

21 October 2019

At 2.00 pm



Corporate, Finance, Properties and Tenders Committee

Sydney 2030 / Green Global Connected

Agenda

1. **Disclosures of Interest**
2. **Investments Held as at 31 August 2019**
3. **Presentation of the 2018/19 Financial Statements and Audit Reports to Council**
4. **Review of the Investment Policy and Strategy for the Management of Councils Surplus Funds**
5. **Audit Risk and Compliance Committee Annual Report to Council 2018/19**
6. **Lease Approval - Campbell's Stores, Service Tunnel, Hickson Road, The Rocks**
7. **Tender - Reject and Negotiate - Work Based Child Care - Chippendale**
8. **Tender - Supply, Imaging and Delivery of Lenovo ThinkPad Carbon XI Laptops and Accessories**
9. **Exemption from Tender - IT Maintenance and Support Contracts**
10. **Exemption from Tender - Management of Gunyama Park Aquatic and Recreation Centre**
11. **Exemption from Tender - Provision and Installation of GSM Wireless Enabled Dual SIM Cards to All City Lifts**
12. **Property Matter (Confidential)**

Economic Development and Business Sub-Committee

13. **Grants and Sponsorship - Round Two 2019/20 - Economic Grants**

Guidelines for Speakers at Council Committees



As part of our democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Council's Secretariat on 9265 9310 before 12.00 noon on the day of the meeting.
2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.
3. Note that there is a three minute time limit for each speaker (with a warning bell at two minutes) and prepare your presentation to cover your major points within that time
4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.
5. If there is a large number of people interested in the same item as you, try to nominate three representatives to speak on your behalf and to indicate how many people they are representing.
6. Before speaking, turn on the microphone by pressing the button next to it and speak clearly so that everyone in the Council Chamber can hear.
7. Be prepared to quickly return to the microphone and respond briefly to any questions from Councillors, after all speakers on an item have made their presentations.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as Council staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting, the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are on line at www.cityofsydney.nsw.gov.au, with printed copies available at Sydney Town Hall immediately prior to the meeting. Council staff are also available prior to the meeting to assist.

Item 1.

Disclosures of Interest

Pursuant to the provisions of the Code of Meeting Practice – May 2019 and the Code of Conduct – May 2019, Councillors are required to disclose pecuniary interests in any matter on the agenda for this meeting.

Councillors are also required to disclose any non-pecuniary interests in any matter on the agenda for this meeting.

This will include receipt of reportable political donations over the previous four years.

In both cases, the nature of the interest must be disclosed.

Written disclosures of interest received by the Chief Executive Officer in relation to items for consideration at this meeting will be laid on the table.

Item 2.

Investments Held as at 31 August 2019

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 31 August 2019.

The City's total Investment and Cash position was \$683.9M at the end of August, with investments earning interest of \$1.09M for the month.

The majority of the City's cash and investments portfolio is held as internally restricted (\$252.4M) or externally restricted (\$118.3M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Sustainable Sydney 2030 Community Strategic Plan.

Key commitments within the City's Long Term Financial Plan include public domain works in the CBD to support the implementation of the CBD and South East light rail project and stormwater, town centre infrastructure and community facilities in the Green Square urban renewal area. The balance of investment funds represent working capital and funding required for the City's operating and capital expenditure commitments.

The City achieved an annualised monthly return of 2.09 per cent for August, significantly above the 30 Day Bank Bill Rate (BBR) of 0.98 per cent, the AusBond Bank Bill Index (published by Bloomberg) of 0.96 per cent and the enhanced benchmark of 1.43 per cent (BBR + 0.45 per cent) as endorsed in October 2018 as part of the Investment Strategy.

The City's annual rolling return of 2.36 per cent also continues to exceed the 12 month average 30 Day Bank Bill Rate of 1.65 per cent, AusBond Bank Bill Index of 1.82 per cent and the enhanced benchmark of 2.10 per cent (BBR + 0.45 per cent) as endorsed in the Investment Strategy in October 2018.

The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. The policy and strategy also maintain the City's commitment to sustainable investments where returns and risks are equivalent, under the environmentally and socially responsible investment criteria.

Recommendation

It is resolved that the Investment Report as at 31 August 2019 be received and noted:

Attachments

Attachment A. Register of Investments and Cash as at 31 August 2019

Attachment B. Investment Performance as at 31 August 2019

Background

1. In accordance with the principles of financial management, cash that is surplus to the City's immediate requirements is invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds.
2. Surplus cash is only invested in authorised investments that comply with governing legislation and the City's Investment Policy and Strategy.
3. The benchmark performance goal of the City's Investment Policy and Strategy is to surpass the 30 Day Bank Bill Rate (BBR) by 45 basis points while performance also continues to be measured against the Bloomberg AusBond Bank Bill Index.
4. The City's total Investment and Cash position as at 31 August 2019 was \$683.8M, an increase of \$62.2M from the \$621.6M reported at 31 July 2019, reflecting operating income, in particular the impact of the payment of the first Rates instalment for 2019/20, offset by capital works expenditure other operational payments. A schedule detailing all of the City's investments as at the end of August is provided at Attachment A.
5. The majority of the City's cash and investments portfolio is held as internally restricted (\$252.4M) or externally restricted (\$118.3M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Sustainable Sydney 2030 Community Strategic Plan.
6. Key commitments within the City's Long Term Financial Plan include public domain works in the CBD to support the implementation of the CBD and South East light rail project and stormwater, town centre infrastructure and community facilities in the Green Square urban renewal area. The balance of investment funds represents working capital and funding required for the City's operating and other capital expenditure commitments.
7. The City achieved an annualised monthly return of 2.09 per cent for August, significantly above the 30 Day Bank Bill Rate (BBR) of 0.98 per cent, the AusBond Bank Bill Index (published by Bloomberg) of 0.96 per cent and the enhanced benchmark of 1.43 per cent (BBR + 0.45 per cent) as endorsed in October 2018 as part of the Investment Strategy.
8. The City's annual rolling return of 2.36 per cent also continues to exceed the 12 month average 30 Day Bank Bill Rate of 1.65 per cent, AusBond Bank Bill Index of 1.82 per cent and the enhanced benchmark of 2.10 per cent (BBR + 0.45 per cent) as endorsed in the Investment Strategy in October 2018.
9. The RBA last adjusted the official cash rate in July 2019, when it was reduced to 1.00 per cent. The market subsequently responded accordingly, and lower yields on investments have had a sustained adverse impact on the City's portfolio return. This trend is anticipated to continue, though in recent periods some improvement in longer term interest rates has been noted.
10. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions.

11. As noted in previous investment reports, the downgrade of 23 financial institutions' global ratings by Standard and Poors in May 2017 incorporated a downgrade of both Bank of Queensland and Bendigo & Adelaide Bank long-term rating from an A- to a BBB+. As the City's Investment Policy limits the maximum amount that may be invested with sub 'A' rated institutions to \$10M each, the policy's "grandfathering" provisions have been applied to allow the existing investments to be maintained or divested in accordance with all regular investment considerations.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

12. The City's investments accord with all legislative and policy requirements, as detailed below, and continue to achieve returns above minimum benchmark rates.

Financial Implications

13. Council's investments earned interest of \$1.09M for the month of August 2019 which is in line with the budgeted earnings of \$1.1M. Investment earnings for the full year are forecast to be on budget at \$13.8M.

Relevant Legislation

14. Council is authorised to invest its surplus cash under Section 625 of the Local Government Act 1993.
15. The Local Government (General) Regulation 2005 (Clause 212) requires the City to provide a written monthly report of all monies invested, under Section 625 of the Act.
16. The Investment Policy and Strategy was revised in October 2018, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments. The revision also maintained the broadening of the definition of environmentally harmful activities to include specific reference to coal, gas and oil.
17. The City's investments accord with the Minister's Investment Order, the Office of Local Government's Investment Policy Guidelines, and the City's own Investment Policy and Strategy as adopted by Council on 29 October 2018.

Critical Dates / Time Frames

18. A monthly investment report must be submitted for Council's information and review within the following month.

Public Consultation

19. Consultation is regularly undertaken with a number of financial institutions and investment advisers to consider options and ensure the City continues to maximise its investment return within appropriate risk parameters.
20. City staff meet regularly with representatives of each of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.
21. To date, feedback from these meetings has been that there is a well-known appetite in the market for these products and they are investigating the development of suitable products, however it has been challenging to match the level of funds to available Socially Responsible Investment opportunities that meet both the credit risk and maturity profile requirements of Council.
22. As noted in previous Investment Reports, Westpac has been able to bring a Green Tailored Deposit product to market. Since November 2018, the City has invested \$50 million in eight tranches. Two of these investments, worth \$5M each were purchased in August 2019. The City had funds available to invest and the product offered a rate of return commensurate with other investment offerings in the market.

BILL CARTER

Chief Financial Officer

Priyanka Sharma, Assistant Accountant

Attachment A

**Register of Investments and Cash
as at 31 August 2019**

Register of Investments and Cash as at 31 August 2019

Institution	Rating	Face Value \$	Amortised Value at 31 Aug 2019 \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Call Account									
Westpac Bank	AA	33,559,572	33,559,572	0.10%	1.25%	1.25%	1-Aug-19	22-May-12	0
Total		33,559,572	33,559,572	0.10%	1.25%	1.25%			
Term Deposits (TD)									
Bankwest	AA	5,000,000	5,000,000	0.15%	1.80%	1.80%	3-Sep-19	5-Jul-19	2
Bankwest	AA	5,000,000	5,000,000	0.13%	1.60%	1.60%	5-Sep-19	6-Aug-19	1
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.23%	2.75%	2.75%	6-Sep-19	4-Dec-18	9
Suncorp Bank	A	5,000,000	5,000,000	0.18%	2.18%	2.18%	9-Sep-19	11-Jun-19	3
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.75%	2.75%	10-Sep-19	10-Sep-18	12
Bankwest	AA	5,000,000	5,000,000	0.13%	1.60%	1.60%	11-Sep-19	12-Aug-19	1
IMB	A	5,000,000	5,000,000	0.18%	2.15%	2.15%	13-Sep-19	12-Jun-19	3
Bankwest	AA	5,000,000	5,000,000	0.13%	1.60%	1.60%	16-Sep-19	16-Aug-19	1
ME Bank	A	5,000,000	5,000,000	0.23%	2.75%	2.75%	17-Sep-19	19-Feb-19	7
Bankwest	AA	5,000,000	5,000,000	0.13%	1.60%	1.60%	19-Sep-19	19-Aug-19	1
Bankwest	AA	5,000,000	5,000,000	0.15%	1.80%	1.80%	20-Sep-19	22-Jul-19	2
ME Bank	A	5,000,000	5,000,000	0.17%	2.00%	2.00%	24-Sep-19	27-Jul-19	3
Bankwest	AA	5,000,000	5,000,000	0.14%	1.70%	1.70%	27-Sep-19	30-Jul-19	2
Bank of Queensland	A	5,000,000	5,000,000	0.23%	2.75%	2.75%	27-Sep-19	28-Nov-18	10
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.16%	1.90%	1.90%	30-Sep-19	3-Jul-19	3
Bankwest	AA	5,000,000	5,000,000	0.14%	1.70%	1.70%	4-Oct-19	6-Aug-19	2
Bankwest	AA	10,000,000	10,000,000	0.14%	1.65%	1.65%	8-Oct-19	9-Aug-19	2
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.74%	2.74%	9-Oct-19	9-Oct-18	12
Bankwest	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	11-Oct-19	13-Aug-19	2
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.75%	2.75%	14-Oct-19	12-Oct-18	12
Bankwest	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	17-Oct-19	15-Aug-19	2
Bankwest	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	18-Oct-19	19-Aug-19	2
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.75%	2.75%	18-Oct-19	15-Oct-18	12
Bankwest	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	21-Oct-19	20-Aug-19	2
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.15%	1.80%	1.80%	22-Oct-19	25-Jul-19	3
ME Bank	A	5,000,000	5,000,000	0.16%	1.90%	1.90%	25-Oct-19	26-Jul-19	3
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.75%	2.75%	25-Oct-19	17-Oct-18	12
ME Bank	A	5,000,000	5,000,000	0.15%	1.80%	1.80%	28-Oct-19	30-Jul-19	3
Commonwealth Bank	AA	10,000,000	10,000,000	0.14%	1.65%	1.65%	29-Oct-19	26-Aug-19	2
National Aust Bank	AA	5,000,000	5,000,000	0.15%	1.75%	1.75%	29-Oct-19	31-Jul-19	3
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.72%	2.72%	31-Oct-19	31-Oct-18	12
National Aust Bank	AA	10,000,000	10,000,000	0.15%	1.76%	1.76%	4-Nov-19	6-Aug-19	3
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.73%	2.73%	5-Nov-19	5-Nov-18	12
National Aust Bank	AA	5,000,000	5,000,000	0.23%	2.73%	2.73%	6-Nov-19	6-Nov-18	12
National Aust Bank	AA	5,000,000	5,000,000	0.14%	1.71%	1.71%	8-Nov-19	12-Aug-19	3
Bank of Queensland	A	5,000,000	5,000,000	0.23%	2.75%	2.75%	12-Nov-19	15-Feb-19	9
Commonwealth Bank	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	26-Nov-19	26-Aug-19	3
Credit Union Australia	A	5,000,000	5,000,000	0.23%	2.77%	2.77%	28-Nov-19	29-Nov-18	12
Commonwealth Bank	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	29-Nov-19	29-Aug-19	3
National Aust Bank	AA	5,000,000	5,000,000	0.15%	1.76%	1.76%	4-Dec-19	6-Aug-19	4
Credit Union Australia	A	5,000,000	5,000,000	0.24%	2.85%	2.85%	6-Dec-19	7-Dec-18	12
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.14%	1.65%	1.65%	9-Dec-19	30-Aug-19	3
ME Bank	A	5,000,000	5,000,000	0.21%	2.55%	2.55%	10-Dec-19	29-Mar-19	8
Bank of Queensland	A	5,000,000	5,000,000	0.23%	2.70%	2.70%	13-Dec-19	25-Feb-19	10
Commonwealth Bank	AA	5,000,000	5,000,000	0.16%	1.86%	1.86%	17-Dec-19	22-Jul-19	5
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.21%	2.55%	2.55%	20-Dec-19	25-Mar-19	9
Credit Union Australia Ltd	A	5,000,000	5,000,000	0.17%	2.00%	2.00%	3-Jan-20	5-Jul-19	6
ME Bank	A	5,000,000	5,000,000	0.15%	1.75%	1.75%	10-Jan-20	14-Aug-19	5
Bankwest	AA	5,000,000	5,000,000	0.15%	1.85%	1.85%	17-Jan-20	24-Jul-19	6
ME Bank	A	5,000,000	5,000,000	0.23%	2.75%	2.75%	20-Jan-20	21-Feb-19	11
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.14%	1.65%	1.65%	4-Feb-20	30-Aug-19	5
Credit Union Australia	A	5,000,000	5,000,000	0.23%	2.78%	2.78%	10-Feb-20	11-Feb-19	12
Westpac Banking Corporation (3 months BBSW + 80 points)	AA	5,000,000	5,000,000	0.14%	1.64%	2.48%	13-Feb-20	12-Feb-19	12
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.14%	1.72%	1.72%	14-Feb-20	19-Aug-19	6
Bendigo & Adelaide Bank	A	5,000,000	5,000,000	0.14%	1.72%	1.72%	17-Feb-20	20-Aug-19	6
Bankwest	AA	5,000,000	5,000,000	0.14%	1.65%	1.65%	18-Feb-20	21-Aug-19	6
Bank of Queensland	A	5,000,000	5,000,000	0.23%	2.70%	2.70%	6-Mar-20	8-Mar-19	12
ME Bank	A	5,000,000	5,000,000	0.22%	2.65%	2.65%	16-Mar-20	18-Mar-19	12
Commonwealth Bank	AA	5,000,000	5,000,000	0.14%	1.67%	1.67%	20-Mar-20	23-Aug-19	7
National Aust Bank	AA	5,000,000	5,000,000	0.21%	2.55%	2.55%	31-Mar-20	1-Apr-19	12
ANZ Bank (90 days BBSW + 98 points)	AA	10,000,000	10,000,000	0.15%	1.83%	2.73%	28-Aug-20	28-Aug-15	60
ANZ Bank (90 days BBSW + 95 points)	AA	10,000,000	10,000,000	0.20%	2.38%	2.75%	31-Aug-20	1-Sep-15	60
Westpac Bank (3 months BBSW + 88 points)	AA	5,000,000	5,000,000	0.15%	1.74%	2.33%	14-May-21	16-May-19	24
Westpac Banking Corporation (2.80% Fixed 1 year & 90 days BBSW + 82 points)	AA	5,000,000	5,000,000	0.23%	2.80%	2.80%	20-Sep-21	21-Sep-18	36
Westpac Banking Corporation (2.90% Fixed 2 years & 90 days BBSW + 90 points)	AA	5,000,000	5,000,000	0.24%	2.90%	2.90%	11-Oct-21	12-Oct-17	48
Westpac Banking Corporation (2.94% Fixed 2 years & 3 months BBSW + 82 points 3 years)	AA	5,000,000	5,000,000	0.25%	2.94%	2.94%	8-Nov-21	6-Nov-18	36
Westpac Banking Corporation (3% Fixed 2 years & 90 days BBSW + 133 points 3 years)	AA	5,000,000	5,000,000	0.22%	2.63%	3.04%	15-Dec-21	15-Dec-16	60
Westpac Banking Corporation (3% Fixed 2 years & RBA cash rate + 126 points 3 years)	AA	5,000,000	5,000,000	0.25%	3.00%	3.00%	31-Aug-22	31-Aug-17	60
Westpac Banking Corporation (2.80% Fixed 1 year & 90 days BBSW + 85 points)	AA	5,000,000	5,000,000	0.23%	2.80%	2.80%	27-Sep-22	28-Sep-18	48
Westpac Banking Corporation (2.98% Fixed 2 years & 3 months BBSW + 82 points 2 years)	AA	5,000,000	5,000,000	0.25%	2.98%	2.98%	21-Nov-22	21-Nov-18	48
Term Deposits (TD) 'Green Tailored Deposits'									
Westpac Bank - Green Tailored Deposit (90 days BBSW + 75 points)	AA	5,000,000.00	5,000,000.00	0.23%	1.73%	1.73%	26-Aug-20	27-Aug-19	12
Westpac Bank - Green Tailored Deposit (90 days BBSW + 75 points)	AA	5,000,000.00	5,000,000.00	0.23%	1.71%	1.71%	27-Aug-20	28-Aug-19	12
Westpac Banking Corporation - Green Tailored Deposit (3 Months BBSW + 93 points)	AA	10,000,000.00	10,000,000.00	0.15%	1.78%	2.59%	27-Nov-23	26-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (2.97% Fixed 2 years & 3 months BBSW + 93 points 3 years)	AA	5,000,000.00	5,000,000.00	0.23%	2.97%	2.97%	29-Nov-23	30-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (3.00% Fixed 1 years & 3 months BBSW + 105 points 4 years)	AA	10,000,000.00	10,000,000.00	0.23%	3.00%	3.00%	24-Jan-24	25-Jan-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.85% Fixed 1 years & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.23%	2.85%	2.85%	28-Feb-24	1-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.75% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.23%	2.75%	2.75%	11-Mar-24	13-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.65% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.23%	2.65%	2.65%	22-Mar-24	25-Mar-19	60
Total		425,000,000	425,000,000	0.18%	2.18%	2.26%			

