Hurstville.
5. The subject property has a 15-metre frontage with a total site area of approximately 663 square metres. Situated on the property is an older style brick cottage and former shop.
6. The adopted Georges River Council LEP 2021 confirms that the Public Recreation zoning and reservation remain in place for the properties located at 25 to 29 Joffre Street, South Hurstville.
7. Council has periodically sought to acquire these properties by private treaty. Following a recent approach in this regard, the owners of 25 Joffre Street, South Hurstville indicated that they are prepared to sell their investment property to Council. This was on the understanding that since Council would be acquiring "under the shadow" of the

compulsory process, it would compensate the owners to the same extent as would be required under the “just terms” legislation relating to compulsory process.

8. Both parties obtained valuation advice, copies of which are attached but marked confidential. Attachment 2 provides Council's Valuer's review of the owner's valuation provided at Attachment 3. Council's initial valuation report is provided at Attachment 4.
9. Following negotiations, consideration for market value on the basis of vacant possession, was agreed at the figure set out in the (confidential) Compensation Advice in Attachment 5. For the avoidance of doubt, it is confirmed that the Valuer engaged by Council supports the agreed amount of compensation for market value (see negotiation range in the Conclusion paragraph on page 3 of his review at Attachment 2).
10. Under legislation relating to compulsory process, Council must consider the payment of amounts for various heads of compensation, over and above the market value. The owners have agreed to sell their property to Council on the basis that the provisions, as applicable to a compulsory process, be included in the financial offer. These terms are set out and estimated in the attached confidential Compensation Advice (Attachment 5).
11. As can be seen from the Location Plan in Attachment 1, the acquisition will complement the existing reserve located at 27 Joffre Street, South Hurstville. Four (4) properties will still need to be acquired to complete the open space acquisition pattern at this location.
12. It is anticipated that the property will be demolished shortly after acquisition (subject to relevant approval and budget).

FINANCIAL IMPLICATIONS

13. The proposed acquisition is funded from monies collected under the Kogarah Section 94 Development Contributions Plan No. 5 – Open Space.
14. The acquisition of 25 Joffre Street, South Hurstville was forecast to occur in 2023/24.
15. Several properties were budgeted for acquisition in 2022/23 and are not scheduled to be completed this financial year, therefore the unspent acquisition budget will be used to fund the proposed purchase.

RISK IMPLICATIONS

16. Acquiring open space within the Local Government Area has been identified under Pillar 4 and Goal 4.4 of our adopted Community Strategic Plan:

‘Everyone has access to quality parks and open space and active and passive recreation facilities.’

17. The acquisition of this property was undertaken in accordance with the good governance principles of the NSW Government's Property Acquisition Standards.

COMMUNITY ENGAGEMENT

18. As the land will be classified as community land in accordance with Section 31 (2) of the Local Government Act 1993, no community engagement will be required in this matter.

FILE REFERENCE

D23/37679

ATTACHMENTS

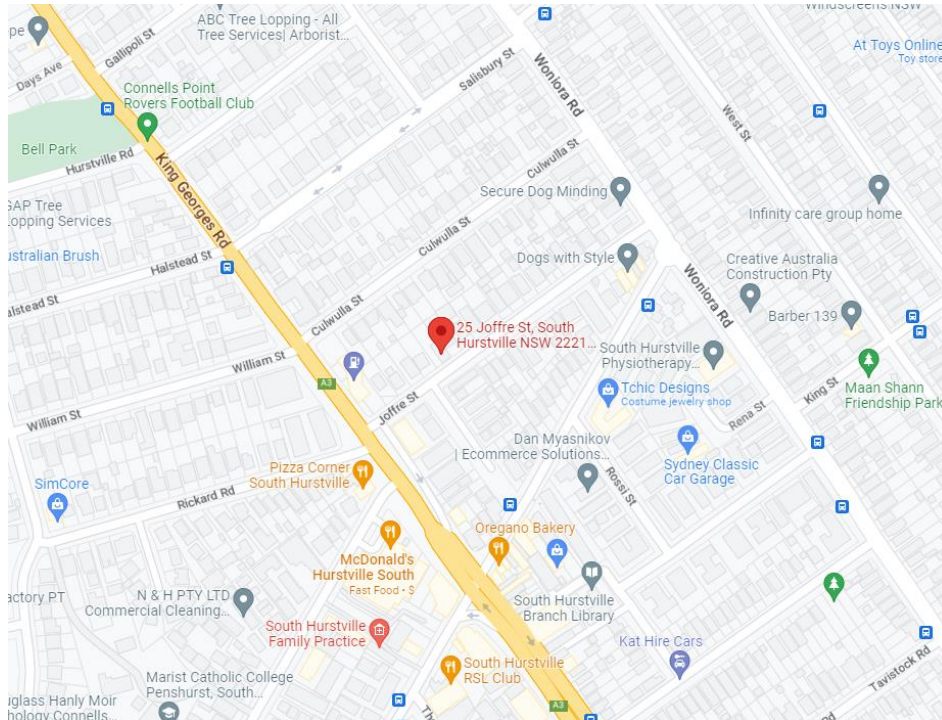
Attachment Location Plan - 25 Joffre St Sth Hurstville



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|-----------------|--|
| Attachment
2 | Valuation Review - PJC Property Services - 25 Joffre Street - South Hurstville
(Confidential) |
| Attachment
3 | Owners Valuation - 25 Joffre Street, South Hurstville (Confidential) |
| Attachment
4 | Valuation Report - July 2022 - PJC Property Services - 25 Joffre Street - South
Hurstville (Confidential) |
| Attachment
5 | Compensation Advice - 25 Joffre Street South Hurstville (Confidential) |

Attachment 1

Location Plan – 25 Joffre Street, South Hurstville



March 2023