Register of Investments and Cash as at 31 August 2019

Institution	Rating	Face Value \$	Amortised Value at 31 Aug 2019 \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Floating Rate Notes (FRN)									
Westpac Banking Corporation (90 days BBSW + 90 points)	AA	10,000,000	10,000,000	0.15%	1.82%	2.64%	22-Jan-20	22-Jan-15	60
Royal Bank of Canada (90 days BBSW + 95 points)	AA	5,000,000	5,000,000	0.15%	1.79%	2.75%	10-Feb-20	10-Feb-15	60
Bank of Queensland (90 days BBSW + 105 points)	BBB	5,000,000	5,000,000	0.16%	1.89%	2.84%	12-Feb-20	12-Feb-15	60
Greater Bank (90 days BBSW + 145 points)	BBB	5,000,000	5,000,000	0.19%	2.30%	3.16%	24-Feb-20	24-Feb-17	36
Newcastle Permanent Building Society (90 days BBSW + 135 points)	A	5,000,000	5,000,000	0.19%	2.31%	3.11%	7-Apr-20	7-Apr-15	60
Newcastle Permanent Building Society (90 days BBSW + 135 points)	BBB	7,500,000	7,440,825	0.19%	2.31%	3.11%	7-Apr-20	18-Jul-16	45
National Australia Bank (90 days BBSW + 80 points)	AA	5,000,000	5,000,000	0.18%	2.20%	2.60%	3-Jun-20	3-Jun-15	60
Commonwealth Bank (90 days BBSW + 90 points)	AA	10,000,000	10,000,000	0.15%	1.84%	2.65%	17-Jul-20	17-Jul-15	60
Westpac Banking Corporation (90 days BBSW + 90 points)	AA	5,000,000	5,000,000	0.15%	1.76%	2.59%	28-Jul-20	28-Jul-15	60
Bendigo & Adelaide Bank (90 days BBSW + 110 points)	BBB	5,000,000	5,000,000	0.16%	1.96%	2.86%	18-Aug-20	18-Aug-15	60
AMP Bank (90 days BBSW + 75 points)	A	5,000,000	5,000,000	0.14%	1.71%	2.51%	6-Oct-20	6-Oct-17	36
Suncorp Bank (90 days BBSW + 125 points)	A	5,000,000	5,000,000	0.18%	2.17%	2.99%	20-Oct-20	20-Oct-15	60
Westpac Banking Corporation (90 days BBSW + 108 points)	AA	15,000,000	15,000,000	0.16%	1.94%	2.77%	28-Oct-20	28-Oct-15	60
National Australia Bank (90 days BBSW + 108 points)	AA	10,000,000	10,000,000	0.16%	1.96%	2.86%	5-Nov-20	5-Nov-15	60
ME Bank (90 days BBSW + 127 points)	BBB	2,250,000	2,250,000	0.18%	2.10%	3.04%	9-Nov-20	9-Nov-17	36
Commonwealth Bank (90 days BBSW + 115 points)	AA	5,000,000	5,000,000	0.17%	2.09%	2.90%	18-Jan-21	20-Jan-16	60
Heritage Bank (90 days BBSW + 123 points)	BBB	3,500,000	3,500,000	0.20%	2.43%	2.98%	29-Mar-21	29-Mar-18	36
ANZ Bank (90 days BBSW + 118 points)	AA	5,000,000	5,000,000	0.18%	2.14%	2.94%	7-Apr-21	7-Apr-16	60
Suncorp Bank (90 days BBSW + 138 points)	A	5,000,000	5,000,000	0.19%	2.33%	3.13%	12-Apr-21	12-Apr-16	60
ME Bank (90 days BBSW + 127 points)	BBB	2,500,000	2,500,000	0.18%	2.21%	3.02%	16-Apr-21	17-Apr-18	60
Bendigo & Adelaide Bank (90 days BBSW + 146 points)	BBB	5,000,000	5,000,000	0.20%	2.38%	3.20%	20-Apr-21	20-Apr-16	60
Bank of China - Sydney Branch (90 days BBSW + 103 points)	A	4,500,000	4,500,000	0.16%	1.89%	2.32%	15-Nov-21	15-Nov-18	36
Commonwealth Bank (90 days BBSW + 85 points)	AAA	4,600,000	4,600,000	0.14%	1.71%	2.61%	17-Nov-21	17-Nov-16	60
ANZ Bank (90 days BBSW + 88 points)	AA	4,000,000	4,000,000	0.14%	1.72%	2.56%	8-Feb-22	8-Feb-19	36
Credit Union Australia (90 days BBSW + 123 points)	A	1,500,000	1,500,000	0.22%	2.63%	2.87%	4-Mar-22	4-Mar-19	36
ME Bank (90 days BBSW + 98 points)	BBB	3,000,000	3,000,000	0.16%	1.92%	1.92%	18-Jul-22	18-Jul-19	36
Suncorp Bank (90 days BBSW + 97 points)	A	2,500,000	2,500,000	0.15%	1.82%	2.73%	16-Aug-22	16-Aug-17	60
Suncorp Bank (90 days BBSW + 97 points)	A	4,000,000	4,013,240	0.15%	1.82%	2.71%	16-Aug-22	31-Oct-18	45
Bank of Queensland (90 days BBSW + 105 points)	BBB	4,000,000	4,000,000	0.16%	1.87%	2.83%	3-Feb-23	5-Feb-18	60
Westpac Bank (90 days BBSW + 83 points)	AA	5,000,000	5,000,000	0.18%	2.20%	2.61%	6-Mar-23	6-Mar-18	60
ANZ Bank (90 days BBSW + 90 points)	AA	5,000,000	5,000,000	0.15%	1.75%	2.67%	9-May-23	9-May-18	60
National Australia Bank (90 days BBSW + 90 points)	AA	5,000,000	5,000,000	0.15%	1.75%	2.66%	16-May-23	16-May-18	60
Commonwealth Bank (90 days BBSW + 93 points)	AA	3,500,000	3,500,000	0.15%	1.78%	2.69%	16-Aug-23	16-Aug-18	60
Suncorp Bank (90 days BBSW + 77 points)	A	4,500,000	4,500,000	0.17%	2.07%	2.54%	13-Sep-23	13-Sep-18	60
National Australia Bank (90 days BBSW + 93 points)	AA	3,500,000	3,500,000	0.18%	2.12%	2.93%	26-Sep-23	26-Sep-18	60
ANZ Bank (90 days BBSW + 103 points)	AA	5,000,000	5,000,000	0.20%	2.40%	2.76%	6-Dec-23	6-Dec-18	60
National Australia Bank (90 days BBSW + 104 points)	AA	4,000,000	4,000,000	0.16%	1.89%	2.58%	26-Feb-24	26-Feb-19	60
National Australia Bank (90 days BBSW + 92 points)	AA	3,200,000	3,200,000	0.18%	2.16%	2.16%	19-Jun-24	20-Jun-19	60
Westpac Banking Corporation (90 days BBSW + 88 points)	AA	4,000,000	4,000,000	0.14%	1.73%	2.28%	16-Aug-24	16-May-19	63
ANZ Bank (90 days BBSW + 77 points)	AA	4,000,000	4,000,000	0.13%	1.61%	1.61%	29-Aug-24	29-Aug-19	60
Floating Rate Notes (FRN) 'Green/Climate Bonds'									
ANZ Bank Green Bond (Fixed rate @ 3.25% semi annual)	AA	5,000,000	4,994,282	0.27%	3.25%	3.25%	3-Jun-20	3-Jun-15	60
Commonwealth Bank Climate Bond (90 days BBSW + 92 points)	AA	5,000,000	5,000,000	0.18%	2.12%	2.67%	31-Mar-22	31-Mar-17	60
Total		210,550,000	210,498,347	0.17%	2.03%	2.75%			
Total Investments		669,109,572	669,057,919	0.17%	2.09%	2.36%			
Benchmark: 30 Day Bank Bill Index				0.08%	0.98%	1.65%			
Benchmark: Bloomberg AusBond Bank Bill Index				0.08%	0.96%	1.82%			
City of Sydney's available bank balance as at 31 August 2019		14,816,692.09	14,816,692						
TOTAL INVESTMENTS & CASH		683,926,264	683,874,611						

Summary of Net Investment Movements - August 2019

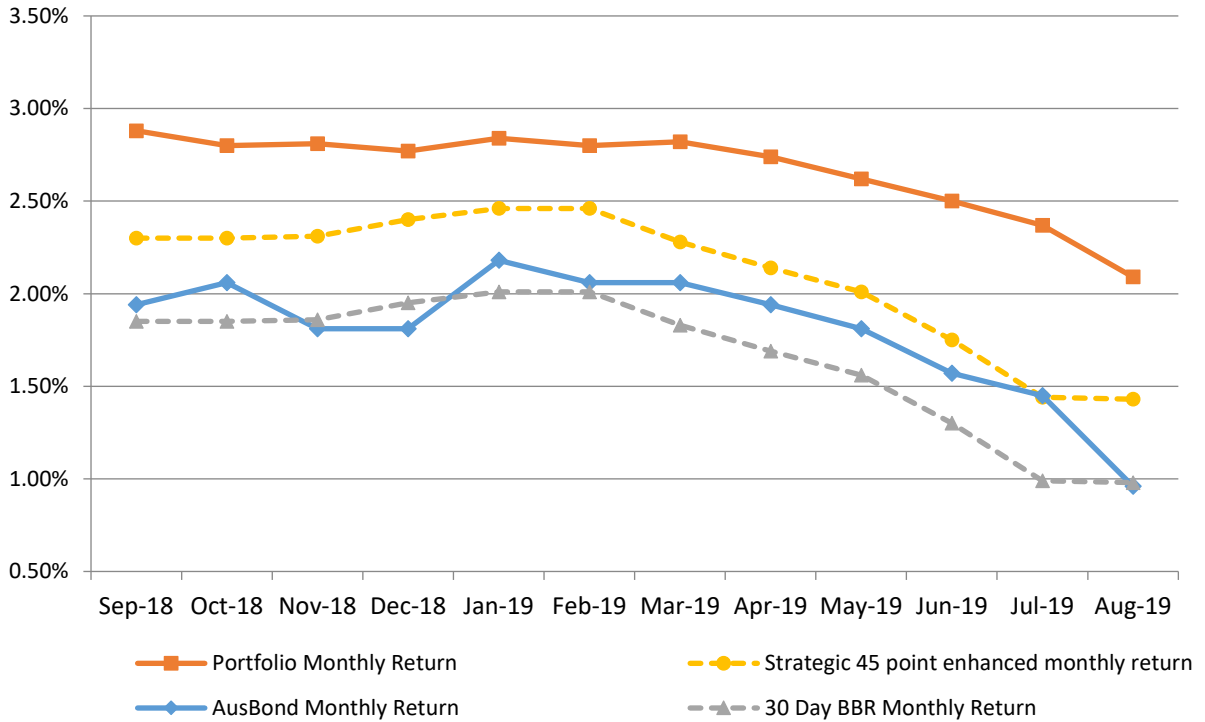
Financial Institution	Fund Rating	Net Invest/(Recall) Amount \$	Commentary
<u>Call Account</u>			
Westpac Banking Corporation	AA	1,000,000	Utilised the first instalment of rates income to increase the Call Account level for future operational activities.
<u>Term Deposits (TDs)</u>			
Bankwest	AA	35,000,000	Redeemed matured investments and placed in higher yielding Term Deposit.
Bendigo & Adelaide Bank	A	5,000,000	
Commonwealth Bank	AA	15,000,000	
National Aust Bank	AA	5,000,000	
Westpac Banking Corporation	AA	10,000,000	
AMP Bank	A	(5,000,000)	Redemption of matured Term Deposits, reinvested with higher yielding products.
Bank of Queensland	A	(5,000,000)	
Suncorp Bank	A	(15,000,000)	
<u>Floating Rate Notes (FRNs)</u>			
Australia and NewZealand Bank	AA	4,000,000	Utilised the first instalment of rates income for the settlement of this high yeilding FRN

Attachment B

**Investment Performance
as at 31 August 2019**

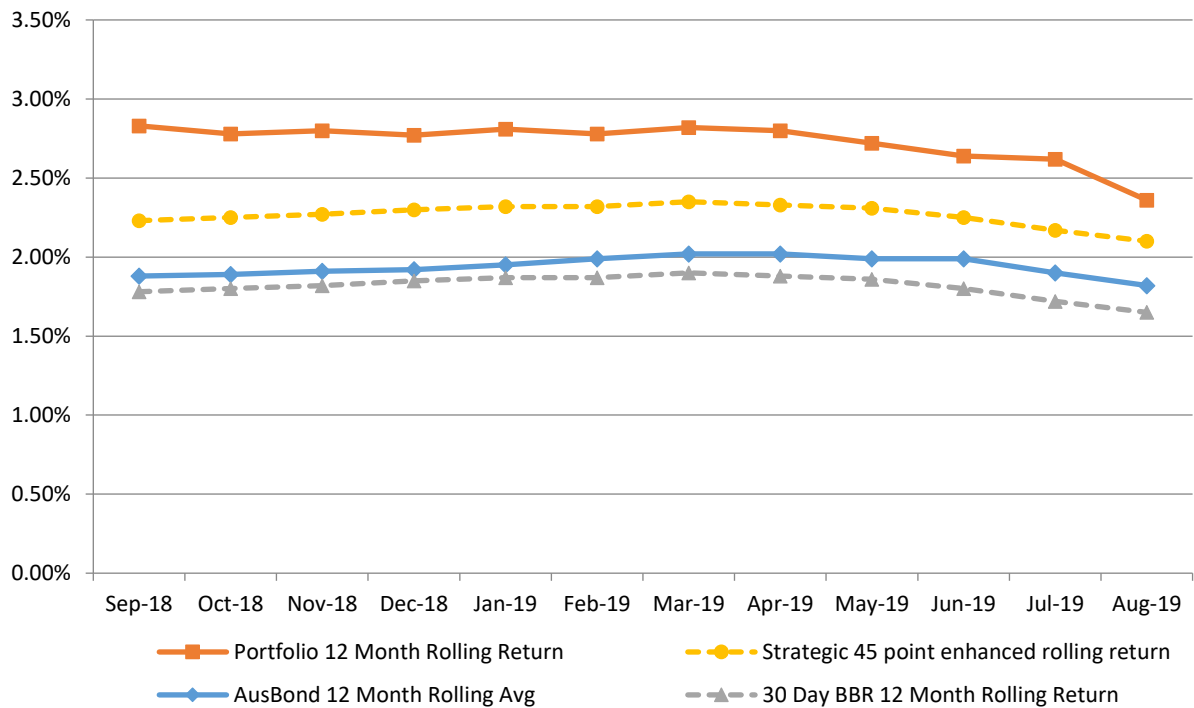
Monthly Results

**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
August 2019**



12 Month Rolling Averages

**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
August 2019**



Item 3.

Presentation of the 2018/19 Financial Statements and Audit Reports to Council

Document to Follow

Item 4.

Review of the Investment Policy and Strategy for the Management of Council's Surplus Funds

File No: X020701

Summary

This report presents the revised Investment Policy and Investment Strategy for the Management of Council's Surplus Funds.

The Policy and Strategy are reviewed annually, as a minimum, to ensure they remain appropriate given changes to the economic, investment and legislative environments. The annual review of the Policy and Strategy, together with the proactive management of the portfolio, has resulted in a secure investment portfolio that consistently outperforms the benchmark returns required by the policy.

The scope of the City's investments and the wider NSW local government sector is limited. It is mandated under the Local Government Act 1993, through a Ministerial Investment Order, that constrains council investments to deposits and / or bonds in Federal, State (including NSW TCorp) or Local Governments and in banks that are Approved Deposit Taking Institutions under the Banking Act. Councils are not permitted to invest in equities and therefore not permitted to invest directly in individual companies.

The Investment Policy sets out Council's investment objectives to safeguard the City's cash and investment portfolio, achieve appropriate rates of return and manage the portfolio to ensure sufficient liquidity to meet Council's business objectives. It includes investment criteria to frame investment decisions, risk management parameters, and investment governance standards to ensure transparency, internal controls and performance management.

The Investment Strategy outlines Council's investment intentions in light of the current economic, investment and legislative environments. The focus is on the investment opportunities available to the City, guiding investments to be maintained in the coming 12 months and the investment of new funds. The Strategy aims to accomplish a balanced and diversified portfolio in terms of investment products, credit ratings and term to maturity to ensure sufficient liquidity will be available as funds are required.

The City first formally introduced social and responsible investment criteria into its investment policy and strategy in 2008, although environmental investments were already being actively incorporated into the portfolio as appropriate instruments came onto the market. Since that time, the City has progressively strengthened its position within its allowed investment framework.

In October 2016, Council endorsed a revised Investment Policy that further enhanced the social and responsible investment aspect of the City's investment policy. While the Policy already encouraged social and responsible investment, provided that products met the risk and return requirements of other investments, two amendments were adopted that:

- (a) strengthened Council's commitment to social and responsible investment where returns and risk are equivalent to other available investments; and
- (b) expanded the definition of environmentally harmful activities to include specific reference to coal, gas and oil.

These two amendments continue to be included in the policy.

The City has good relationships with its financial institutions, and regularly meets to advocate for new investment vehicles and products that will achieve our desire to increase our commitments to social and responsible investment.

In November 2018, Westpac informed the City that they had developed a new sustainable investment product known as a Green Tailored Deposit, which has been independently certified to meet the Climate Bonds Standard while not compromising the credit risk of the product. These deposits are associated with a defined pool of eligible assets which meet the Climate Bond Standard criteria including renewable energy, low carbon transport, low carbon intensity emitting buildings, waste and water products and will be independently certified annually. The City was the first council to invest in this new product and at the time of writing has invested \$75 million.

The legislative and regulatory environment for local government has remained static, and the existing Investment Policy continues to serve the City well.

One amendment to the Investment Policy is in response to the introduction of a new financial instruments standard - AASB 9, which came into effect for accounting periods beginning on or after 1 January 2018. For the City, this revised standard simplifies the accounting for the valuation of investments. The requirement to continually revalue all of the City's investments that could be sold in a secondary market (i.e. floating rate notes) has ceased, as all investments held by the City will now always be recorded at their face value, with any premium or discount paid at acquisition amortised over the life of the investment.

The key objectives of the current Investment Strategy remain valid for the present economic, investment and legislative environments. The Strategy remains unchanged as it presently meet liquidity requirements for Council's ongoing capital works program, as well as revised objectives for investment performance measurements.

The proposed Investment Policy and Strategy will continue to maintain an investment portfolio that is reasonably conservative; and comprise investments in institutions with high investment grade credit ratings that are all subject to APRA regulation, while at the same time allow some flexibility for appropriate investment opportunities that enhance the City's financial returns.

Recommendation

It is resolved that Council adopt the revised Investment Policy and Investment Strategy for the management and investment of Council's surplus funds, as shown in Attachments A and B to the subject report.

Attachments

Attachment A. 2019/20 Investment Policy for the Management of Surplus Funds

Attachment B. 2019/20 Investment Strategy for the Management of Surplus Funds

Background

1. The Local Government Act 1993 (the Act) was amended in 2016 to strengthen council's fiduciary duty. The changes are intended to guide councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous, and include an explicit reference to councils carrying out their functions in a way that provides the best possible value for residents and ratepayers.
2. The investment policy and strategy are a key part of ensuring that the City continues to manage its finances in an effective, efficient and prudent manner. The amendments to the Local Government Act, as referred to above, reinforce the City's existing underlying financial principles.
3. The Act states that councils should have effective financial and asset management, including sound policies and processes, for the following:
 - (a) performance management and reporting;
 - (b) asset maintenance and enhancement;
 - (c) funding decisions; and
 - (d) risk management practices.
4. The Local Government Code of Accounting Practice and Financial Reporting (the Code) states that:

“Councils must maintain an investment policy that complies with the Act, Local Government (General) Regulation 2005 (NSW) and the Ministerial Local Government Investment order and ensures it or its representatives exercise care, diligence and prudence when investing council funds.”
5. The Investment Policy and Strategy are reviewed annually to ensure they remain relevant to prevailing market and legislative conditions. In situations where market volatility and uncertainty arise from changes in the economic, investment and legislative environments, the review will be brought forward for adoption by Council at an earlier date so that key changes can be made to the Policy and Strategy to deal with the respective market conditions.
6. The purpose of the Policy and Strategy is to ensure the investments are secure, satisfy Council's risk / return criteria and are compliant with the Local Government Act 1993, as well as to optimise investment income from the short and long term investment of funds that are surplus to the City's present operational needs.
7. The City's investment portfolio remains conservative due to the robustness of the Australian domestic investment market under the supervision of the Australian Prudential Regulation Authority (APRA) which extends across the full range of financial institutions. The City has gradually diversified from its 2008 GFC-focused portfolio, which was highly conservative and significantly concentrated in the 'Big 4' AA-rated domestic banks. Its current portfolio remains conservative but more diversified, as it includes more APRA-regulated A-rated bank investments together with a handful of investment-grade BBB-rated investments.

8. The Policy encourages investments in environmentally and socially responsible investments provided that they meet the risk and return requirements of other investments. Two amendments were adopted in October 2016 that:
 - (a) strengthened Council's commitment to social and responsible investment where returns and risk are equivalent to other available investments; and
 - (b) expanded the definition of environmentally harmful activities to include specific reference to coal, gas and oil.
9. The first amendment proposed the change of the word 'desirable' to 'preferred' under the criteria for environmentally and socially responsible investments. The change highlights that the City will, all things being equal, invest in social and responsible investments.
10. The second amendment included 'coal, gas and oil' (fossil fuels) as criteria to avoid, being environmentally harmful activities. Fossil fuels are some of the major contributors to greenhouse gas emissions, resulting in climate change. Clearly identifying these items in the criteria section of environmentally harmful activities of the policy emphasises Council's intent not to invest in activities relating to fossil fuel use.
11. The amendments did not significantly change the overall intent of the Policy but provide a clearer signal to the broader community, public sector agencies / all levels of government and the financial sector as to the City's intent.
12. Council's Investment Policy and Investment Strategy continue to permit and encourage environmental and socially responsible investment activity (SRI investments). The Ministerial Investment Order limits the range of financial institutions in which NSW councils can invest, and prohibits many of the available socially responsible investment products.
13. The City has good relationships with its financial institutions, and regularly meets to advocate for new investment vehicles and products that will achieve our desire to increase our commitments to social and responsible investment. In a welcome development, in November 2018, Westpac informed the City that they had created a new sustainable investment product known as a Green Tailored Deposit, which has been independently certified to meet the Climate Bonds Standard while not compromising the credit risk of the product. These deposits are associated with a defined pool of eligible assets which meet the Climate Bond Standard criteria including renewable energy, low carbon transport, low carbon intensity emitting buildings, waste and water products and are independently certified annually. To date the City has invested \$75 million in this Westpac product.
14. One amendment to the Investments Policy is in response to the introduction of a new financial instruments standard - AASB 9, which came into effect for accounting periods beginning on or after 1 January 2018. For the City, this revised standard simplifies the accounting for the valuation of investments. The requirement to continually revalue all of Council's investments that could be sold in a secondary market (i.e. floating rate notes) has ceased, as all investments held by the City will now always be recorded at their face value, with any premium or discount paid at acquisition amortised over the life of the investment.

15. This change required a one-off accounting adjustment to write-back any unrealised cumulative valuation gains or losses, which had been recognised for the City's floating rate notes under the previous accounting standard, rather than incrementally adjusting these values back to face value over the life of the investment.
16. The key objectives of the current Investment Strategy remain valid for the present economic, investment and legislative environments. The Strategy remains unchanged, as it presently meets liquidity requirements for Council's ongoing capital works program as well as revised objectives for investment performance measurements. Sections of the Investment Strategy that detail the current investment portfolio and its performance were amended to reflect the present results.
17. The proposed Investment Policy and Strategy continue to satisfy the compliance requirements of the Ministerial Investment Order.
18. It should be noted that the Investment Strategy is a 'guiding principles' document. As market conditions change significantly and very quickly, the Strategy may need to be amended from time to time, in which case Council would be advised through the monthly Investment Report.

Key Implications

19. Council's Investment Policy and Investment Strategy direct its investments to ensure compliance with the requirements of the Local Government Act 1993 and Minister's Investment Order within acceptable risk / return parameters.

Financial Implications

20. Investment returns over the past five years have gradually reduced, reflecting lower interest rates and the more limited investment opportunities now available under the Ministerial Investment Order, Investment Policy and Investment Strategy.
21. Portfolio returns are expected to remain reasonably low, that is between 1.50-2.50%, for the next year with interest rates continuing at historic lows. Anticipated cash balances and resultant investment returns are subject to achievement of the planned capital program.

Relevant Legislation

22. Council is authorised to invest its surplus cash under Section 625 of the Local Government Act 1993.
23. The Local Government (General) Regulation 2005 (Clause 212) requires the City to provide a written monthly report of all monies invested, under Section 625 of the Act.
24. The Local Government Code of Accounting Practice and Financial Reporting (Legislative Requirements Update 10 at 11.3.5) states that Council must maintain an investment policy that complies with the Act and ensure it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

BILL CARTER

Chief Financial Officer

Attachment A

**2019/20 Investment Policy for the
Management of Surplus Funds**

Investment Policy

Purpose

The Investment Policy sets out the requirements for the management of Council’s cash and investment portfolio. The City requires that all investment activities be exercised with the care, diligence and skill of a prudent person, and not for speculative purposes.

The policy sets the framework to:

- safeguard the City’s cash and investments portfolio
- achieve appropriate earnings
- manage Council’s cash resources to ensure sufficient liquidity to meet Council’s business objectives over the long, medium and short term.

The policy reinforces Council’s ongoing commitment to maintain a conservative risk and return portfolio, an important component of its ongoing prudent financial management practices.

The Investment Strategy supports the policy by defining investment objectives and actions for the next 12 months.

The City of Sydney’s financial policies are developed to ensure that the City satisfies legislative requirements and follows ‘best practice’ in its business operations, with due consideration for the effective and efficient management of the resources utilised within that business.

Scope

This policy applies to all managers and employees who actively manage Council’s Cash and Investments or have the responsibility for employees who actively manage Council’s Cash and Investments.

Definitions

The following definitions illustrate the structure of the City’s investment portfolio and the relationship of the terms referred to in this policy:

Term	Meaning
Cash	<p>Cash comprises:</p> <ul style="list-style-type: none"> • cheque accounts • daily call accounts <p>with Authorised Deposit-taking Institutions (ADIs).</p> <p>Cash assets typically have a maturity term at the time of placement of being immediately available or available within 24 hours.</p> <p>Cash assets are closely linked with investments but do not constitute investments. Cash is used to meet immediate operational cash needs.</p>
Investments	<p>Investments comprise:</p> <ul style="list-style-type: none"> • term deposits • bonds with an active secondary market <p>with government (including NSW T-Corp) and Authorised Deposit-taking Institutions (ADIs).</p> <p>Investment assets have maturities at the time of placements of 30 days or more</p>
Investment Periods	<p><i>Short-term</i>: those investments that are under 12 months</p> <p><i>Long-term</i>: those investments that are greater than 12 months</p>
Grandfathered investments	<p>Grandfathered investments are a part of total investments and comprise:</p> <ul style="list-style-type: none"> • investments where additional investment activity is prohibited by regulation • other investments over which additional investment activity is temporarily prohibited due to unintentional breaches of investment thresholds and limitations that arise due to changes in the level of unrelated investments within the portfolio (the prohibition only remains as long as the breaches remain in place).
Impairment	<p>The impairment of an investment represents the amount of the original cost of the investment that is not expected to be recovered at the investment's maturity date due to current adverse economic or investment conditions that impact on the investment's financial performance.</p>
Provision for market value differences	<p>The market values of tradeable investments may vary over the life of the investment due to changes in pricing factors such as interest rates and credit spreads. The pricing factors have diminishing influence as the investment nears maturity and is redeemed at face value.</p>
Approved Deposit-taking Institution (ADI)	<p>An institution that is authorised under the <i>Banking Act 1959</i> to accept term deposits and conduct banking activities in accordance with that Act and under the prudential supervision of the Australian Prudential Regulation Authority (APRA).</p>

Term	Meaning
Amortised Cost	Any discounts or premiums paid on acquisition of investments to be amortised on a straight line basis over the term of the investment.
Active secondary market	A market where investors purchase securities or assets from other investors, rather than from issuing companies themselves on an arm's length (independent) basis.
Benchmark rates	<p>Benchmark rates comprise:</p> <ul style="list-style-type: none"> Bloomberg AusBond Bank Bill Index - The Bloomberg AusBond Bank Bill index is constructed as a benchmark to represent the performance of a passively managed short-term money market portfolio. The index is based on thirteen 91-day bank bills that mature a week apart (each Tuesday) for 13 weeks. As each bank bill matures a new 91 day bank bill is purchased using the 3 month BBSW rate. Each existing bank bill is revalued using interpolated rates constructed from the Reserve Bank of Australia (RBA) 24 Hour cash rate and the one month bank bill rate. An index is then constructed to represent the returns of these thirteen bank bills. The index is an accumulation index meaning the value of the index changes each day. 30 Day Bank Bill Index – The 30 Bank Bill Index is designed to measure the performance of the Australian short-term money market. The index is based on the calculated monthly average of Bank Accepted Bills/Negotiable Certificates of Deposit, as issued by RBA.
Business Model	The term 'business model' refers to how a Council manages its financial assets in order to generate cash flows. Under AASB 9, classification of financial assets depends on whether the <i>objective</i> of the business model is to generate cash from <i>collecting contractual cash flows over the life of the instrument</i> or <i>collecting contractual cash flows over the life of the instrument and selling financial assets or other</i> .

Definitions relating to statutory accounts, in accordance with Australian Accounting Standards:

Term	Meaning
Cash and cash equivalents	<p>Investment assets that have a maturity date of 90 days or less at the time of acquisition, including:</p> <ul style="list-style-type: none"> cash call accounts term deposits bonds with an active secondary market.
Investments	<p>Investment assets that have a maturity date of greater than 90 days at time of acquisition, including:</p> <ul style="list-style-type: none"> term deposits bonds with an active secondary market <p>with government (including NSW T-Corp) and Authorised Deposit-taking Institutions (ADIs).</p>

Policy statement

The City's investment objective is to ensure funds that are surplus to Council's immediate requirements are invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds and maintaining adequate liquidity to meet the City's operational requirements.

Legislative authority for investments

All investments are to be made in accordance with:

- Australian Accounting Standards
- Office of Local Government Investment Circulars
- Office of Local Government Investment Policy Guidelines
- Local Government (General) Regulation 2005 – Clause 212
- Local Government Act 1993 (particularly section 625)
- Local Government Code of Accounting Practice & Financial Reporting
- Minister's Investment Order (gazetted)
- Trustee Act 1925 (NSW) (particularly sections 14A(2), 14C(1) and (2))

Investment governance

The following internal control practices are in place to ensure adequate governance and allow transparent and clear performance measurement for the management of the City's cash and investment portfolio:

- financial planning and cash-flow management
- delegated authorities and investment approval
- measurement of investment performance
- performance benchmarks
- reporting and review
- audit oversight.

These internal control practices are explained in more detail below.

Financial planning and cash-flow management

Funds that are surplus to Council's immediate cash requirements will be managed in accordance with the long, medium and short-term financial cash requirements of the City.

Long term financial plans are developed to ensure the long term financial sustainability of Council. These plans will incorporate forecasts of cash inflows and outflows to:

- estimate cash surpluses and shortages in future periods
- identify the longer and medium term investment horizon for surplus funds.

Shorter term financial plans are used to predict funds availability and monitor the Council's cash management needs throughout the year. These cash flow models are monitored daily to facilitate informed investment decisions and to ensure that sufficient liquidity exists to satisfy Council's financial commitments.

Delegated authorities and investment responsibilities

Authorities and investment responsibilities are defined within Council's Delegation Authority.

Authority for the implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 1993*.

The Chief Executive Officer has also delegated authority to invest surplus funds as follows:

- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- other senior financial officers who have the requisite skills to undertake investment functions (as per the Delegations Register).

Officers with delegated authority are required to acknowledge they have received a copy of this policy and understand their obligations in this role.

Investment responsibilities

The City's Financial Planning and Reporting Unit prepares investment recommendations in accordance with this policy and the Investment Strategy. To achieve the best value for the City's investments, recommendations will consider:

- credit risk
- forecast cash requirements
- alternative investments with comparable risk
- liquidity and maturity profiles.

A minimum of two price quotations of like or similar investments must be obtained for the acquisition of all market investments in order to verify the fairness of the purchase price.

Two authorised signatories, with appropriate delegation limits, must approve each investment recommendation. Recommendations must be retained on file as a permanent record.

Any single investment exceeding \$5M, or, investments with maturity terms (or initial call dates) that exceed 5 years, require the written authority by any two of the CEO, COO, CFO, Financial Planning and Reporting Manager or Business Planning and Performance Manager. Where a recommendation consists of multiple investments, the amount and maturity of each investment must be considered separately.

Cash

The City retains funds for daily operational payment needs in a combination of a cheque account and/or daily call account/s. Transfers between these accounts are undertaken in order to ensure the cheque account has the appropriate level of funds to fulfil immediate payment obligations of the City and such transfers therefore do not constitute investments in the context of this Policy.

Delegated authority to enable transfers of call funds between the cheque and call accounts is as follows:

The Chief Executive Officer has delegated authority to transfer call funds as follows:

- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- other senior financial officers who have the requisite skills to undertake investment functions (as per the Delegations Register).

Two authorised signatories, with appropriate delegation limits, must approve each call funds transfer recommendation. Recommendations must be retained on file as a permanent record.

Any single transfer of call funds exceeding \$10M requires the written authority by any two of the CEO, COO, CFO, Financial Planning and Reporting Manager or Business Planning and Performance Manger.

Conflict of interest

Officers shall not engage in activities that would conflict with the proper execution and management of Council's investment portfolio. Any potential conflicts of interest should be appropriately disclosed in accordance with Council's Code of Conduct.

Classification of Financial and Measurement of Instruments

At the City, the primary objective in the purchase of financial investments is to collect contractual cashflows (i.e. interest revenue) over the life of the investment, and redeem the principal sum at maturity, rather than to regularly trade to make a profit. This constitutes a 'Held-to-Maturity business model'; one of three options described under AASB 9 – Financial Instruments. Under AASB 9, the classification and measurement of financial instruments is determined by an entity's business model.

Based upon the 'Held-to-Maturity' Model, all investments held by the City are carried at Amortised Cost. This classification requires any discounts or premiums paid on acquisition of investments to be amortised on a straight line basis until the investment matures. Note that discounts or premiums on acquisition are only applicable to Floating Rate Note products, and have not historically been common for the City.

Since AASB 9 replaced previous applicable standard AASB 139, adjustments to 'Fair Value' are no longer required; valuations will still be received on a quarterly basis from investment advisors, but book values will not be adjusted. This approach is more reflective of the City's historical strategy of holding investments to maturity. Any temporary gains or losses on investment values have traditionally not been realised, and investment values have returned to face value at the time of maturity.

Performance benchmarks

Investment performance will be measured monthly against the chosen benchmarks in relation to both current month and 12-month rolling returns.

The CFO will approve the use of independently determined benchmarks. Where Council changes independently determined benchmarks, monthly reports for the month of change and the next five months thereafter shall contain reporting of investment returns against benchmark for both the following:

- the benchmark that is being replaced, and
- the new benchmark, backdated on a twelve month basis.

Council currently uses two performance benchmarks:

- Bloomberg AusBond Bank Bill Index –provides a common benchmark against other councils so that the City's investment performance can be compared on an industry basis and against other portfolios with similar or different risk and reward profiles

- 30 day Bank Bill Rate (sourced from the RBA) – provides a fair indicator of the risk free rate of return so that Council can understand the return that has been earned from diversifying its investment portfolio and accepting conservative levels of risk.

Reporting and Review

The City will maintain a separate record of money it has invested under section 625 of the *Local Government Act 1993*, in accordance with the criteria defined by the *Local Government Code of Accounting Practice and Financial Reporting*.

Pursuant to the *Local Government (General) Regulation 2005* (clause 212), the City will provide a monthly report to Council on investments. The monthly report to Council will include:

- the total value of the portfolio
- a complete schedule of all investments within the total portfolio
- full disclosure of all investments by type, current credit rating and face value
- net investment income for the month (actual against budget)
- the weighted average investment returns for the current month and the last 12 months rolling period (actual against benchmark)
- informative commentary on portfolio compliance and performance, current economic investment environment, and any change to current strategy
- certification that investments accord with the Act, regulations and Council's investment policy and strategy.
- analysis of the portfolio's liquidity (maturity) profile
- analysis of the portfolio's risk profile (credit ratings)
- analysis of the portfolio's product diversification (investment types)

In accordance with the Local Government Code of Accounting Practice & Financial Reporting, the City will undertake an annual review of its Investment Policy and Investment Strategy.

If there are any significant changes to the Act, regulations, issued guidelines, or if the market changes to a degree that warrants an earlier examination, the Policy and/or Strategy will be reviewed and brought back to Council for its consideration.

Audit oversight

The City's external auditors will review Council's investments as part of the Annual Financial Reports. This may include seeking independent certification from the relevant financial institutions (banks, fund managers, etc.) to confirm the balance of investments held on Council's behalf at the end of the financial year, and the adequacy of their internal control procedures.

The City's Internal Audit unit will also periodically review the adequacy of the Investment Policy, Strategy and management's internal controls as part of its audit review program.

Investment criteria

This section sets out the criteria for investments to be considered for inclusion within the City's portfolio. In particular, it defines the mandatory investment criteria which all investments must satisfy.

Current investment regulations require Councils to invest with either the NSW Treasury Corporation (NSW TCorp) or Approved Deposit-taking Institutions (ADI) such as Australian banks or branches of foreign owned banks, credit unions and/or building societies as it acknowledges the additional assurance that arises from their regulation by the Australian Prudential Regulation Authority (APRA).

Mandatory investment criteria

Scope

Investments must comply with the legislative authorities as described in the Legislative Authority for Investments paragraph of this policy.

Currency

Investments must be denominated in Australian Dollars.

Ownership

Investments must be held in the City of Sydney’s name.

Term / Maturity

The term to maturity of investments may not exceed the periods shown below:

Investments	Maximum term
All investments	10 years

Credit rating

The following credit rating criteria apply to City investments:

- Investments must have a credit rating. The credit rating structure of the total portfolio must comply with the following table:

Maximum Thresholds – Portfolio Percentage Limits		
Credit rating / Organisation	Direct investment products (as a % of Total Portfolio)	Exposure to a single institution (as a % of Total Portfolio)
AAA	100%	33 ⅓ %
ADIs within either the ANZ, Commonwealth Bank, NAB or Westpac Banking Groups ('Big Four')	100%	33 ⅓ %
AA	100%	25%
A	60%	20% (Maximum is the lesser of: \$50M Or 5% of Net Equity as per the latest published financial statements)
Below A (to minimum investment grade rating – currently BBB)	10%	10% (Maximum of \$10M)

- Credit ratings apply to both products and institutions. However this policy requires the rating applicable to the institution responsible for the product (e.g. guarantor) to be taken

as the relevant rating given this represents the underlying risk to the City. Where there is a disparity between the credit rating of the institution and an individual investment product, the lower of the two ratings is adopted in applying the requirements of this Policy.

- Credit ratings must be monitored regularly by Finance staff to ensure ongoing compliance. Investments with credit ratings downgraded to an extent that they no longer comply will be divested as soon as practicable, in accordance with the grandfathering provisions of this policy.
- Credit risk investment parameters are based on credit rating bands as published by the credit rating agencies (e.g. S&P, Moodys and Fitch). If an investment is rated by more than one ratings agency, the credit rating to be used will be based on the order of S&P, Moodys and then Fitch.
- Where the principal amount and accrued interest of any investment with a financial institution are directly guaranteed by the Australian Federal Government for full repayment, the parameters in the table above may be exceeded as follows:
 - exposure to single institutions may exceed the stated limits provided that the excess amount comprises only guaranteed investments
 - exposure of the total portfolio to credit ratings lower than AAA may be exceeded, provided that the excess amount comprises only guaranteed investments.

As a result, investments directly guaranteed by the Australian Federal Government may comprise the total investment portfolio. Management should ensure that any excess of investments over the parameters specified in the table above that is comprised of Australian Federal Government guaranteed investments can be managed back to within the specified parameter levels prior to the expiration of any such guarantee.

- Where investments with different credit ratings are held with the same financial institution (for example, where credit ratings for short-term and long-term investments in the same institution are different), the maximum credit rating threshold is determined as follows:
 - investments with the lower credit ratings are subject to the maximum thresholds associated with those relevant credit rating bands
 - investments with the highest credit rating band for that financial institution are subject to a maximum threshold equal to (i) the maximum threshold for the highest credit rating band applicable to that financial institution, less (ii) the total amount of investments held at any time in the lower credit rating bands with the same institution.

Portfolio liquidity parameters

The portfolio liquidity parameters specify the maximum and minimum amounts or percentages of the City's total investment portfolio that can be held within the various investment maturity bands.

The liquidity / maturity profile of the total portfolio must comply with the parameters shown in the tables below.

Minimum thresholds are set to ensure that there will always be an adequate amount of liquidity available in earlier maturity bands before funds may be committed to longer term investments. The minimum thresholds are obviously higher in the shorter term where liquidity is of the greatest concern.

	1 month	2 to 12 months	1 to 3 Years	3 to 5 Years	> 5 Years
Cumulative Minimum % of Total Portfolio	10% or \$50M <i>(the greater of)</i>	40%	55%	90%	100%

The example below illustrates the effect of the minimum threshold for a \$500M investment portfolio size.

Terms	Parameter (%)	Cumulative Amount	Amount in each category
1 month	10%	50,000,000	50,000,000
2 to 12 months	40%	200,000,000	150,000,000
1 to 3 Years	55%	275,000,000	75,000,000
3 to 5 Years	90%	450,000,000	175,000,000
> 5 Years	100%	500,000,000	50,000,000
			500,000,000

Maximum thresholds are set to control the proportion of the total portfolio that can be invested into longer term investments to ensure that Council has adequate access to short and medium term liquidity to satisfy its business objectives. The maximum thresholds reduce as the maturity horizon extends further into the future.

	1 month	2 to 12 months	1 to 3 Years	3 to 5 Years	> 5 Years
Maximum % of Total Portfolio	100%	80%	40%	35%	10%

The example below illustrates the effect of the maximum threshold for a \$500M investment portfolio size.

Terms	Parameter (%)	Amount in each category
1 month	100%	500,000,000
2 to 12 months	80%	400,000,000
1 to 3 Years	40%	200,000,000
3 to 5 Years	35%	175,000,000
> 5 Years	10%	50,000,000

The relationship of the maximum and cumulative minimum thresholds is illustrated by the following example. Essentially, before an investment can be considered for a particular maturity band, firstly the total portfolio must be in compliance with the cumulative minimum thresholds and secondly, the investment should then not cause the maximum thresholds to be exceeded. As an example, if an investment of 2 years duration is being considered, the following thresholds must be complied with:

- First, at least 40% of the total portfolio must have a maturity date of less than 12 months and 10% of the portfolio (or at least \$50M) must have a maturity date of less than 1 month.
- Secondly, once the investment is added to the portfolio, the total amount of investments maturing between 1 and 3 years may not exceed 40% of the total portfolio.

The thresholds are aimed at ensuring minimum liquidity requirements are always met. Hence, if 45% of the portfolio has a maturity date of less than one month, it means that an investment with a maturity of 1 to 3 years can be made because there is an adequate cumulative threshold of 45% of the portfolio that has a maturity of up to 12 months to meet the 40% minimum threshold i.e. excess levels may be applied to meeting the minimum thresholds of succeeding maturity bands. Upon reinvestment consideration must be given to ensuring that the minimum thresholds of the succeeding maturity bands are always maintained when the shorter term investments mature.

The minimum requirement for very short term access to investments is set at \$50M to ensure adequate liquidity to meet Council's working capital requirements.

The City may utilise pre-approved overdraft facilities to manage short-term liquidity short falls where it is both prudent and financially advantageous. It is anticipated that this facility would be utilised to avoid penalties arising from early redemption of term deposits or where favourable investments arise a day or two ahead of the maturity dates of existing investments that are earmarked for future investment. Overdrafts should be limited to no more than \$10M and for a duration of no more than 2 weeks.

Breaches of criteria

Procedures for dealing with unavoidable breaches of any particular thresholds are contained in the next section on grandfathering of investments.

Grandfathering of Investments

This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, situations may occur where inadvertent breaches of these limitations or thresholds arise, other than from the acquisition of investments. For example:

- amendments to regulatory directives or legislation
- changes in the total value or amount of Council's investment portfolio which consequently changes any of the threshold limits so that they no longer meet the portfolio liquidity parameters.

Breach as a result of regulatory change

When limitations or thresholds are breached due to amendments to regulatory directives or legislation, the investment portfolio must be managed in accordance with the respective amendments. Where the amendments enable retention and grandfathering of existing investments, Council may continue to actively manage those investments within the portfolio in accordance with all other regulations and policies applicable to such investments. This includes a strategy of holding or divesting such investments in accordance with regular investment considerations.

Breach as a result of a change in the total investment portfolio

Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, the following process will apply:

- an immediate freeze is imposed on the acquisition of new investments in the relevant category until the portfolio can be effectively managed back to accord with the requirements of this policy;
- the relevant category of investments must be managed back in accord with the policy limits within a period that takes into account any adversity created by market liquidity, current valuations of these investments and the risks of default.

The immediate forced sale of the investments in breach of the limits or thresholds will not be required.

Investment Strategy

The City will prepare an annual Investment Strategy to guide the management of its surplus cash and investments within the requirements of this policy.

The Investment Strategy will document all key objectives relating to management of cash and investment assets over the short to medium term in the context of prevailing market conditions at the time. The strategy will:

- consider Council's current investment portfolio, its financial position and financial commitments, current legislative constraints and the global investment environment
- specify our investment goals and targets for the forthcoming year.

Mandatory components of Council's Investment Strategy will comprise the management of the following aspects of the investment portfolio:

- risk profile
- liquidity/maturity
- return/income
- environmentally and socially responsible investments

Requirements in respect of each component are detailed below.

Risk profile

The City's risk profile in relation to investing surplus funds is to be relatively prudent, conservative and risk averse. The profile will be achieved by effectively managing within the investment portfolio:

- the **diversity** of the investments
- the **creditworthiness** of the investments

Diversity is achieved by placing limits on the maximum exposure the City may have to individual:

- funds or financial institutions
- credit rating bands.

Creditworthiness of investments is primarily determined using long and short term credit and fund Industry Standard Credit Ratings of Standard & Poors (S&P), Moodys or Fitch. The City will not invest in non-rated institutions.

Liquidity/Maturity

The cash requirements of the City will be satisfied by monitoring and structuring the total maturity profile of the investment portfolio in accordance with the Investment Policy.

Return/Income

Investment returns are closely correlated to the risk profile of the underlying investments. Appropriate benchmark rates of return will be set in relation to the risk profile and returns will be required to meet or exceed benchmark rates.

Environmentally and socially responsible investments

Subject to compliance with legislation and investment policy objectives and parameters, the City preferences investment securities and financial institutions that meet our socially responsible investments (SRI) criteria. SRI status may be in respect of the individual investment, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution.

Environmentally and Socially Responsible Investments will be assessed on the same basis as other investment opportunities and the City will select the investment that best meets its overall investment selection criteria.

The City's criteria relating to an SRI are those which:

- direct investment towards the socially and environmentally **productive** activities listed below
- avoid investment in the socially and environmentally **harmful** activities listed below.

The criteria for SRI are all preferred and not mandatory requirements.

Environmentally **productive** activities are considered to be:

- resource efficiency-especially water and energy
- renewable energy
- production of environmentally friendly products
- recycling, and waste and emissions reduction

Socially **productive** activities are considered to be:

- fair trade and provision of a living wage
- human health and aged care
- equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities
- provision of housing, especially affordable or social housing

Environmentally **harmful** activities are considered to be:

- production of pollutants, toxins and greenhouse gases (coal, oil and gas)
- habitat destruction, especially destruction of forests and marine eco-systems.
- nuclear power
- uranium mining

Socially **harmful** activities are considered to be:

- abuse of Human Rights and Labour Rights
- involvement in bribery/corruption
- production or supply of armaments
- manufacture of alcohol, tobacco or gambling products

The City will advocate for the further development of SRI options through engagement with financial institutions.

Evaluation

The policy is evaluated through the measured results required under **Monthly Reporting**.

References

Laws and standards	<ul style="list-style-type: none"> • Australian Accounting Standards • Office of Local Government – Local Government Code of Accounting Practice & Financial Reporting • Office of Local Government Circulars • Office of Local Government Investment Policy Guidelines • Local Government (General) Regulation 2005 • Local Government Act 1993 • Minister’s Investment Order (gazetted) • Trustee Act 1925 (NSW)
Policies and procedures	<ul style="list-style-type: none"> • Code of Conduct • Disciplinary Policy & Procedures • Fraud & Corruption Internal Reporting Policy • Investment Strategy

Approval

Review

Review period	Next review date	TRIM reference
The Code of Accounting Practice & Financial Reporting requires Council to undertake an annual review of its Investment Policy and Investment Strategy.	October 2020	

Attachment B

**2019/20 Investment Strategy for the
Management of Surplus Funds**

Investment Strategy

Purpose

The annual Investment Strategy sets out Council's investment goals and targets for the coming year. The aim of the strategy is to guide the management of Council's investment portfolio over the short to medium term to:

- achieve a balanced and diversified portfolio, in terms of allowable investment products, credit ratings and maturation terms that will outperform the benchmark indices
- ensure liquidity when required for Council's operational and capital expenditure needs.

Scope

The *Investment Strategy* applies to all managers and employees who actively manage the investment of surplus funds or have responsibility for employees who actively manage the investment of surplus funds.

This strategy should be read in conjunction with the *Investment Policy*.

Context

The City's investment strategy is determined after taking into consideration a review of the following issues:

- global and domestic economic investment environments
- investment policy and legislative constraints
- current composition of Council's investment portfolio
- long, medium and short term financial plans.

Global and domestic investment environments

Financial and investment environments, both globally and domestically, continue to improve at different rates across various regions. The global financial recovery process has been aided by a more standardised international regulatory process with more stringent capital adequacy requirements for financial institutions.

In Australia, a history of prudent regulation of the financial institutions by the Australian Prudential Regulation Authority (APRA) has meant that Australian based regulated financial institutions have already operated for an extended period under stringent capital adequacy and liquidity requirements. Council's investments all fall under APRA regulation with the result that the portfolio is conservative and secure.

Interest rates have been low for a sustained period and have reduce further domestically in the past year. At the time of writing this low interest rate environment is forecast to continue for the medium term.

Legislative environment

Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government.

There has been no change to the investment legislative environment for a number of years and the most recent Ministerial Investment Order released in January 2011 continues to limit Council's investment options to:

- term deposits with Approved Deposit-taking Institutions (ADIs)
- other ADI senior ranked securities
- investments with NSW Treasury Corporation (T-Corp)
- funds or securities issued or guaranteed by the Commonwealth or any State or Territory.

Composition of Council's investment portfolio

The conservative nature of Council's Investment Strategy is clearly reflected in the structure of the portfolio, where 100% of the portfolio is invested with APRA-regulated ADIs.

Council's current portfolio is as follows (as at the end of August 2019):

Investment	Split
Big Four banks	68%
Australian mid-tier banks	31%
Foreign controlled Australian based ADIs	1%
Total APRA-regulated ADIs	100%

The allocation of assets within the portfolio is with very secure institutions. In the past year, Council has diversified the portfolio with further selected investment into the Australian mid-tier banks as they continue to reflect strength and stability.

Investment strategy

Council's investment portfolio will continue to be prudently managed in accordance with:

- Council's Investment Policy and related legislative and regulatory requirements,
- documented risk management procedures to preserve capital; and
- Council's operational and capital funding requirements.

Objectives

Council's investment strategy for the period is to maintain the highly secure profile of the portfolio, provide liquidity and deliver competitive investment returns commensurate with the portfolio structure.

As noted in the investment policy, the City's primary objective in the purchase of financial investments is to collect contractual cash flows (i.e. interest revenue) over the life of the investment, and redeem the principal sum at maturity, rather than to regularly trade to make a profit. This constitutes a 'Held-to-Maturity business model'; one of three options described under AASB 9 – Financial Instruments. Under AASB 9, the classification and measurement of financial instruments is determined by an entity's business model.

Risk profile

The risk profile for the Council's investment portfolio is based on the principles of being prudent, conservative and risk averse. This is achieved by managing the diversity and creditworthiness of investments in accordance with the Investment Policy and other relevant requirements.

Council's capital funding requirements will continue to remain high over the next few years, including the funding of infrastructure development for Green Square, possible community and commercial property acquisitions and the partial funding of the NSW State Government light rail project in George Street. As a result, the maturity profile of the investment portfolio has become more concentrated in the short and medium term rather than the longer term.

As a consequence, the proportion of longer dated floating rate notes in the portfolio is reducing while the proportion of short to medium dated term deposits and floating rate notes are increasing. All of these investments are with APRA regulated financial institutions so that credit risk remains minimal. The maturity profile of the investments is adequately spread over those periods to ensure that liquidity and maturity risks are also kept to a minimum.

The most favourable market for term deposits is mainly with the APRA regulated Australian mid-tier banks with the result that these banks comprise to over 30% of the portfolio and provide diversity within the portfolio.

Liquidity / Maturity

The majority of the City's cash and investments portfolio is held as internally restricted and externally restricted cash reserves to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Sustainable Sydney 2030 Community Strategic Plan, including the Green Square Town Centre and sustainable energy projects and the partial funding of the NSW State Government light rail project in George Street.

There are presently increased demands for funding of capital projects with the result that within the maturity profile of the investment portfolio there is a responsive shift of funds from the longer term to the short and medium terms.

To ensure the City has available funds to meet both these commitments and its short-term operational and capital cash commitments, the following liquidity targets are set in accordance with the Investment Policy.

Investment period	Cumulative Minimum % of total portfolio	Maximum % of total portfolio
1 month	10% or \$50M	100%
2 to 12 months	40%	80%
1 to 3 Years	55%	40%
3 to 5 Years	90%	35%
> 5 Years	100%	10%

The City's liquidity will be monitored on an ongoing basis to ensure the City's cash requirements are met and that liquidity parameters remain within allowable limits set out in the *Investment Policy*.

Return / Income

The City uses the following benchmarks to measure investment performance, in relation to both current month and 12-month rolling returns, against its return/income objectives:

- Bloomberg AusBond Bank Bill Index
- 30 day Bank Bill Rate.

The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and in meeting Council's liquidity needs.

The City's current cash balances are applied in meeting immediate operational and capital commitments as well as future year's capital commitments. The City over the past few years took the opportunity to invest the funds that are required for future years into long term secure higher yielding investments before the interest rates relating to those investments began to decline. This strategy is one of the main reasons as to why the City currently delivers income returns in excess of the benchmark rates. However, this gap is continuing to narrow over time as these higher yielding investments mature and new investments are made at the currently offered lower yields.

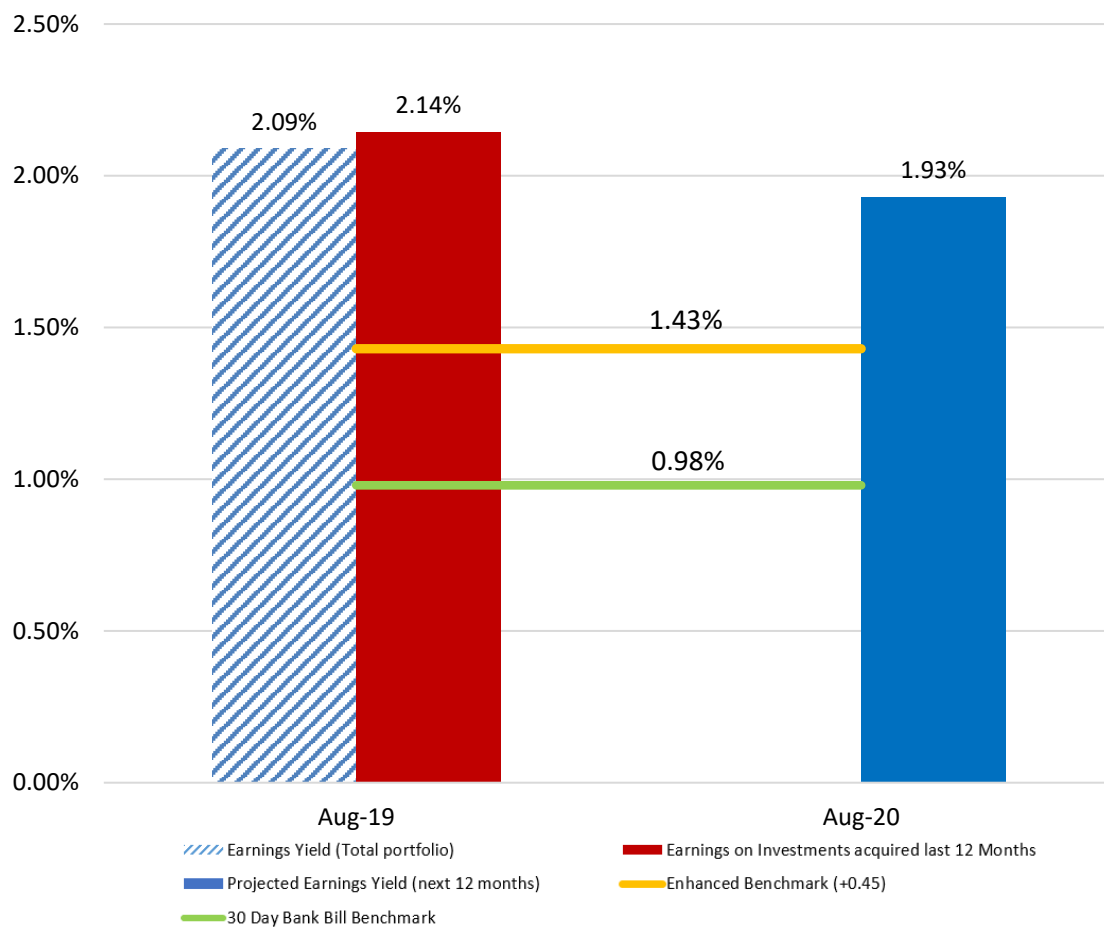
Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance by exceeding the 30 day benchmark returns, by at least 45 additional basis points (0.45% p.a.). The 45 basis point increase is based on the average increased credit spreads (or margins) over bank bill rates on offer in relation to 30–90 day investments. The 30-90 bank bill rates represented a reflective benchmark at the time of adoption, but this spread has reduced in recent months.

Additionally, 2019 will present continued challenges to the City in delivering higher investment income returns, including the following:

- Interest rates continue to remain at low levels and expectations are that in the medium-term they may remain at these levels.
- A small number of long-term investments that are locked in at higher rates offered in previous years continue to mature. As these funds can now only be reinvested at the current lower yields offered in the market, average earnings will continue to fall.

The following chart illustrates how earnings yields are expected to reduce over the coming year as a result of the above factors. The narrowing of the gap between actual investment returns and the investment benchmarks is evident. Additionally, the chart also reflects the current lower earnings yield on investments acquired during the last 12 months when interest rates have been at historically low levels.

Portfolio Performance against Benchmarks Current and Projected (2019 to 2020)



Environmentally and Socially Responsible Investments

Council’s ability to acquire environmentally and socially responsible investments within the current investment and policy environment remains limited, as:

- the structure of many of these investments remains prohibited under the current Ministerial Investment Order; and
- the global financial crisis caused significant declines in the valuation of the financial assets that comprise many of these investments.

Council will, however, continue to explore opportunities for supporting environmentally and socially responsible investments within these constraints. The investment climate is changing over time and Council notes that many large scale renewable projects are expected to evolve, which may offer sustainable investment opportunities in the future. Council will continue to encourage and give preference to these investments where they comply with the Ministerial Investment Order and satisfy Council’s policy and investment objectives.

References

Laws and standards	<ul style="list-style-type: none"> Local Government Act 1993 Local Government (General) Regulation 2004 Ministerial Investment Order Local Government Code of Accounting Practice and Financial Reporting Australian Accounting Standards Office of Local Government Circulars
Policies and procedures	<ul style="list-style-type: none"> Investment Policy

Approval

Review

Review period	Next review date	TRIM reference
The Code of Accounting Practice & Financial Reporting requires Council to undertake an annual review of its Investment Policy and Investment Strategy.	October 2020	

Item 5.

Audit Risk and Compliance Committee Annual Report to Council 2018/19

File No: S083523

Summary

The Audit Risk and Compliance Committee is required by its Charter to report annually to Council. This report covers the period from 1 July 2018 to 30 June 2019.

The Audit Risk and Compliance Committee is responsible for oversight and monitoring of the City's audit, risk and governance activities, including reviewing the implementation of recommendations resulting from internal audit, compliance and governance reviews.

The Audit Risk and Compliance Committee highlights the following key points for 2018/19:

- Received additional assurance on the City's implementation of the agreed actions as stated in the Action Plan in Phase One in response to the findings and recommendations of the Independent Commission Against Corruption's investigation into the conduct of the former Botany Bay Council Chief Financial Officer and others (Operation Ricco).
- Noted that the Audit Office of NSW is responsible for conducting financial and performance audits of all NSW local government entities and is continuing as the external auditor for the City of Sydney.

Recommendation

It is resolved that Council note the Audit Risk and Compliance Committee's 2018/19 Annual Report, as shown as Attachment A to the subject report.

Attachments

Attachment A. Audit Risk and Compliance Committee Annual Report for 1 July 2018 to 30 June 2019

Background

1. The Audit Risk and Compliance Committee is required by its Charter to report annually to Council. This report covers the period from 1 July 2018 to 30 June 2019.
2. The primary objectives of the Audit Risk and Compliance Committee are to:
 - (a) assist the Council in discharging its responsibilities relating to:
 - (i) financial report practices;
 - (ii) business ethics, policies and practices;
 - (iii) accounting policies;
 - (iv) risk management and internal controls; and
 - (v) compliance with laws, regulations, standards and best practice guidelines; and
 - (b) ensure the integrity of the internal audit function.
3. The Council authorises the Audit Risk and Compliance Committee, within the scope of its role and responsibilities, to:
 - (a) obtain any information it needs from any employee or external party (subject to their legal obligations to protect information);
 - (b) discuss any matter with the external auditor or other external parties;
 - (c) request the attendance of any employee or councillor at Audit Risk and Compliance Committee meetings, and
 - (d) subject to confidentiality considerations, obtain external legal or other professional advice considered necessary to meet its responsibilities.

Key Implications

4. The Audit Risk and Compliance Committee's operations meet the Internal Audit Guidelines issued by the Office of Local Government and the Audit Risk and Compliance Committee Charter approved by Council.
5. A risk-based internal audit program has been undertaken to provide an independent and objective assurance review of the City's operations. The Audit Risk and Compliance Committee reviews all internal audit reports and monitors the implementation of recommendations at the Audit Risk and Compliance Committee meetings.
6. The Audit Risk and Compliance Committee reviews the external auditor's reports.
7. The Audit Risk and Compliance Committee monitors the implementation of the risk management, governance and compliance programs and receives briefings on significant matters relevant to the City's operations.

Relevant Legislation

8. The Internal Audit Guidelines issued by the Office of Local Government (September 2010) are in accordance with section 23A of the Local Government Act 1993. A council must take any relevant guidelines issued to this section into consideration before exercising any of its functions.

KIRSTEN MORRIN

Director Legal and Governance

Barry Munns, Chief Internal Auditor

Attachment A

**Audit Risk and Compliance Committee
Annual Report for 1 July 2018 to 30 June
2019**

1. INTRODUCTION

The Audit Risk and Compliance Committee (ARCC) plays an important role in the City of Sydney Council's governance framework. Its primary objectives are to assist Council in discharging its responsibilities with respect to:

- financial reporting;
- business ethics, policies and practices;
- accounting policies;
- risk management and internal controls;
- regulatory compliance; and
- alignment with standards and best practice guidelines.

The ARCC provides advice to Council on the integrity of the City's assurance functions, including internal audit, risk management and governance.

The Committee's Charter sets out its roles and responsibilities and provides for oversight of the internal and external audit functions. Its structure and operations conform to the Office of Local Government guidelines issued in September 2010 and follows best practice in the monitoring of finance, audit, risk management, compliance and governance activities within the City.

This annual report covers the period 01 July 2018 to 30 June 2019.

2. MEMBERSHIP

In accordance with its Charter, the Committee comprises two members of Council and three independent members, one of whom holds the role of Independent Chair.

Members – Council:

- Lord Mayor Clover Moore
- Councillor Jess Scully (from September 2016)
- Councillor Robert Kok (from September 2017, as the Lord Mayor's alternate).

Members – Independents:

- Elizabeth Crouch (appointed July 2013, reappointed August 2016, Chairperson since October 2014)
- Ken Barker (appointed October 2014, reappointed October 2018)
- Carolyn Walsh (appointed October 2014, reappointed October 2018).

Ex-officio attendees include:

- Chief Executive Officer
- Director Legal and Governance
- Chief Financial Officer
- Manager Risk and Governance
- Chief Internal Auditor

Invitees include:

- Representatives of the Audit Office of New South Wales
- Other officers, as requested by the Committee

3. MEETINGS AND ATTENDANCE

The Audit Risk and Compliance Committee (ARCC) meets a minimum of five times annually to consider matters relating to the financial, audit and risk management issues of the City of Sydney. In 2018/19 the ARCC:

- considered the City's enterprise risk management framework;
- received regular reports on workplace health and safety and other compliance related matters;
- received briefings on the People Matter survey and Information and Privacy Commission NSW;
- maintained oversight of risks recorded in the City's risk register including consideration of new risks that reflected changes to the City's operational environment;
- reviewed the City's controls and fraud and corruption reporting framework;
- focused internal audit activity in line with the risk profile and governance arrangements for the City;
- maintained oversight of financial reporting and endorsement of the financial statements including securing relevant attestations from the Chief Financial Officer;
- reviewed the NSW Audit Office audit report and performance audit activity relevant to the City of Sydney;
- assessed whether appropriate policies and procedures were in place and reviewed those related to delegations; and
- received presentations from key risk owners throughout the year.

During the 2018/19 reporting period the Committee held five meetings, with a quorum present at all meetings.

The City of Sydney has adopted a staggered approach to rotation of ARCC members, including the Chairperson, to ensure continuity of knowledge and skills. The Chair's term expires in 2021, and the terms for the other Independent Members expire in November 2022. Prior to the expiration of each member's current term, the Committee will consider the merits of extending current members or sourcing alternative members. The Chief Executive Officer, in consultation with the Lord Mayor, confirms all new appointments or reappointments.

4. INTERNAL AUDIT

The role of Internal Audit is to provide independent assurance to Council's operations. It assists Council by evaluating and assessing the effectiveness of risk management, control and governance processes.

The City's Internal Audit is led by a Chief Audit Executive with a support officer, with field work undertaken through an outsourced model. A panel of two service providers (RSM Australia and O'Connor Marsden & Associates) provide these outsourced internal audit services.

For the 2018/19 reporting period, the Audit Risk and Compliance Committee:

- approved the strategic audit program for the period 2019-2022 and the annual audit plan (2019/20);
- considered regular reports from the Chief Internal Auditor on progress against the plan;
- reviewed the Internal Audit Charter (with no amendments required);
- received audit report, as well as updates, from the Chief Internal Auditor on the status of actions taken by management to address high-risk rated findings identified in previous audit reports; and
- reviewed and endorsed the 19 internal audit reports listed in Table 2 below. The Committee supported the steps undertaken by management to address any recommended actions.

The Committee is satisfied that the internal audit plan is aligned with and responds to the major risks identified in the City’s risk profile.

Monitoring Outstanding Internal Audit Action Items

There are a number of processes employed by the City to monitor management actions arising from audit recommendations and ensure these are being actioned. These processes include:

- ensuring each Director is accountable for monitoring the status of outstanding issues for their respective Division including reporting completion details to Internal Audit throughout the year;
- regular internal audit status reporting to the Executive to assist in monitoring progress of outstanding audit actions; and
- reporting all overdue management action items to monitor implementation and follow-ups at each meeting of the Audit Risk and Compliance Committee. The Audit Risk and Compliance Committee also receives regular presentations from risk owners on the status of key risks.

The Committee receives a report on the appropriateness of the management actions taken on high-rated closed actions items through follow-up reviews and closing audits. The rating scale applied to internal audit reports is tabled below.

Table 1: Rating scale for internal audit reports

Report Risk Rating	Definition
Unsatisfactory	Numerous very high and/or high risk issues
Requiring improvement	A small number of very high or high risk issues and/or many medium risk issues
Satisfactory	Only isolated instances of high issues and/or a small number of medium risk issues
Low	Only isolated instances of low to medium risk issues
Not Rated	Applies to focused reviews where a rating may not be representative of the overall control environment. High-level or specific reviews where only a small section of an area/process is examined and investigation outcomes are not rated.

Table 2: Internal Audits tabled at Audit Risk and Compliance Committee meetings

Rating: Not rated	
Engagement Name	Scope of Work
Review of Access to Roads & Maritime Services' DRIVES24 - 2019	The City has a five year DRIVES24 Terms of Access Agreement for Local Government (dated 04 May 2015) in place with NSW Roads & Maritime Services. Requirements of the Terms of Access Agreement include an annual audit of access and security, and the issue to RMS of a compliance certificate signed by the CEO and Chief Internal Auditor.
Review of Street Safety Camera Program 2019	This review is mandatory as required by the Program's Code of Practice and covers the operation of the policies and procedures. The purpose of this review was to assess compliance with the key principles of the City's Street Safety Camera Program's Code of Practice: (1) compliance with policies and procedures; (2) performance reporting; and (3) risk management. There were no significant findings.
Rating: Low ⁽¹⁾	
Engagement Name	Scope of Work
Assurance on ICAC Operation Ricco Findings and Recommendations (Phase Two)	Assurance on ICAC Operation Ricco Findings and Recommendations has been undertaken in two phases, with this report constituting the outcomes of Phase Two. Phase One consisted of an Action Plan Assessment to support the implementation of recommendations made by ICAC. Phase Two consisted of reviewing the implementation of the agreed actions as stated within the Action Plan. The audit identified that clear and robust frameworks have been developed which are designed to ensure that the issues observed at the City of Botany Bay Council do not occur. The City has documented clear, concise and timely steps within the Fraud Control Action Plan to minimise the risk of fraud and corruption.
Accounts Payable - Technology One Application Review	The review was undertaken to provide assurance on the adequacy of the City's processes and application controls surrounding the Accounts Payable function within the Technology One system. Overall, Internal Audit identified two low risk issues relating to: mitigating controls are not being in place for potentially conflicting Technology One access rights; and Super User access, activity and mitigating actions not independently monitored.
Accounts Payable Review	The review was undertaken to provide assurance on the adequacy of the City's control environment surrounding AP processes. Audit issues identified included: no Supplier Registration Form and written confirmation for additions/amendments to Supplier Masterfile; no Payment Request Form approval for non-PO payments; and suppliers inactive for more than 18 months remain in the Masterfile.
Grants and Sponsorship	The objective of the internal audit was to provide assurance that there were effective controls in place around the management of grants and sponsorship processes. The audit did not identify any significant findings. Two low rated matters were identified: delays in completing tasks, and minor amendments required to guidelines.

Rating: Low ⁽¹⁾	
Engagement Name	Scope of Work
Government Information Public Access (GIPA) Act Compliance	The objective of the internal audit was to assess the policy and procedures as well as the design and operating effectiveness of controls that mitigate the compliance risks associated with handling enquiries / review requests / complaints and reporting of decisions/ outcomes of review under GIPA Act. The internal audit provides limited assurance that the controls are appropriately designed, implemented and operating effectively. No matters of relating to GIPA legislative compliance were identified, and only some improvement opportunities related to processing charges and advanced deposits; consistency in processing times and fees; and formal issue of draft guideline on information access were raised in this report.
Cleansing and Waste Management: Notifications & Complaints Management	This review was undertaken to provide assurance that the City's notification/complaints management and support services in the Cleansing & Waste Unit are adequate, effective and appropriate. Several low rated issues were identified, including: lack of specific procedure for notifications and complaints management in Cleansing & Waste; monitoring and reporting of trends not being performed; "Not completed" complaints not correctly catalogued; status of some complaints received; and feedback not provided to customers on non-actioned complaints.
IT Project Management Review	The review was undertaken to provide assurance on the operating effectiveness of the IT Project Management control environment. Overall, Internal Audit identified one medium and two low risk issues relating to: approved project documentation not being available at the time of the audit; IT Project Management Guide annual review overdue; and lessons learned not formally documented within key project documents.
Review of Procurement (Low value – sub \$150,000 and sub \$10,000)	This review examined the processes and controls relating to the procurement activities for expenditures in range of sub \$10,000 and sub \$150,000. The audit identified one medium and one low rated issue: non-compliance with policies and procedures in respect to quotes, evaluation process, and records management; and compliance reporting does not consider trends on approval under exceptional circumstances.
Rating: Satisfactory ⁽¹⁾	
Engagement Name	Scope of Work
Review of Children's Services, Child Protection	This internal audit focused on policies, procedures and practices in relation to working with children check requirements, staff entry and movement, training, categorisation of roles, investigation of allegations and disclosures, and external reporting requirements. As part of the internal audit process, we undertook sampling across the City in relevant areas that are directly engaged or interface with activities involving children. Overall findings included that the City has a robust and comprehensive framework for child protection, there is a strong culture and high levels of awareness or risks, City staff are highly vigilant in high risk areas, the City's child protection policies and procedures are compliant to legislation, and currency of WWCC clearances are monitored. All matters raised in the previous report of September 2016 have been resolved. Some minor process improvement matters of low probability, low risk were identified.

Rating: Satisfactory ⁽¹⁾	
Chris ²¹ Application Review	The review was undertaken to provide assurance on the adequacy of processes and application controls surrounding the chris ²¹ system. One high risk issue relating to monitoring Super User access and activity was identified.
Work Health and Safety Framework Review	<p>The review was undertaken to provide assurance on the effectiveness of the City's Safety Management System with respect to WHS legislation and alignment to relevant best practice within standards such as AS 4801:2001 and ISO 45001:2018.</p> <p>This internal audit was a performance review and did not represent a certification or attestation of compliance. However, the overall opinion was that the City's Safety Management System Procedures are generally compliant with WHS legislative requirements. Internal Audit identified two high risk issues: mandatory WHS induction and training courses had not been completed by staff in some instances; and WHS Incident Register contained some overdue actions and incorrect information.</p>
Councillors' Expenses Compliance Review 2018/19	<p>This review examined the effectiveness of processes and internal controls designed to mitigate the risks associated with administration of Councillors' Expenses and Facilities Policy. The key objective of the review was to assess compliance over the payment of expenses and the provision of facilities to Councillors as governed by the City's Councillors' Expenses and Facilities Policy dated August 2017. The review also had due regard to requirements of Sections 252 to 254 of the Local Government Act and the supporting regulations and guidelines.</p> <p>Systems were operating efficiently and effectively, and no adverse findings were identified during the review.</p>
Payroll Review	The review was undertaken to provide a limited assurance conclusion on the adequacy of the City's Payroll processes. One issue relating the process around ensuring that temporary Employment Variations are reflected in CHRIS21 was identified.
Rating: Requiring improvement ⁽¹⁾	
Engagement Name	Scope of Work
Business Continuity Management	<p>This audit reviewed the operating effectiveness of the City's Business Continuity Management (BCM) system at the Essential Services and Support Services 'local' level in the event of a significant incident, disaster and / or disruption. The mechanisms and processes in place to measure and report on the overall BCM program management at the following sample of business groups within Essential Services and Support Services (a total of 21 business groups): Cleansing & Waste, Customer Service including Call Centre, Child and Family Services including Childcare, Direct Services including Meals on Wheels.</p> <p>The audit did not include Information Technology Disaster Recovery Planning, Emergency Management or the Crisis Management Team / Crisis Management Plan other than in the context of BCM.</p> <p>Overall the City's BCP framework is comprehensive and effective. There has however been inconsistent and non-timely application of various required elements of Business Continuity Planning across two of the four sampled business groups. This includes BCPs not being updated to reflect changed business processes and testing of BCPs not undertaken in a timely manner.</p>

Rating: Requiring improvement ⁽¹⁾	
Engagement Name	Scope of Work
Data Centre Operations Review	<p>The review was undertaken to provide assurance on the design and operating effectiveness of key internal control practices and risk mitigation actions in the management and operation of the data centres.</p> <p>Observations of good practice were noted regarding details provided in the contract between the City and the Data Centre owner; reports submitted to the City; and the clear layout of fees on the invoices.</p> <p>One high rated matter relating to monitoring and investigation of data centre performance was identified, as well as three medium rated matters relating to underperformance penalties, inactive legacy servers, and contractual arrangements with owner of the data centre operator.</p>
Information Technology Security Framework Review	<p>The objective of the engagement is to review and report on the adequacy of the Information Technology Security framework, systems and controls in place at City of Sydney. The audit was conducted with reference to benchmark standards and methodologies. Overall the audit identified all the major elements of good practice Information Technology Security.</p> <p>The audit also identified significant exposures in a number of areas, including patch management, information asset classification, and Information Technology asset inventory.</p>
Fleet Insurance Claims Project	<p>This review examined the registered vehicle accident claims processing, specifically the activities undertaken by Fleet Services. The review did not include matters pertaining to non-road registered plant, vehicles or equipment. The review also assessed the relevant policies and procedures and undertook an analysis of claims data for identification of errors and inconsistencies. The review identified two high rated issues relating to (1) absence of documented roles, responsibilities and formal process; and (2) incomplete accident report forms and approvals not being documented.</p>
Rating: Unsatisfactory	
Note: No reviews were rated as unsatisfactory during the financial year.	

(1) The Audit Risk and Compliance Committee supports the steps being taken by management in response to the findings arising from these audits.

The following table summarises the City's management of internal audit actions/recommendations at the end of each financial year. These actions are assigned to a Division or business unit to be actioned by an agreed date.

The Audit Risk and Compliance Committee is actively monitoring the status of outstanding action items to ensure timely closure of relevant items. The Audit Risk and Compliance Committee and Internal Audit are satisfied with the progress of outstanding and overdue actions as at 30 June 2019.

Table 3: Management of internal audit actions/recommendations

Year	Outstanding Actions at Start of Year	New Actions from Audits	Actions closed	Current Actions at Year End	Actions Overdue ⁽¹⁾
30/06/2016	87	64	66	85	27
30/06/2017	85	97	153	29	7
30/06/2018	29	61	74	16	5 ⁽²⁾
30/06/2019	16	62	30	48	6

(1) Actions not completed by the agreed date.

(2) There were no high-rated actions overdue as at 30 June 2018.

5. EXTERNAL AUDIT

Following amendments to the *Local Government Act 1993*, the Audit Office of New South Wales formally notified the City in 2016 that they will resume their role as the City's external auditors for 2016/17 and beyond.

The external auditor provides independent audit opinions on both the general and special purpose financial reports of Council. They are also required to audit the statutory returns relating to a number of the City's activities.

The Chief Internal Auditor meets with representatives of the external auditor periodically to provide insights to the control environment and minimise overlap of audit areas of focus.

The external auditor is invited to attend each Audit Risk and Compliance Committee meeting as well as join the Committee on site visits as appropriate.

During the 2018/19 financial year, the Audit Risk and Compliance Committee has:

- considered the program and status reports covering the preparation of the previous financial year (2017/18);
- received and noted the external auditor's letter covering the final audit for 2017/18;
- considered and endorsed the 2017/18 General and Special Purpose Financial Reports prior to Council's authorisation;
- reviewed Directors' attestations;
- reviewed the external audit plan for 2018/19; and
- reviewed the Audit Office of NSW's Performance Audits tabled at Parliament (Development assessment: pre-lodgement and lodgement in Camden Council and Randwick City Council,

Domestic waste management in Campbelltown City Council and Fairfield City Council – both June 2019).

6. RISK MANAGEMENT

For the 2018/19 reporting period the Audit Risk and Compliance Committee has received:

- regular updates on the implementation of enterprise risk management within the City;
- reviews and changes to the City's risk profile;
- updates on the status of the financial position of the City;
- updates on the resilience of the City;
- updates on the progress of the capital works program and other major initiatives;
- updates on the City's insurance placement and claims management programs; and
- regular reports on Workplace Health and Safety management at the City.

The Committee also considered and provided comment to the Executive on the City's strategic risks.

7. LEGAL, GOVERNANCE AND COMPLIANCE

For the 2018/19 reporting period the Audit Risk and Compliance Committee received:

- updates on major governance, compliance and legal matters; and
- briefings on any material litigation affecting the City.

8. FRAUD AND CORRUPTION PREVENTION

For the 2018/19 reporting period the Audit Risk and Compliance Committee received updates on:

- governance activities and fraud and corruption prevention activities;
- the updated fraud and corruption prevention plan for the City; and
- any current issues, investigations and outcomes.

There was one investigation arising from two public interest disclosures during this period.

9. REVIEW OF WORK HEALTH SAFETY

The Audit Risk and Compliance Committee regularly reviews safety updates, including workplace injuries, notifiable incidents and workers compensation claims.

10. OTHER

The Audit Risk and Compliance Committee is satisfied that the City has:

- appropriate mechanisms in place to review and implement relevant State Government reports and recommendations related to local government; and
- developed a performance management framework linked to organisational objectives and outcomes.

The Committee assesses the currency of its Charter and its performance annually.

ELIZABETH CROUCH

Chair, Audit Risk and Compliance Committee
October 2019

Item 6.

Lease Approval - Campbell's Stores, Service Tunnel, Hickson Road, The Rocks

File No: S094584.049

Summary

This report seeks Council's approval to grant a lease for a term of 99 years for a stratum below Hickson Road within which has been constructed a tunnel servicing the recently refurbished Campbell's Stores owned by Place Management NSW.

The stratum which is subject to final survey is limited in height and depth and comprises an area of approximately 410.4 square metres.

The heritage-listed Campbell's Stores has recently completed a \$32 million refurbishment by private developer Tallawoladah, as approved by the Minister for Planning on 19 April 2017. The refurbishment included extensive landscaping of the Hickson Road footpath and reconstruction of some parts of the existing service tunnel.

The City has agreed in principle lease terms with Place Management NSW, as the landowner of Campbells Store and foreshore lands, for the sub stratum within which the service tunnel is constructed. The summary of the essential lease terms are detailed at Confidential Attachment D.

By an instrument of delegation dated 9 March 1995 (Delegation), the Director of Planning delegated functions conferred under section 149 of the Roads Act 1993 to the Council. As at the date of this document, the Delegation has not been revoked.

Council approval is required as the proposed term of 99 years is inconsistent with the Council adopted policy for leases and licences above or below roads.

The City has also undertaken a review of the current policy for leases above and below roads and believes that the Council Resolutions of 23 May 1983, 28 March 1994 and 7 August 1995 that form the Policy should be consolidated as a Divisional Procedure (Attachment A) expanding the interpretation and application of matters for consideration in establishing a market rent.

For the Divisional Procedure to take effect Council Resolutions of 23 May 1983, 28 March 1994 and 7 August 1995 must be rescinded (Attachment B).

Recommendation

It is resolved that:

- (A) Council note that the City has adopted a Divisional Procedure rather than a Policy for Leases Above and Below Roads;
- (B) having regard to (A) above, Council rescind the current policy for leases above and below roads in Attachment B to the subject report endorsed on 23 May 1983, 28 March 1994 and amended on 7 August 1995;
- (C) pursuant to Section 149 of the Roads Act 1993, Council approve the granting of a 99-year stratum lease to Place Management NSW for the proposed sub stratum below Hickson Road containing a service tunnel connecting with Campbells Stores at 7-27 Circular Quay West; and
- (D) authority be delegated to the Chief Executive Officer to undertake further negotiations as required to finalise the terms of the lease and to execute, administer and manage the stratum lease following execution.

Attachments

- Attachment A.** Divisional Procedure - Leases Above or Below Roads
- Attachment B.** Council Resolutions - Current Stratum Policy
- Attachment C.** Identification Plan
- Attachment D.** Commercial Terms (Confidential)

Background

1. In late 2014, the Sydney Harbour Foreshore Authority, now Place Management NSW, entered into an Agreement for Lease and Lease with Tallawoladah Pty Limited (Developer) for the remediation, restoration and adaptive re-use of the historic three-level Campbell's Stores.
2. Tallawoladah's vision to transform Campbell's Stores into a world class waterfront dining precinct that contributes to the vibrancy and vitality of The Rocks was completed in March 2019.
3. Place Management NSW's objective was to make Campbell's Stores an iconic food destination for international and domestic tourists, as well as Sydney residents, by providing a range of high quality restaurants, cafes and bars.
4. In addition to the restoration of Campbells Stores, Place Management NSW has undertaken works on the foreshore land to the east and the Hickson Road footpath along the western boundary of Campbells Stores which complement the remedial works being undertaken by the Developer in accordance with the preservation solution.
5. In terms of the public domain the following improvements have been made:
 - (a) a new 10-metre-wide lowered promenade;
 - (b) a new waterfront leisure area and amphitheatre for public events;
 - (c) a shared plaza/pedestrian square with reduced land levels, pedestrian circulation and truck access to the new Overseas Passenger Terminal wharf extension; and
 - (d) realignment of the public foreshore access with new east-west connections from the Campbell's Cove promenade to Hickson Road and The Rocks.
6. A service tunnel is located below the eastern footpath on Hickson Road and to the rear of the lower level of the Campbell's Stores and is principally used for the transfer of deliveries and waste between the loading dock and the tenancies within Campbells Stores (refer Attachment C - Identification Plan).
7. Access for deliveries and waste collection is via a loading dock, below the access driveway to the Overseas Passenger Terminal, which is accessed from Circular Quay West on Place Management NSW land.
8. Campbells Stores was refurbished in the early 1980s and has been completely remodelled throughout with an open plan arrangement at each level and connectivity between the original stores.
9. As part of the remediation, restoration and adaptive re-use of the historic Campbell's Stores the exiting service tunnel has been reconstructed to modern standards.
10. Approximately 50 per cent of the tunnel is used by the restaurants to specifically house equipment and goods that contribute to the restaurant sales such as cool rooms, store rooms, grease traps and fans. These items are essential to the operations of the restaurants and if not within the service tunnel would be housed within the restaurant tenancies themselves.

11. On 14 November 2016, the City entered into a licence with Place Management NSW facilitating access to the stratum for the purpose of providing access for 'demolition, investigation, design, construction, testing, commission and access for the purpose of carrying out the Project'. Under this licence, the annual rent is \$88,200 per annum plus GST and payable quarterly in advance.

Stratum Policy

12. The City's appointed Valuer, Preston Rowe Patterson, has undertaken an assessment of the lump sum rental instalment for a 99-year lease in accordance with the City's Stratum Policy. This is detailed in Confidential Attachment D.

Budget Implications

13. The rent for the full term of the agreement will be paid in one lump sum upon execution of the lease. The rent received in the financial year 2019/20 will result in income surplus to the operating budget.
14. There will be no ongoing operational costs to the City arising from granting the proposed stratum lease.
15. Place Management NSW is responsible for maintaining the stratum, removing the structure at the end of the lease and making good to Hickson Road.

Relevant Legislation

16. Local Government Act 1993.
17. Section 149 of the Roads Act 1993 entitled 'Leasing of land above or below public road' permits the roads authority (Council), with the consent of the Director of Planning, to lease the air space above or below the surface of, any public road (other than a Crown road) that is owned by the authority for a term, together with any option to renew, not exceeding 99 years. Pursuant to section 23 of the Environmental Planning and Assessment Act 1979 the Director of Planning has delegated their right of consent for leases over land above or below a public road pursuant to Section 149 of the Roads Act 1993 to Council.
18. This proposed lease is in accordance with Section 149 of the Roads Act 1993.
19. Attachment D contains confidential commercial information and details of Council's valuation and contingencies which, if disclosed, would confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and prejudice the commercial position of the person who supplied it.
20. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Options

21. In this instance, there are no options that would provide a superior financial outcome to the City.

Public Consultation

22. There is no public consultation required for this matter.

AMIT CHANAN

Director, City Projects and Property

Nicholas Male-Perkins, Commercial Manager, Development and Strategy

Attachment A

**Divisional Procedure –
Leases Above or Below Roads**

Leases above or below Roads Procedure

Authority

Section 149 (1) of the *Roads Act 1993 (NSW)* (**Roads Act**) provides that a lease may be granted of the airspace above or land below any public road (other than a Crown road) by the roads authority for that road. For a roads authority other than RMS, section 149(2) of the Roads Act states that the lease may not be granted without the approval of the Secretary of the Department of Planning and Environment.

By an instrument of delegation dated 9 March 1995 (**Delegation**), the Director of Planning delegated functions conferred under section 149 of the Roads Act to the Council of the City of Sydney. As at the date of this document, the Delegation has not been revoked.

The Council of the City of Sydney is the roads authority for all roads other than classified roads within the local government area. By operation of the Delegation, Council is able to approve the grant of leases of airspace above and land below roads (**Stratum Road Lease**) for which Council is the roads authority.

Purpose

This Procedure sets out the City's requirements for establishing:

1. the initial rent payable for a new Stratum Road Lease; and
2. market rent reviews throughout the term of the Stratum Road Lease,

in accordance with the Roads Act and the Delegation.

Scope

This Procedure applies to establishing the initial rent payable and the market rent reviews for the leasing of all airspace above or land below roads where Council is the roads authority for the road, with the exception of Crown roads.

As a local government authority, Council has a role in the orderly development of the City. Pedestrian linkage networks are beneficial to both the community and business. The Roads Act and the Delegation do not prevent Council from seeking market rent for the Stratum Road Leases it enters into. Council will seek to achieve fair returns from the use of public assets, particularly where the lease of a public asset has a commercial benefit to another party.

When considering whether to grant a Stratum Road Lease, Council will obtain a fair and reasonable rental, having regard to the benefits obtained by the tenant from the Stratum Road Lease. In

assessing what is a fair and reasonable rental, and before setting a rent for a Stratum Road Lease, Council will engage a valuer to assess the commercial benefit of the Stratum Road Lease for the proposed tenant and adjoining landowners.

Procedure statement

Initial market rent

In establishing the initial market rent payable by a tenant for a Stratum Road Lease, the following principles will be applied:

- Must conduct a market rental valuation of the space by a third party valuer and initial rent should reasonably reflect the market value.

Market rent reviews during the term

In determining the frequency and calculation of market rent reviews during the term of a Stratum Road Lease, the following principles will be applied:

- Rent must be reviewed every 5 years, as a minimum
- At the beginning of each five (5) year period for the duration of the lease the annual rental may be assessed by Council on the basis of:-
 - i. The commercial benefit (if any) derived by the lessee(s) directly from the structure within the stratum;
 - ii. The benefit accruing to any adjacent or nearby land or property owned or controlled by the lessee(s) or a subsidiary company as a result of the presence of the structure;
 - iii. The benefits derived by the lessee(s) or an associated company in respect of any business or commercial undertaking carried on in an adjacent or nearby property as a result of the presence of the structure;
 - iv. The current cost of establishing the structure. For renewal of a stratum lease or for a new lease of a stratum where a stratum exists, then the cost of the structure is to be disregarded and not be a matter for consideration in determining the rental at the commencement of the lease or for subsequent rental reviews.

General principles

When assessing an application for a new Stratum Road Lease, Council will also apply the following principles:

- Where possible, all Stratum Road Leases will have the owner or tenant of the adjoining land as the tenant of the Stratum Road Lease.
- The term of a Stratum Road Lease will be for a maximum term of 99 years and may comprise a single term (99 years) or an initial term (40 years) and options for a further term or terms.
- All new Stratum Road Leases will prevent the rent assessed under the review provisions

being reduced below the rental for the previous year.

- Stratum are not premises, they are land.
- The height of the air space for the Stratum Road Lease may be related to a datum. Council will only accept datum that is related to:
 - Australian Height Datum (AHD) and the plan must show bench marks;
 - a specific point on the building which is clearly identified; or
 - a mark that complies with Schedule 1 of the *Surveying and Spatial Information Regulation 2012*.
- If a proposed Stratum Road Lease does not comply with this Procedure then it will need to be approved by Council and cannot be approved under delegated authority.

Responsibilities

- Director City Projects & Property ensures that the Procedure is current and reviewed regularly.
- Executive Manager Property Services ensures that all stratum leases are implemented and managed in accordance with the Procedure and ensures all staff involved in stratum leasing activities are aware of this Procedure.
- City Projects & Property staff are responsible for following this Procedure.

References

Laws and standards	<ul style="list-style-type: none"> • Roads Act 1993, Section 149
Policies, procedures and guidelines	<ul style="list-style-type: none"> • Resolution of Council – 23 May 1983 • Resolution of Council – 28 March 1994 • Delegation from the Director of Planning – 9 March 1995 • Resolution of Council – 7 August 1995

Approval status

The City Projects and Property Director approved the Divisional Procedure on 7 November 2018.

Approval history

Stage	Date	Comment	TRIM Reference
Original Policy	23 May 1983	Approved by Council/ Endorsed by Council	A03-00393
Review	28 March 1994	Approved by Council/ Endorsed by Council	A03-00393
Review	7 November 2018	Divisional Procedure - Approved by City Projects and Property Director	2018/583966



Ownership and approval

Responsibility	Role
Author	Director City Projects & Property
Owner	Director City Projects & Property
Endorser	Director City Projects & Property
Approver	Director City Projects & Property

Attachment B

**Council Resolutions -
Current Stratum Policy**

RESOLUTION OF COUNCIL



28 MARCH 1994

COUNCIL STRATUM LEASES - REVISED POLICY AND RENT DETERMINATION (A03-00393)

1.

That notwithstanding Resolution of Council dated 23 May 1983 and arising from consideration of a report by the Manager Property Strategy to the Properties Committee on 28 February 1994, and a further report to the Properties Committee on 21 March 1994 approval be given to:-

(A) the adoption of the following guidelines for the assessment of the initial rental and reassessment of rentals in respect of leases granted pursuant to Section 149 of the Roads Act 1993 namely:-

At the beginning of each two (2) year period for the duration of the lease the annual rental may be assessed by Council on the basis of:-

- (i) the commercial benefit (if any) derived by the lessee(s) directly from the structure within the stratum;
- (ii) the benefit accruing to any adjacent or nearby land or property owned or controlled by the lessee(s) or a subsidiary company as a result of the presence of the structure;
- (iii) the benefits derived by the lessee(s) or an associated company in respect of any business or commercial undertaking carried on in an adjacent or nearby property as a result of the presence of the structure;
- (iv) the current cost of establishing the structure. For renewal of a stratum lease or for a new lease of a stratum where a structure exists, then the cost of the structure is to be disregarded and not be a matter for consideration in determining the rental at the commencement of the lease or for subsequent rental reviews.

The annual rental for the second year of each two year period shall be adjusted at the beginning of that year in accordance with the Consumer Price Index (Sydney), or whatever statistical system it is replaced by, by reference to any change in the CPI from the then latest published quarter at the beginning of the CPI rental review year when referenced to the published CPI for the same quarter in the year preceding each respective rental review year.

(B) Where possible, all stratum leases granted pursuant to Section 149 of the Roads Act 1993 having as lessee/s the owner/s or lessee/s of both adjoining sites.

- (C) The lease term of stratum being for a maximum period of 40 years unless exceptional circumstances apply.
- (D) For stratum leases where Council considers that the rental is not significant nor will become significant in the short to medium term and hence biennial reviews would not be cost effective then Council may decide that the period between rental reviews be at five (5) year intervals. In such cases the annual rental for the second, third, fourth and fifth year of each five year period shall be adjusted at the beginning of each year in accordance with the Consumer Price Index (Sydney), or whatever statistical system it is replaced by, by reference to any change in the CPI from the then latest published quarter at the beginning of the CPI rental review year when referenced to the published CPI for the same quarter in the year preceding each respective rental review year.
- (E) All new leases should incorporate a clause that prevents the rental assessed under the review provisions being less than the rental for the previous year.

Carried.

Referred for appropriate action please

Gail Marshall

Senior Committee Secretary
5 April 1994

Manager Property Strategy

RESOLUTION OF COUNCIL



7 AUGUST 1995

ITEM 17. COUNCIL STRATUM LEASES (A03-00393)

Moved by the Chairman (the Lord Mayor), seconded by Councillor Walton -

That arising from consideration of a report by the Manager Property Strategy to the Properties Committee on 31 July 1995, it be resolved that Clause (E) of the Council Stratum Leases Revised Policy and Rent Determination be amended so as to read:

Clause E: All new leases should incorporate a clause that prevents the rental assessed under the review provisions being reduced by more than 10% of the rental for the previous year.

The motion was carried on the following show of hands:-

Ayes (6) - The Chairman (the Lord Mayor), Councillors Farrelly, Griffiths, Sutherland, Tsang and Walton.

Noes (1) - Councillors McDermott.

Motion carried.

For appropriate action please

MANAGER PROPERTY STRATEGY

REPORT OF THE WORKS AND HOUSING COMMITTEE

16th May, 1983.

PRESENT

Alderman J.N. Calpis (Chairman)

Aldermen - J.A. Bradford, J. Fegan, B. Lewis.

At the commencement of business at 5.45 o'clock p.m. those present were:

Aldermen - Bradford, Calpis, Fegan, Lewis.

Movements of Aldermen during Committee Meeting.

Alderman J. Fegan left at 5.47 p.m. during discussion on Item No. 1.

Moved by the Chairman (Alderman Calpis), seconded by Alderman Wilson -

That the Report of the Works and Housing Committee at its meeting of 16th May, 1983, be received and the recommendations set out below for items 1 to 11 inclusive, be adopted. The recommendation set out for item 12 being dealt with as shown immediately following such Item.

Carried.

The Committee recommended the following:

Leases under Section 519B of the Local Government Act, 1919 - Proposed adoption of guidelines for reappraisal of rentals.(32/05/0367)

1. That arising from consideration of a report by the City Engineer dated 12th April, 1983, approval be given to the adoption of the undermentioned standard set of guidelines for the reappraisal of rentals in respect of leases under Section 519B of the Local Government Act, 1919, namely:-

That for each period of five (5) years for the duration of the lease the rental shall be adjusted in accordance with the Consumer Price Index or whatever statistical system replaces it, at the beginning of each year for the first four years - the second, third and fourth year of the initial five year period - and at the beginning of each fifth year the rental shall be reappraised by Council on the basis of:-

- (1) the commercial benefit (if any) derived by the lessee directly from the structure within the stratum;
- (2) the benefit accruing to any adjacent or nearby land or property owned or controlled by the lessee or a subsidiary company as a result of the presence of the structure;
- (3) the benefits derived by the lessee or an associated company in respect of any business or commercial undertaking carried on in an adjacent or nearby property as a result of the presence of the structure;
- (4) the current cost of establishing the structure.

Monday, 23rd May, 1983.

552

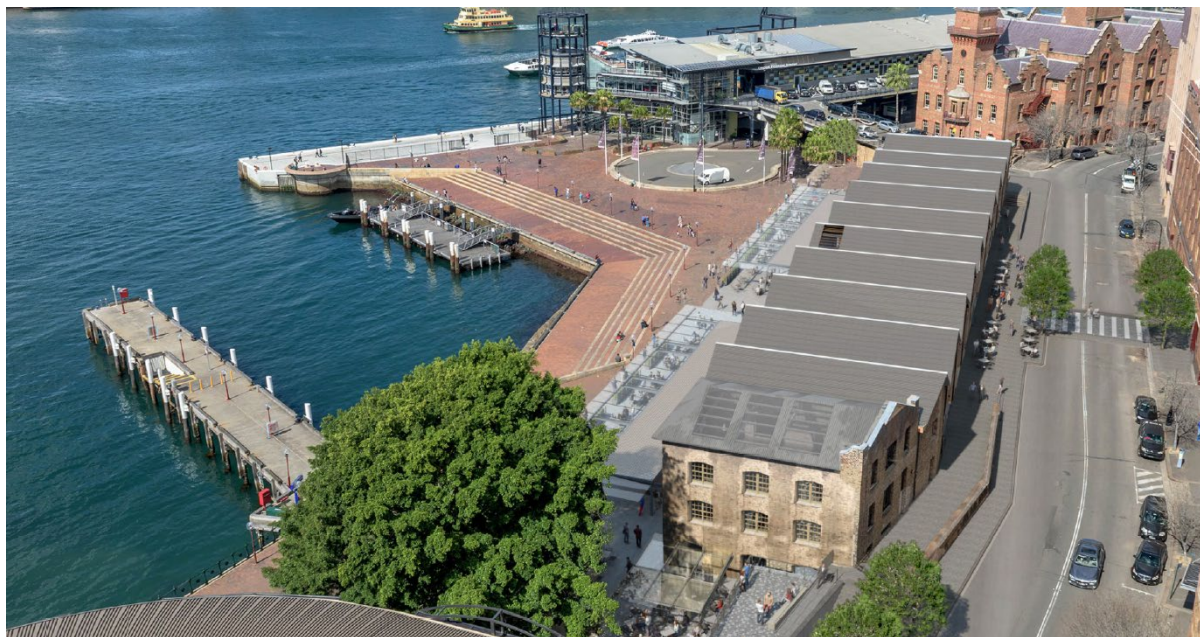
- and that all rentals that have not been reassessed and need to be reassessed be referred to Council for consideration.

Carried.

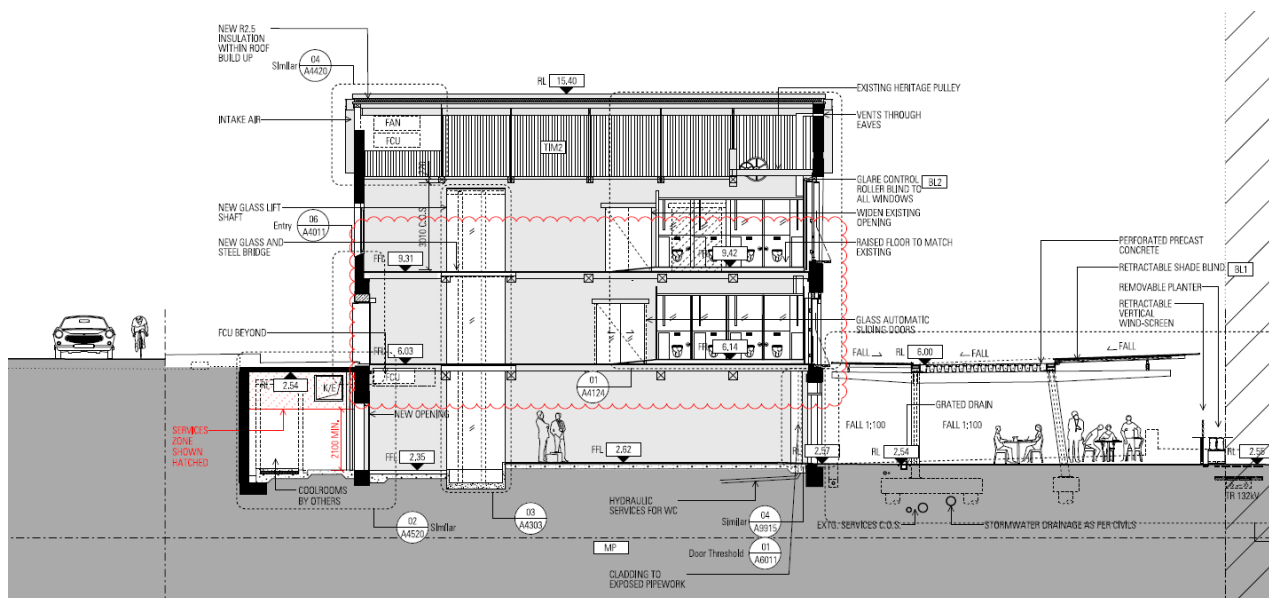
Attachment C

Identification Plan

CAMPBELL'S STORES AND SERVICE TUNNEL



View facing south from Hickson Road showing Campbells Stores (centre) and extra wide footpath along the western boundary under which is the stratum containing the service corridor.



Through section facing north showing the service tunnel connecting the ground floor of Campbells Stores accessed from the foreshore promenade



Loading dock viewed from the tunnel



From the southern boundary of the stratum facing north with access doors to the ground floor of Campbell's Stores along the right handside

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Item 7.

Tender - Reject and Negotiate - Work Based Child Care - Chippendale

File No: X005298

Tender No: 1950

Summary

Chippendale Child Care Centre is the City's work based child care centre providing priority to child care spaces for City of Sydney employees. This report provides details of the tender Work Based Child Care - Chippendale, and tenders received to deliver work based child care through the Chippendale Child Care Centre.

In 2009, the City sought tenders from not-for-profit child care providers to operate the City's work based child care centre, Chippendale Child Care Centre.

Under the contract, the City pays a management fee for the management and operation of the service in line with legislation pertaining to education and care services, providing City of Sydney employees with first priority to child care places. Currently, the take-up by City of Sydney employees is at 23.8 per cent of enrolments.

On 21 September 2009, Council approved Children's Services Community Management (CSCM) to operate and manage Chippendale Child Care Centre, and entered into a five year agreement with Children's Services Community Management with an option for a further five-year term. On 7 December 2016, the City exercised the five-year option. This five-year term was due to end 30 December 2021.

On 21 May 2018, Community Early Learning Australia formally notified the City that Children's Services Community Management was no longer in a position to operate and manage Chippendale Child Care, and were seeking to end the management arrangement by 21 August 2018.

On 6 August 2018, Council accepted a contract variation offer from Children's Services Community Management to operate Chippendale Child Care to 31 December 2018, with an option to extend the arrangement for an additional six months to 30 June 2019.

On 13 May 2019, Council entered into a contract variation with Children's Services Community Management to end the period of management of the child care service by 31 December 2019. A new provider is being sought via an open tender process.

This report recommends that Council reject and negotiate the tender offers of suitably qualified tenderers for Work Based Child Care - Chippendale to enable a new operator to be appointed for the period 1 January 2020 to 30 December 2021 to ensure continuity of service provision to existing families.

Recommendation

It is resolved that:

- (A) Council reject all the tender offers received for the provision of Work Based Child Care - Chippendale Child Care Centre for the reasons set out in the confidential Tender Evaluation Summary, Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders would not attract additional suitable tenderers over and above those that have responded to this tender;
- (C) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to execute and administer a contract with the suitable tenderer following completion of the negotiations; and
- (E) Council be informed of the successful provider by CEO Update.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. In 2009, the City sought tenders from not for profit child care providers to operate the City's work based child care centre, Chippendale Child Care Centre. This service provides priority to City of Sydney employees to places in the service.
2. On 21 September 2009, Council approved Children's Services Community Management (CSCM) to operate and manage the Chippendale Child Care Centre and entered into a five year agreement with an option for a further five year term. On 7 December 2016, the City exercised the five year option. The five-year term was due to end 30 December 2021.
3. Under the agreement, the City pays Children's Services Community Management a management fee to manage and operate the service in line with legislation pertaining to education and care services, and to provide City of Sydney employees with first priority to child care places. Currently, the take up by City of Sydney employees is at 24 per cent of enrolments. The centre is licenced to take up to 36 children and 6 of these are children of City staff.
4. On 21 May 2018, Community Early Learning Australia formally notified the City that Children's Services Community Management was no longer in a position to operate and manage Chippendale Child Care and were seeking to end the contract agreement by 21 August 2018.
5. By Resolution of Council on 13 May 2019, Council resolved to enter into a contract variation with Children's Services Community Management to end the management term on 31 December 2019. A new provider was sought via an open tender process.
6. A provider for the period 1 January 2020 to 30 December 2021 (the remainder of the five-year term) is required to ensure continuity of service provision to existing families.

Invitation to Tender

7. The tender was advertised in The Sydney Morning Herald and The Daily Telegraph on Thursday 25 July 2019 and closed on Tuesday 27 August 2019.

Tender Submissions

8. Three submissions were received from the following organisations:
 - Counterpoint Community Services Inc.;
 - KU Children's Services; and
 - SDN Children's Services.
9. No late submissions were received.

Tender Evaluation

10. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
11. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
12. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) the management fee, schedule of child care fees, and annual operating budget that support the running costs of the service in a financially sustainable manner;
 - (b) provider approval issued by the NSW Department of Education;
 - (c) demonstrated experience in operating quality and compliant education and care services that are financially sustainable;
 - (d) personnel allocation, qualifications, experience and capacity, including sub-contractors and fair work requirements;
 - (e) financial stability and financial position of the tenderer;
 - (f) proposed transition of service program and capacity to achieve this in the specified timeframe;
 - (g) proposed operations plan, including compliance with the Education and Care Services National Law and Regulations and any other legislation pertaining to education and care services and work based child care;
 - (h) environmental management;
 - (i) Work, Health and Safety; and
 - (j) financial and commercial trading integrity, including insurances.

Performance Measurement

13. Key Performance Indicators were identified in the Request for Tender document. Performance will be evaluated regularly, at least annually, and always upon completion of the management agreement. Each assessment will form the basis of the Performance Review.

Financial Implications

14. There are sufficient funds allocated for the existing level of management fee within the current year's operating budget, and future years' forward estimates.

Relevant Legislation

15. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
16. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
17. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

18. The arrangement with the current provider ends on 31 December 2019. In order to maintain continuity of service provision to existing families, a new operator must be appointed prior to 1 January 2020. The regular Christmas shut-down period will allow for handover to the new provider, and enable the new provider to commence operations with minimal disruption to families.
19.

(a) Contract awarded	November 2019
(b) Handover of site to new provider	December 2019/January 2020
(c) New provider operational	January 2020

Options

20. Families currently accessing Chippendale Child Care Centre are awaiting news of the new provider and their available options for child care in 2020.
21. It is recommended that the City reject and negotiate with suitably qualified providers to ensure seamless provision of education and care to families.

Public Consultation

22. Existing families and staff of Chippendale Child Care Centre have been notified of the City's intent to request tenders for the provision of the service. Communication to families has included the City's intention to have a seamless transition between providers and continue with education and care arrangements for existing families into 2020.

ANN HOBAN

Director City Life

Marley Woods, Acting Manager Child and Family Services

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Item 8.**Tender - Supply, Imaging and Delivery of Lenovo ThinkPad Carbon XI Laptops and Accessories****File No: X021537****Tender No: RFT 1948****Summary**

This report provides details of the tenders received for Supply, Imaging and Delivery of Lenovo ThinkPad Carbon X1 laptops and accessories.

The City is transitioning from a fixed desktop PC environment towards a more flexible, mobile device environment which will facilitate the mobility and productivity of City staff. Approximately 80 per cent of the City's current PC fleet is fixed desktop with the remaining 20 per cent made up of laptops and Surface Pros. The intention is, over time, to have 80 per cent of the fleet comprised of mobile devices and 20 per cent remaining as fixed desktops.

Technology and Digital Services (TDS) undertook a market analysis of Windows-based laptops, tablets and multi-purpose devices. Twenty-eight different devices were benchmarked against a range of standard criteria, including portability (weight), processor, RAM, storage, screen size and resolution, battery life and energy efficiency. The top three rated devices were then compared side by side in a hands on evaluation. The strongest performer and highest ranked in the evaluation was the Lenovo ThinkPad Carbon X1 laptop.

This tender includes the supply of the Lenovo device, the application of the City's standard operating environment (SOE), as well as the individual software applications for the recipient, and delivery, installation and removal of the old devices for re-selling or disposal.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer A for the supply, imaging and delivery of Lenovo ThinkPad Carbon X1 laptops and accessories, and removal of old equipment for the schedule of rates outlined in Confidential Attachment B, for a period of five years, with the option of two extensions of one year each if appropriate;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the options referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Attachment B. Price and Schedule of Rates (Confidential)

Background

1. The City's Technology and Digital Service Unit (TDS) is supporting the transformation to a mobile and flexible workplace. Increased mobility is an enabler for staff productivity and provides staff in the field with tools to better serve the community's needs. Over time, the City wishes to move the majority of staff from fixed desktops to mobile devices.
2. This strategy will allow staff to take advantage of the upgraded Wi-Fi network at City sites, allowing them to work from various locations, leverage the wireless presentation technology in conference rooms, collaborate more easily, and be more responsive in the event of a business continuity or crisis incident.
3. The City's current mobile device offering, the Microsoft Surface Pro, has provided excellent mobility and utility for staff but a more economically and environmentally responsible option was identified as part of the evaluation process of 28 mobile devices. After evaluation, the Lenovo ThinkPad Carbon X1 is the preferred device.
4. Front counters, call centres, and shared devices for shift workers (i.e. Rangers, Security and Cleansing staff) will remain as fixed desktops with a dual screen setup where appropriate. The majority of staff will be equipped with a Lenovo Laptop, docking station, external key board and mouse and dual screens.
5. This report provides details of the tenders received for Supply, Imaging and Delivery of Lenovo ThinkPad Carbon X1 laptops and accessories.

Invitation to Tender

6. The tender was released through Tenderlink and advertised in The Daily Telegraph and The Sydney Morning Herald on Tuesday 23 July 2019, and closed three weeks later on Tuesday 13 August 2019.

Tender Submissions

7. Two submissions were received from the following organisations:
 - Enigma Business Products; and
 - Winc Australia Pty Ltd.
8. No late submissions were received.

Tender Evaluation

9. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
10. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.

11. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) schedule of prices;
 - (b) demonstrated capacity and technical ability to carry out the work under the contract;
 - (c) feasibility and quality of the proposed service implementation and establishment plan;
 - (d) meets hardware requirements (Volume 2, Specifications and Requirements);
 - (e) delivery times, warranties and support;
 - (f) environmental management;
 - (g) Work Health and Safety (WHS); and
 - (h) financial and commercial trading integrity, including insurances.

Performance Measurement

12. The City will use the following General Key Performance Indicators to evaluate and monitor performance of the successful tenderer:
- (a) key objectives / deliverables;
 - (b) quality of works;
 - (c) time;
 - (d) reporting;
 - (e) communication; and
 - (f) WHS compliance.

Financial Implications

13. There are sufficient funds allocated for this project within the current year's plant and asset budget and future years' forward estimates.

Relevant Legislation

14. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
15. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
16. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

17. It is envisaged the contract will commence in November 2019. The server and network connection setup for the SOE and applications installation will also take place in November 2019 and the first delivery of laptops will arrive in December 2019.
18. The contract will continue for a five-year period to November 2024, with the possibility of two one-year extensions.

Options

19. The City currently provides the Microsoft Surface Pro device to staff who require a mobile device. Over time, the Surface Pro has become expensive to purchase and maintain, will only work with expensive proprietary monitors and accessories and is less energy efficient than the Lenovo Carbon X1.
20. Twenty-eight different mobile devices were benchmarked against our standard criteria, including portability (weight), processor, RAM, storage, screen size and resolution, battery life and energy efficiency.

Public Consultation

21. Public consultation was not undertaken prior to this tender being advertised.

SUSAN PETTIFER

Director People, Performance and Technology

Grant Angus, Manager Client Services

CONFIDENTIAL
By virtue of the Local Government Act 1993 Section 10A Paragraph 2

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Item 9.

Exemption from Tender - IT Maintenance and Support Contracts

File No: S064539

Summary

The City utilises a broad range of IT applications that are critical to the delivery of its business functions. Most of these have maintenance and support contracts in place that were established with suppliers at the time the products were procured and which have been updated as required since then.

A number of the maintenance and support agreements that are managed by the operational business units now require renewal. All of the agreements listed in the attachment exceed \$250,000 (ex GST) over a five-year period. In all cases listed in the attachment either:

- the existing supplier is the sole provider of the relevant maintenance and support, and a competitive tender process is not possible; or
- the existing supplier was evaluated as best value for money from a competitive tender process, and a repeat tender process is unlikely to yield a different outcome.

The requirement to invite tenders in section 55(1) of the Local Government Act does not apply to those contracts if Council decides by resolution that, because of the unavailability of competitive or reliable tenderers, a satisfactory result would not be achieved because of the unavailability of successful tenderers (section 55(3)(i) of the Local Government Act).

This report recommends that Council grant exemptions from tender for the IT maintenance and support contracts with the suppliers as listed in Attachment A.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender for the provision of the maintenance and support of the software applications as listed in Attachment A to the subject report upon expiry of the current maintenance and support agreements, for a three-year period with an option of an extension of two years if appropriate, noting that because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;
- (B) Council note the reasons why a satisfactory outcome would not be achieved by inviting tenders are:
 - (i) the existing suppliers are either the sole provider of the relevant maintenance and support, and a competitive tender is not possible; or
 - (ii) the existing suppliers were previously evaluated as best value for money from a competitive tender process, and a repeat tender process is unlikely to yield a different outcome;
- (C) Council enter into maintenance and support agreements with the suppliers as listed in Attachment A to the subject report, upon expiry of the current maintenance and support agreements, for annual renewal (if applicable) over a three-year period with the option of an extension for a two-year period if appropriate; and
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer (including exercising options if appropriate) the maintenance and support agreements with the relevant suppliers as listed in Attachment A to the subject report.

Attachments

- Attachment A.** List of IT Maintenance and Support Contracts Requiring Exemption from Tender

Background

1. The City has a number of software applications that are in daily use and are critical to the delivery of services to the community. The maintenance and support agreements associated with these applications have been established with suppliers and will soon require renewal. All of the agreements listed exceed \$250,000 (excluding GST) over a five-year period and either:
 - the existing supplier is the sole provider of the relevant maintenance and support, and a competitive tender process is not possible; or
 - the existing supplier was evaluated as best value for money from a competitive tender process, and a repeat tender process is unlikely to yield a different outcome.
2. Maintenance and support is essential to ensure the availability and reliability of software through guaranteeing suppliers availability to troubleshoot and rectify errors, and / or to extend the lifecycle of an application through product enhancement. In many cases, retaining maintenance and support payments is integral to the licensing of the software. Thus, the expenditure is necessary.
3. A previous request for exemption from tender for a range of IT applications was granted by Council on 3 November 2014 for a period of three years, with the option of an extension for a two-year period, which was fully exercised.
4. The relevant IT applications were originally procured via three quotes, Request for Quotation or Tender at different times. The original maintenance and support agreements were established as part of the City's procurement process, usually covering a three-year period.
5. The relevant IT applications are all still required by the City and the maintenance and support guarantees continuity of service. They are kept up-to-date with frequent patches to ensure that issues are rectified and new releases that provide the City with enhancements or new functionality are implemented.
6. Digital and Technology Services frequently examines the market to identify alternatives to ensure that IT applications deliver the best value for the City, its residents and visitors.
7. This submission recommends approval of the exemption from tender for an additional three years from the date the current contracts expire, with the option of an extension of a two-year period, if appropriate, for the renewal of contracts for the current required software applications.

Key Implications

Organisational Impact

8. Without maintenance and support agreements, the City's operations that rely on these IT systems are exposed to a greater risk of system failure and the ability to respond quickly and efficiently to changing business requirements will be reduced.

Social / Cultural / Community

9. The City's IT applications form an integral part of the services that Council provides to its residents and businesses. Without maintenance and support, the applications that support these services may falter, and eventually fail.

Economic

10. No external economic impacts from this proposal have been identified.

Budget Implications

11. There are sufficient funds allocated for these maintenance and support agreements within the current year's operating budget and in future years' forward estimates.

Relevant Legislation

12. Local Government Act 1993.

Critical Dates / Time Frames

13. The resolution of Council dated 3 November 2014, exempted various maintenance and support agreements from tender for a five-year period.
14. The current maintenance and support agreements listed in Attachment A are due to expire on different dates within the next year (as further specified in Attachment A).

Options

15. There are no other substantially different options to this proposal. Maintenance and support not only extends the lifecycle of an application through product enhancements, but in many cases is also integral to the licensing of the software.

Public Consultation

16. No public consultation has been undertaken.

SUSAN PETTIFER

Director - People, Performance and Technology Services

Jackie Boaden, IT Project Manager, Technology and Digital Services

Attachment A

**List of IT Maintenance and Support
agreements requesting Exemption from
Tender**

Attachment A – List of IT Maintenance and Support agreements requesting Exemption from Tender

Item	Purpose	Paid To Supplier	Description	FY20 Annual Maintenance & Support (ex GST)	Contract Expiry Date	Estimate for 5 Years Ex GST (Incl. escalations per contract to cover CPI and increases in user licencing or enhancements)
Aurora	Library Management System	Aurora	Annual maintenance and support	\$120,000	31/01/2020	\$782,276
Diligent Board Books	Tablet application for viewing and annotating Council meeting papers	Diligent Board Services Australia Pty Ltd	Annual licencing and support	\$60,117	30/01/2020	\$319,173
Esri Enterprise Licence	Geographic Information System	Esri Australia	Annual licencing, maintenance and support	\$297,000	21/11/2019	\$1,544,400
Kronos	Workforce Management System	Kronos	Annual maintenance and support	\$63,300	29/01/2020	\$412,651
Pinforce	Infringements Management System	Database Consultants Australia (DCA)	Annual maintenance and support	\$220,000	31/01/2020	\$1,434,173
TRIM Content Manager	Records Management System	MicroFocus	Annual maintenance and support and licencing	\$115,000	13/03/2020	\$749,681
			Total	\$875,417		\$5,242,353

SUSAN PETTIFER

Director, People, Performance and Technology Services

Jackie Boaden, IT Project Manager, Technology and Digital Services

Item 10.

Exemption from Tender - Management of Gunyama Park Aquatic and Recreation Centre

File No: S100639.011

Summary

This report seeks exemption from tender for the management of Gunyama Park Aquatic and Recreation Centre.

Aquatic leisure centres are a crucially important contributor to the wellbeing and liveability of a community and have become an essential part of many Australian's lifestyle. They provide essential services and an escape from the pressures and tensions of daily life, lead to improved levels of physical and mental health and build up strong social networks and relationships.

Gunyama Park Aquatic and Recreation Centre will be the major recreational facility for Green Square, an area which has been formed by one of the most significant urban renewal projects in Australia. The precinct combines a district recreation park with a state-of-the-art aquatic and recreation centre with the overriding aim of enhancing the health, fitness and recreational needs of the large and diverse local community of residents and workers in and around Green Square. It will be a place where people of all abilities and interests are welcome to participate, socialise and enjoy activity.

Gunyama Park Aquatic and Recreation Centre will be the City's sixth aquatic leisure centre. The other five centres collectively attract over 1.7 million visits annually.

Management of the City's existing centres is currently outsourced to Belgravia Leisure.

Gunyama Park Aquatic and Recreation Centre construction is well advanced and appointment of an operator is critical to ensure successful operational establishment of the centre from the date of practical completion to commencement of operations in June 2020.

The City considered available options, and this report requests an exemption from tender and approval to enter into a contract with Belgravia Leisure for the management of Gunyama Park Aquatic and Recreation Centre under extenuating circumstances for a period of 28 months from 1 December 2019 to 31 March 2022.

This arrangement leverages an existing and integrated strategic whole of business approach under one operator to maximise community and financial benefits. It leverages operational economies of scale, local leadership with expertise and understanding of the City's requirements, and provides a consistent and quality service reflecting the iconic status of Gunyama Park Aquatic and Recreation Centre.

This arrangement aligns with the end of the existing contract with Belgravia Leisure and allows the City to review the aquatic and leisure centre service holistically, develop an outcomes based vision and strategy and identify the best management approach from April 2022 onwards.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993, noting that, because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders to manage Gunyama Park Aquatic and Recreation Centre;
- (B) Council note the reasons why a satisfactory result would not be achieved by inviting tenders are:
 - (i) management of a "greenfield" site for a short term contract (less than three years) allows little time for an operator to have an impact on centre performance;
 - (ii) aligning the contract under one operator as a strategic cluster considers both the community benefits and the financial advantage achieved through economies of scale and integration of existing resource expertise and knowledge; and
 - (iii) Belgravia Leisure offers demonstrated value for money, as described in confidential Attachment A to the subject report;
- (C) Council enter into a contract with Belgravia Leisure commencing on 1 December 2019 for the management of Gunyama Park Aquatic and Recreation Centre for a 28-month contract for the amount set out in Confidential Attachment A to the subject report;
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and approve the terms of the contract of the management agreement with Belgravia Leisure, provided that the contract is consistent with this resolution; and
- (E) Council note the financial implications detailed in Confidential Attachment A to the subject report;

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. Construction of Gunyama Park Aquatic and Recreation Centre and park is currently underway. The precinct is expected to reach practical completion and an occupation certificate issued by the end of April 2020, commencing operations on 1 June 2020.
2. The competition-winning design for Gunyama Park Aquatic and Recreation Centre takes its inspiration from the beach pools of Sydney. The design creates a venue for the Green Square community that is as much about relaxing as it is swimming. The facilities it will provide are:
 - (i) outdoor heated 50 metre pool with irregular shaped leisure 'beach' area, shading over 'beach' area, bleachers / seating with shading and concourse;
 - (ii) indoor heated 25 metre program pool and moveable floor, leisure water and separate hydrotherapy pool;
 - (iii) café with external and internal servery and retail area;
 - (iv) creche and indoor play area / shared use room;
 - (v) fitness centre including gymnasium and fitness studios and outdoor gym area;
 - (vi) two meeting rooms available for community use;
 - (vii) public toilets and changing places room; and
 - (viii) multipurpose synthetic sportsfield.
3. The centre will provide various health and wellbeing programs and facilities including learn to swim programs, casual swimming, fitness classes and gymnasium access.
4. The multipurpose synthetic field will cater for community level club use, training and cross field games, community and school use, as well as small scale events.

Key Contract Terms

5. The contract is for a 28-month period, including a six-month pre-opening period commencing on 1 December 2019.
6. The centre will operate all year, seven days a week and close on Christmas Day and Good Friday, which is consistent with the City's other centres.
7. The centre and café will be open up to 115 hours a week, from 5.30am until 11.00pm (indoors) and 10.00pm (outdoor pools) on weekdays and 6.00am until 9.00pm on weekends and public holidays.

8. Opening hours are reflective of contemporary aquatic leisure centres but respectful that the centre is in close proximity to nearby residential apartment towers and the nature of activities, events and programs that are core activities encourage and will give rise to moderate to high levels of noise, particularly when conducted in the outdoor pool and sports field.
9. Time restrictions will be in place for use of noise generating equipment or game control devices or activities in the outdoor pool area and on the sports field.
10. First year fees and charges for the aquatic leisure centre have been set by Council and are in line with those charged at both Ian Thorpe Aquatic Centre and Cook and Phillip Park Pool. This maintains competitive neutrality and is appropriate as the centres are similar in operation. It will also add to the value proposition of the city-wide 360 membership that will extend to include this centre at no additional cost.
11. To cater for low income earners, the \$2.00 swim entry and \$5.50 gym entry fee for holders of the City Access Card will apply.
12. Belgravia Leisure will undertake administration and management of the sports field. This will include a combination of centre run programming and external hire. The field will be available for booked use from 8.00am until 10.00pm seven days a week, including public holidays. It will be illuminated at sunset to cater for formal booked use until 10.30pm.
13. Rates for formal use of the sports field are aligned to those to be charged at Perry Park. These are comparable with the charges of neighbouring councils and agencies for similar facilities. Reduced fees commensurate with those charged at the City's other sports fields will be aligned, where appropriate.

Services and Programming

14. The City's aquatic leisure network contributes to developing and supporting physically active and healthy communities. The focus is on meeting the needs of the diverse range and age of users and encouraging lifelong participation - active in the pool for life. The age range of users' spans from three months to over 80 years and the range of programs and services reflects this.
15. Gunyama Park Aquatic and Recreation Centre will provide an array of regular programs, play host to community organisations, schools and clubs and associations who seek to hire facilities on a regular and casual basis, and serve as a venue for school holiday activities, community celebrations and events.
16. In addition to traditional uses of lap swimming, squad training and learn to swim, activities and programming will have a strong 'leisure' focus in the outdoor pool and greater diversity of aquatic sports uses.
17. The hydrotherapy pool will provide a vital social and community service to support all age groups and abilities while meeting the requirements of the Royal South Sydney Hospital Site Deed with the Local Health District. It may include medically based therapeutic programs as well as a range of external and centre run non-therapy based programs, including learn to swim babies classes, gentle exercise and sports recovery.

18. The commercial fitness centre will offer users the opportunity to engage in a range of activities including weight training, cardio training and functional training. Fitness studios will cater for a range of active and passive classes. They can also double as function rooms in conjunction with events held in the centre.
19. A crèche will cater for up to 30 children from six weeks to five years while parents are using the centre. This space will function as a multipurpose area for other activities, ie birthday parties, vacation care, training and children's programs when not in use as a crèche.
20. Belgravia Leisure will run the café and kiosk, offering a contemporary food and beverage menu and non-alcoholic beverages.
21. Organised use of the sportsfield will require formal booking through the aquatic centre. When the field is not in use for organised sport, limited informal low-impact use will be permitted.

Performance Measurement

22. Comprehensive operational and financial monitoring will be undertaken on a monthly, quarterly and annual basis. This will be through a combination of meetings, audit, inspection and reporting.

Financial Implications

23. While it is anticipated that overall demand will be strong, this is a "greenfield" site and the business lifecycle is projected to be consistent with industry performance and reflect changes in demand for a centre over time. This includes a ramp up from years one to three, reaching maturity by years four to five.
24. The commercial arrangements are based on a non-guaranteed (fee for service) "open book" contract. The City considers a contract where the City is responsible to underwrite the financial result is a suitable arrangement to respond to the operating impacts of a "greenfield" site and to enable Belgravia Leisure to respond to a competitive market environment and increase community usage. It also gives the City full oversight and control on all significant expenses and business changes.
25. The costs include a pre-opening period from 1 December 2019 to 31 May 2020. This period will predominantly be for Belgravia Leisure to market and drive memberships. Experience of other new facilities has shown that investment in the start-up will increase performance of the centre with stronger community awareness and higher membership sales.
26. The pre-opening period will result in a net operational loss based upon underlying business assumptions and attendance projections. The operational result is based on the presumption that construction of the centre will reach practical completion and the occupation certificate issued by the end April 2020 and Belgravia Leisure will then have unrestricted access.

Relevant Legislation

27. The requirements for tendering under section 55(3) of the Local Government Act 1993 do not apply to a contract where extenuating circumstances are demonstrated, and Council decides by resolution, which states the reasons for the decision, that a satisfactory result would not be achieved by inviting tenders.
28. Attachment A contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
29. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

30. The term of the contract will be 1 December 2019 to 31 March 2022.
31. Construction is well advanced. Appointment of Belgravia Leisure is recommended to commence on 1 December 2019 to allow the successful operational establishment of the centre from the date the occupation certificate is issued to commencement of operations on 1 June 2020.
32. In addition to fitout, the establishment period will allow Belgravia Leisure to undertake some key activities that are necessary prior to opening the centre, including:
 - (i) establishing a membership base;
 - (ii) undertaking a competitive procurement process for supply of the gym equipment;
 - (iii) undertaking detailed risk assessments and develop supervision plans;
 - (iv) completing a supervision validation assessment by Royal Life Saving Society;
 - (v) developing and finalising centre processes, systems and procedures;
 - (vi) recruiting and training of all relevant staff; and
 - (vii) undertaking an Expression of Interest process for allocation of the sports field and programmable water space in the aquatic centre.
33. An Expression of Interest process will be undertaken to identify and allocate space and usage to long term, regular user groups in the City of Sydney local area. The main focus of the centre and sports field is to provide high quality recreation and fitness opportunities and experiences for the local area, and to partner with local sporting groups, schools and other entities to maximise the use of the centre, deliver programs that provide developmental pathways and contribute to achievement of financial targets.

34. The deferral of a decision to appoint Belgravia Leisure to manage Gunyama Park Aquatic and Recreation Centre would affect the capacity of the City to open the centre when construction is complete and occupancy is permitted.

Options

35. Endorse the appointment of Belgravia Leisure to manage Gunyama Park Aquatic and Recreation Centre for a contract of 28 months, thereby allowing alignment of the end of the contract as noted above. This is the preferred option.
36. Council could resolve to wait until closer to the scheduled practical completion date before appointing Belgravia Leisure, however, this would not provide the opportunity to market and drive memberships prior to opening. This option is not recommended.
37. Insource the operation of the centre. This option is not recommended as the City is not currently structured and resourced to manage this large complex frontline service.

Public Consultation

38. Belgravia will need to demonstrate to the City on an annual basis that programming and services reflect demand by the community. This will require building and maintaining strong links with the community to seek regular feedback.

DAVID RIORDAN

Director City Services

Collette Holland, City Leisure Service Manager

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Item 11.

Exemption from Tender - Provision and Installation of GSM Wireless Enabled Dual SIM Cards to All City Lifts

File No: S100529.006

Summary

This report requests an exemption from tender for the provision and installation of wireless enabled dual SIM cards to all City lifts. This is required as the current emergency phones are reliant on the legacy copper communication network, currently being decommissioned through the National Broadband Network (NBN) roll out.

Australia's fixed line telecommunications infrastructure is being progressively upgraded as the NBN is rolled out across the country. Whilst the current copper network is equipped with an independent low voltage power supply, making the system operational during a mains power failure, the new NBN digital network has no such redundancy. To mitigate against this risk, telecommunication redundancy can be achieved through wireless technology.

Building owners, including the City of Sydney, are required to provide and maintain emergency phones in all lifts, to be used in case of emergencies and lift entrapments. These emergency phones are required to remain operational during a mains power failure.

The industry recommended approach to resolving this is through the installation of a Global System for Mobile (GSM) Dual Sim 4G Wireless Communication Gateway, installed by the lift service provider.

The City has been made aware of the NBN program commencing in the local government area which will start to impact City-owned and operated buildings over the next three months.

The City has contracted with Ventia Pty Ltd for the provision of Facility Management Services. The contract term is for ten years from May 2018 (an initial four year term, with three two-year extension options).

This report seeks approval to engage the City's incumbent lift maintenance provider, ThyssenKrupp, under the Facility Management Services Agreement with Ventia Pty Ltd, to provide the GSM provision for the City's lift portfolio. This will ensure continued compliance for the City.

The City's incumbent lift maintenance provider has significant knowledge of the City's portfolio and the vertical transport equipment installed, and is therefore best placed to carry out these works as the NBN is rolled out.

A tender process is not recommended as it will result in delayed implementation, resulting in non-compliant lifts, and will not achieve further savings as the industry recommended approach is being adopted by the City.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender for the provision of the GSM wireless communication gateway provision, across all lifts located in buildings owned or operated by the City, noting that because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;
- (B) Council note the reasons why a satisfactory outcome would not be achieved by inviting tenders are:
 - (i) the incumbent lift service provider has significant knowledge of the City's portfolio and the vertical transport equipment installed, and is therefore best placed to carry out these works as the NBN is rolled out;
 - (ii) multiple service contracts would be required if a tender was invited;
 - (iii) the likelihood of uncertainty of fault location during an emergency and / or maintenance call out would increase if a tender was invited (i.e. multiple contractors indicating the issue is with the other contractor's system / equipment);
 - (iv) compatibility of lift and Dual SIM provision is enhanced if the incumbent lift service provider is engaged; and
 - (v) as the industry recommended approach is preferred, requesting further quotations through a tender process is not likely to achieve any further value for money for the City;
- (C) Council approve the provision of the GSM wireless communication gateway provision, across all lifts located in buildings owned or operated by the City, under the existing Facility Management Agreement with Ventia Pty Ltd for the amount set out in Confidential Attachment A to the subject report; and
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the exemption from tender (including any variations to the Facility Management Agreement with Ventia Pty Ltd if necessary) for the provision of the GSM wireless communication gateway provision with the incumbent lift maintenance provider.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. Australia's fixed line telecommunications infrastructure is being progressively upgraded as the NBN is rolled out across the country. The City has been made aware of the NBN program commencing in the local government area, which will start to impact City-owned and operated buildings over the next three months. A list of the impacted buildings is set out at Attachment A.
2. This upgrade from a copper-based network to a digital network will have an effect on lift emergency phones. Due to these changes, building owners have a responsibility to ensure their lift emergency communication system operates in the event of power outage.
3. While the current copper network is equipped with an independent low voltage power supply making the system operational during a mains power failure, the new NBN digital network has no such redundancy. To mitigate against this risk, telecommunication redundancy can be accessed through wireless technology.
4. The industry recommended approach to resolving this is through the installation of a Global System for Mobile (GSM) Dual Sim 4G Wireless Communication Gateway, installed by the lift service provider.
5. The City's incumbent lift maintenance provider has significant knowledge of the City's portfolio and the vertical transport equipment installed, and is therefore best placed to carry out these works as the NBN is rolled out.
6. The City has contracted with Ventia Pty Ltd for the provision of Facility Management Services. The contract term is for ten years from May 2018 (an initial four year term, with three two-year extension options).
7. This report seeks approval to engage the City's incumbent lift maintenance provider, ThyssenKrupp, under the Facility Management Services Agreement with Ventia Pty Ltd, to provide the GSM provision for the City's lift portfolio. This will ensure continued compliance for the City.
8. This approach will eliminate multiple service contracts being required, and reduce the likelihood of uncertainty of fault location during an emergency and / or maintenance call out (i.e. multiple contractors indicating that the issue is with the other provider's system / equipment).
9. The compatibility of lift and Dual SIM provision will be enhanced.
10. As the industry recommended approach is being opted for by the City, requesting further quotations through a tender process is not likely to achieve any further value for money for the City.

Financial Implications

11. The cost of the works is outlined in Confidential Attachment A.
12. There are sufficient funds allocated for this project within the 2019/20 operating budget and future years' forward estimates.

Relevant Legislation

13. Attachment A contains confidential commercial information of the incumbent Facility Management provider and lift contractor which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
14. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

15. The properties which will be affected by the roll out of the NBN are only provided to the City approximately two to three months in advance. This significantly limits the ability to establish timeframes and critical dates for the project.
16. The estimated time to roll out the NBN program has been advised to be approximately two years.

Options

17. The impact of not proceeding with the exemption from tender, would be that the City has no approved procurement option for the installation of the GSM provisions for approximately three months (whilst an open tender exercise is undertaken). For any affected buildings switched over to NBN during this period, the City will have to install ad hoc GSM provisions, to ensure the emergency phones are available for lift users, or the lift will have to be taken out of service.
18. In addition, it is highly unlikely value for money would be achieved by tendering the provision. If an alternative provider to the incumbent contractor is selected, this will add a layer of complexity during maintenance and breakdowns repairs, which may impact service delivery in the future.

AMIT CHANAN

Director City Projects and Property

Adam Chamberlain, Facility and Operations Manager

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Item 12.

Property Matter (Confidential)

File No: X011294

Summary

This report relates to a property transaction.

Attachment A contains confidential commercial information which, if disclosed, would:

- (a) confer a commercial advantage on a person with whom City's is conducting (or proposes to conduct) business; and
- (b) prejudice the commercial position of the person who supplied it.

Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Recommendation

It is resolved that Council approve the recommendation contained in Confidential Attachment A to the subject report.

Attachments

Attachment A. Property Matter (Confidential)

Relevant Legislation

1. Attachment A contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom City's is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
2. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

AMIT CHANAN

Director, City Property and Projects

Nicholas Male-Perkins, Commercial Manager, Development and Strategy

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Item 13.

Grants and Sponsorship - Round Two 2019/20 - Economic Grants

File No: S117676

Summary

The City of Sydney's Grants and Sponsorship Program supports initiatives and projects that build the social, cultural, environmental and economic life of the city. To achieve the objectives of Sustainable Sydney 2030 requires genuine partnership between government, business and the community.

The provision of grants and sponsorships is a mechanism to further the aims identified in the City's social, cultural, economic and environmental policies. Applications are assessed against these policies and against broad City objectives and plans. In this way, the City and the community act collaboratively to bring to life Sustainable Sydney 2030 and the City of Villages it envisions.

The City advertised the following two categories of the Business Support Grant Program as part of Round Two of the annual Grants and Sponsorship Program for 2019/20:

- Business Support Grant - Live Music and Performance; and
- Business Support Grant - Night Time Diversification.

For the Business Support Grants - Live Music and Performance program, 16 eligible applications were received. This report recommends eight grants to a total value of \$140,927 in cash for the 2019/20 financial year.

For the Business Support Grants - Night Time Diversification program, 24 eligible applications were received. This report recommends 12 grants to a total value of \$237,100 in cash for the 2019/20 financial year.

All figures in this report exclude GST.

On 11 December 2017, Council adopted a revised Grants and Sponsorship Policy. All grants in this report were assessed against criteria and guidelines set out in this revised Policy with reference to Sustainable Sydney 2030, the Creative City Cultural Policy and Action Plan 2014 - 2024, the OPEN Sydney Strategy and Action Plan, the Economic Development Strategy and the Live Music and Performance Action Plan 2014.

All grant recipients will be required to sign a contract, meet specific performance outcomes and acquit their grant.

Recommendation

It is resolved that:

- (A) Council approve the cash recommendations for the Business Support Live Music and Performance Grant Program as per Attachment A to the subject report;
- (B) Council note the applicants who were not successful in obtaining a cash grant for the Business Support Live Music and Performance Grant Program as per Attachment B to the subject report;
- (C) Council approve the cash recommendations for the Business Support - Night Time Diversification Grant Program as per Attachment C to the subject report;
- (D) Council note the applicants who were not successful in obtaining a cash grant for the Business Support - Night Time Diversification Grant Program as per Attachment D to the subject report;
- (E) Council note that all grants amounts are exclusive of GST; and
- (F) authority be delegated to the Chief Executive Officer to negotiate, execute and administer agreements with any organisation approved for a grant or sponsorship under terms consistent with this resolution and Grants and Sponsorship Policy.

Attachments

- Attachment A.** Round Two 2019/20 - Recommended for Funding - Live Music and Performance Grant Program
- Attachment B.** Round Two 2019/20 - Not Recommended for Funding - Live Music and Performance Grant Program
- Attachment C.** Round Two 2019/20 - Recommended for Funding - Night Time Diversification Grant Program
- Attachment D.** Round Two 2019/20 - Not Recommended for Funding - Night Time Diversification Grant Program

Background

1. The City of Sydney's Grants and Sponsorship Program supports residents, businesses and not-for-profit organisations to undertake initiatives and projects that build the social, cultural, environmental and economic life of the city.
2. On 19 June 2019, the City announced Round Two of the annual grants program for 2019/20 as being open for application on the City's website, with grant applications closing on 22 July 2019.
3. The two categories of the Business Support Grant promoted were:
 - (a) Live Music and Performance; and
 - (b) Night Time Diversification.
4. Information about these grant programs (such as application dates, guidelines, eligibility criteria and sample applications) was made available on the City's website. The City actively promoted the programs through Facebook, Twitter, What's On and an Arts Hub publication with a native content piece and affiliated website and Facebook promotion. Email campaigns were also utilised to target interested parties who have applied previously for grants at the City or who have expressed an interest in the City's grant programs.
5. Following adoption of the revised Grants and Sponsorship Policy on 11 December 2017, the Business Support Grant categories are open to appropriately incorporated for-profit organisations and partnerships.
6. Sixteen eligible applications were received this round from for-profit organisations and not-for-profits through the Business Support Grant - Live Music and Performance category and the following seven for-profit organisations are recommended in this report:
 - (a) Bar Whispers Pty. Ltd.;
 - (b) Improv Theatre Sydney Pty Ltd;
 - (c) Playbill Venues Pty Ltd;
 - (d) T.r Hespe & T.e Kennedy;
 - (e) The Trustee for Potts Point Hotel Unit Trust;
 - (f) The Trustee for The Chippenham Hotel Unit Trust; and
 - (g) The Trustee for The Palace Hotel Unit Trust.

7. Twenty-four eligible applications were received this round from for-profit organisations, partnerships, trusts, not-for-profits, charities and sole traders through the Business Support Grant – Night Time Diversification category and the following 10 for-profit organisations are recommended in this report:
 - (a) Citizen Wolf Pty Ltd;
 - (b) Doris Patricia Bishop;
 - (c) Giant Dwarf House Pty Ltd;
 - (d) Golden Age Cinema & Bar Pty Ltd;
 - (e) L.b Coy P. Whelan C.g Staff & Mcloughlin Family Trust;
 - (f) Paramount Recreation Club Pty Ltd;
 - (g) The Lounge Cafe Pty Ltd;
 - (h) Victoria Anthony;
 - (i) We Love Parquet Pty Ltd; and
 - (j) ZCC Pty Ltd.
8. The Night Time Diversification grant was promoted through one-on-one engagement with businesses along King Street (Newtown), Crown Street, Devonshire Street, Macleay Street (Kings Cross) and Kensington Street (Chippendale). A total of 62 businesses were visited to discuss the benefits that trading later can offer, including increased customer interaction, promotional opportunities and leveraging event audiences. The City also held a business information session on 3 July 2019 to inform businesses on the late night trading planning controls and how to apply to the City for grant funding. The information session was attended by 76 people.
9. A further 15 face to face meetings were held with interested businesses to discuss potential activities and ideas proposed. The City also presented on the Night Time Diversification Grant opportunities at the Liquor Accord meeting and some business chamber networking events. This was supplemented by a digital marketing campaign which was pushed through various social media channels with an aggregated reach of 149,164.
10. There were a total of 40 grant applications received under the Business Support Grants. Twenty are recommended for funding as detailed in this report.
11. It is expected that all successful applicants will work co-operatively with relevant City staff throughout the project for which they have received funding. Some applicants will be required to meet with City staff and further define the strategic outcomes of their project prior to receiving the grant and commencing their project.
12. All grants and sponsorships are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.

13. The City's Grants and Sponsorship Program is highly competitive. Applications that are not recommended have either not scored as highly against the assessment criteria as the recommended applications, or have incomplete or insufficient information. The City's Grants and Sponsorship team provides feedback to unsuccessful applicants.
14. The assessment process includes advice and recommendations from a suitably qualified assessment panel. The applications are scored against defined criteria for each grant program as well as the integrity of the proposed budget, project plan, partnerships, contributions and connection to the local community and industry sectors. Once recommended applications are approved by Council, a contract is developed, which includes conditions that must be adhered to, and acquitted against.
15. In assessing the grant applications, the assessment panels included in their considerations and recommendations:
 - (a) Sustainable Sydney 2030;
 - (b) Grants and Sponsorship Policy;
 - (c) Creative City Cultural Policy and Action Plan;
 - (d) Economic Development Strategy;
 - (e) OPEN Sydney Strategy and Action Plan; and
 - (f) Live Music and Performance Action Plan.
16. Assessors consider the cash and in-kind contribution from the applicant and other sources in reviewing applications. Applicants are asked to demonstrate a capacity to match the grant investment with other sources of funding or contribute their own cash resources to the project.
17. Applicants are requested to list their project's community partners, confirmed funding sources and the contribution the organisation is making to the project (cash or in-kind) to demonstrate their contribution.

Business Support Grants - Live Music and Performance (grants of up to \$30,000 for capital works and expenditure on project management, infrastructure and equipment)

18. The Live Music and Performance category aims to support local businesses, venues and licensed premises to undertake capital works or equipment upgrades to either introduce live entertainment to a business' offerings or to improve existing live music and performance facilities. These projects might include:
 - (a) acoustic improvements to help manage sound transfer from venues to surrounding properties;
 - (b) investment in equipment or in-venue acoustics which improve audience experience;
 - (c) works that facilitate the introduction of live music or performance programming, or significantly improve/expand existing programming; or
 - (d) works that improve the health and safety of audiences, performers and venue staff.

19. The assessment panel for the Live Music and Performance Program comprised the Manager Night Time City and Project Manager Night Time Economy for the City of Sydney, representatives from Music NSW (the state's peak industry body for the contemporary music sector), and two peers from the live performance sector (producers of performing arts programs and live events and festivals).
20. The applications recommended for the Live Music and Performance Program are outlined in Attachment A to this report. The applications that are not recommended are listed in Attachment B to this report.
21. Business Support Grants Live Music and Performance Budget is set out below:

Total cash budget for 2019/20	\$240,972
Total cash committed to previously approved applications	\$100,000
Total cash available for 2019/20 Round 2	\$140,972
Total number of eligible applications this allocation	16
Total cash requested from applications for 2019/20	\$319,144
Total number of applications recommended for cash support	8
Total amount of cash funding recommended 2019/20	\$140,972
Cash amount remaining for subsequent allocation of the program 2019/20	\$0

Business Support Grants - Night Time Diversification (grants of up to \$30,000 a year for up to two years' funding)

22. The Night Time Diversification category aims to support projects that increase the variety of business offerings and activities in commercial precincts after 6pm. The grants assist businesses to trade later through creative programming and initiatives, and in doing so, attract new customers and create lively, safe and engaging city precincts after dark, contributing to the night time economy and the cultural and economic character of the city. The grant also supports live entertainment venues to extend or expand their programming of live music and performance (such as comedy, cabaret, theatre and poetry programs).
23. The assessment panel for the Night Time Diversification program comprised the Night Time City Manager, Economic Strategy Advisor - Retail and Tourism Sectors; and Cultural Strategy Advisor - Live Music and Performance.

24. The applications recommended for the Night Time Diversification Program are outlined in Attachment C to this report. The applications that are not recommended are listed in Attachment D to this report.
25. Business Support Grants Night Time Diversification Program budget is as follows:

Total cash budget for 2019/20	\$392,200
Total cash committed to previously approved applications	\$155,100
Total cash available for 2019/20 Round 2	\$237,100
Total number of eligible applications this allocation	24
Total cash requested from applications for 2019/20	\$518,973
Total number of applications recommended for cash support	12
Total amount of cash funding recommended 2019/20	\$237,100
Cash amount remaining for subsequent allocation of the program 2019/20	\$0

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

26. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This grant is aligned with the following strategic directions and objectives:
- (a) Direction 6 - Vibrant Local Communities and Economies - the recommended grant projects in this report contribute to fostering strong and sustainable local economies.

- (b) Direction 7 - A Cultural and Creative City - A Cultural and Creative City - the recommended grant projects in this report contribute to a city where opportunities for individual creative expression and participation in all its forms are visible, valued and accessible, and where business and creative opportunities for local artists, creative workers and cultural organisations are supported.

Organisational Impact

- 27. The grants and sponsorships contract management process will involve key staff across the City of Sydney. Identified staff set contract conditions and performance measures for each approved project, and review project acquittals, which include both narrative and financial reports.

Social / Cultural / Community

- 28. The anticipated outcomes of this grant program include:
 - (a) greater diversity of business offerings at night;
 - (b) safer, more vibrant and engaging commercial precincts after dark;
 - (c) a greater range of cultural activity offered in unexpected ways in new venues and spaces; and
 - (d) an increased quantity and quality of live music and performance venues and programming.
- 29. These outcomes will have positive impacts upon local creative industries and artists, the live music scene of Sydney, the global reputation of Sydney, and the cultural, social and creative experience of living, working or visiting in Sydney.

Economic

- 30. The anticipated outcomes of this grant program include:
 - (a) an increase in later trading businesses capturing after-office-hours foot-traffic and increasing customer base;
 - (b) local businesses extending their product and service offerings, diversifying revenue streams;
 - (c) mutually beneficial partnerships between the creative, cultural and retail sectors;
 - (d) increased collaboration between businesses in local precincts;
 - (e) sustainability of existing live performance venues and the establishment of new live performance venues;
 - (f) increased awareness of unique local precinct offerings and experiences;
 - (g) increased footfall and measurable patronage and spend in local retail precincts;
 - (h) improved access to industry/sector specific information, upskilling and networking opportunities for local businesses; and

- (i) strengthened advocacy by local chambers of commerce and precinct associations on behalf of their members.
31. These outcomes will have a positive impact on local businesses, business and entertainment precincts and the city's economy.

Budget Implications

32. A total of \$378,027 in cash from the 2019/20 budget, as follows:
- (a) Business Support Grant – Live Music and Performance – \$140,927 is provided in the budget of \$240,972; and
 - (b) Business Support Grant - Night Time Diversification – \$237,100 is provided in the budget of \$392,200.

Relevant Legislation

33. Section 356 of the Local Government Act 1993. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
34. Section 356(3)(a) - (d) is satisfied for the purpose of providing grant funding to for-profit organisations because:
- (a) the funding is part of the following programs:
 - (i) Business Support Grant;
 - a. Live Music and Performance; and
 - b. Night Time Diversification;
 - (b) the details of these programs have been included in the City's Operational Plan for financial year 2019/20;
 - (c) the program's proposed budgets do not exceed 5 per cent of Council's proposed income from ordinary rates for financial year 2019/20; and
 - (d) these programs apply to a significant group of persons within the local government area.

Critical Dates / Time Frames

35. Projects funded through this round of Business Support Grants will commence after 1 January 2020 and are expected to be completed within 12 months of the receipt of grant funds. Contracts will be entered into with all successful applicants after Council approval to ensure their funding is released in time for projects starting in January.

Public Consultation

36. For all programs open to application in Round Two of the annual grants and sponsorship program for 2019/20, two question and answer sessions were held in Town Hall House to assist potential applicants with their applications on the following dates:
 - (a) Tuesday 2 July 2019 from 4pm to 7pm; and
 - (b) Tuesday 9 July 2019 from 4pm to 7pm.
37. Seventy-eight meetings were held across the two question and answer sessions where prospective applicants sought advice from City staff about their project proposals and the application process.
38. Seventy per cent of these attendees advised they had not applied for a City of Sydney grant previously.

ANN HOBAN

Director City Life

Alana Goodwin, Grants Program Coordinator

Attachment A

**Round Two 2019/20 – Recommended for
Funding – Live Music and Performance
Grant Program**

Business Support Grants Program

Recommended for Funding

Business Support Grant – Live Music and Performance 2019-20 Round 2							
Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
Bar Whispers Pty. Ltd.	Sound Proofing & AV upgrade - Hustle & Flow, Redfern	Capital works project consulting with industry experts to reduce sound leak and minimise disruption to residents, update electronics, improve sound and lighting equipment for improved artist and audience experience and reconfigure internal spaces to accommodate new front of house areas.	\$30,000	Nil	\$30,000	Nil	Subject to DA approval or evidence of exempt or complying development
Giant Losses Limited	Upgrade accessibility of stage and amenities - Giant Dwarf Theatre, Redfern	Capital works project to refurbish the existing amenities and stage for wheelchair and disability access creating inclusive opportunities for both performers and audiences.	\$25,000	Nil	\$20,000	Nil	Applicant to provide lease confirmation and owner consent Subject to development approval or evidence of exempt or complying development - Applicant to provide new budget

Business Support Grant – Live Music and Performance 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
Improv Theatre Sydney Pty Ltd	Theatre and bar refurbishment - Improv Theatre, Redfern	Extensive capital works project to create new dedicated performance and rehearsal spaces with fixed AV installations, acoustic treatment and the addition of a bar to increase patronage.	\$16,000	Nil	\$16,000	Nil	Applicant to provide revised budget and project plan Subject to development approval or evidence of exempt or complying development
Playbill Venues Pty Ltd	Seating upgrade - Hordern Pavilion, Moore Park	Seating upgrade to an automated and adaptive system allowing for next day venue "turn around" to increase the variety and frequency of available performance opportunities.	\$30,000	Nil	\$30,000	Nil	Applicant to include community engagement outcomes in project plan
The Trustee for The Chipppo Hotel Unit Trust	Sound, lighting and soundproofing upgrade - The Chipppo Hotel, Chippendale	A capital works project to upgrade sound and lighting quality and further venue soundproofing to increase audience experience and performance opportunities.	\$3,000	Nil	\$3,000	Nil	Applicant to provide revised budget
The Trustee for The Palace Hotel Unit Trust	Staging upgrade - Palace Hotel, Sydney	The purchase of two new collapsible live music stages to replace rented staging to to increase the flexibility and availability of the space.	\$2,413	Nil	\$2,413	Nil	Nil

Business Support Grant – Live Music and Performance 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
The Trustee for Potts Point Hotel Unit Trust	Staging, lighting and sound upgrade - Potts Point Hotel, Potts Point	A capital works project to build a custom performance space on level 1, install a fixed lighting solution and improve current heating/cooling capabilities to increase the venue's trading days and boost opportunities as a performance/festival space.	\$19,514	Nil	\$19,514	Nil	Nil
T.r Hespe & T.e Kennedy	Performance space upgrade - Grand Days Bookstore, Woolloomooloo	Capital works project to build a dedicated performance space, install an in-house PA system and improve soundproofing, to improve health and safety standard as well as audience, staff and performer experience.	\$23,505	Nil	\$20,000	Nil	Applicant to provide revised budget Subject to DA approval or evidence of exempt or complying development

Attachment B

**Round Two 2019/20 – Not Recommended for
Funding – Live Music and Performance Grant
Program**

Business Support Grants Program

Not Recommended for Funding

Business Support Grant – Live Music and Performance 2019-20 Round 2				
Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested
NOT RECOMMENDED FOR FUNDING				
Amalgamated Hotels Pty Limited	Audio equipment and sound control Upgrade - Marlborough Hotel, Newtown	A capital works project to increase the performance potential and guest experience of the venue's upstairs space through the purchase of state of the art audio and sound control equipment.	\$15,000	Nil
Avenue On George Pty Ltd	Program expansion - Alleyway Bar, Sydney	A project to expand the night program of Alleyway Bar on George Street to include a Tuesday open mic and board games evening to increase performance opportunities for local musicians and provide a space for inner city office workers to socialise.	\$30,000	Nil
Company B Ltd	Communication equipment Upgrade - Belvoir Theatre, Surry Hills	Upgrade to the in-house wireless communication system to industry standard to improve safety for staff, performers and audiences and future proof any future required expansions.	\$25,056	Nil
Handpicked Experience (sydney) Pty. Ltd.	Build performance stage & audio equipment upgrade - Handpicked Cellar Door, Chippendale	Capital works project to build a dedicated performance stage and upgrade the audio system to accommodate live performances and increase the atmosphere and ambience of the venue.	\$10,200	Nil
M87 Pty Ltd	Upgrade sound equipment - Knox Street Bar, Chippendale	A project to allow for professional live music recording, increased audience experience and further sound management through acoustic treatment of the venue and the purchase of new audio and lighting equipment.	\$14,456	Nil

Business Support Grant – Live Music and Performance 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested
NOT RECOMMENDED FOR FUNDING				
Popina Kitchen Pty Ltd	Audio system and soundproofing upgrade - Bar Ombré, Circular Quay	A capital works projects to purchase a new sound system, acoustic screenings and professional acoustic report to improve the venue's performance space.	\$15,000	Nil
The trustee for Barbaro Family Trust	Program expansion - Avenue on Chifley, Sydney	A project to expand the current program of live entertainment on Friday nights to include Wednesday and Thursday nights.	\$30,000	Nil
Vinpetrin Pty Limited	Sound & lighting equipment upgrade - The Flinders Hotel, Surry Hills	A capital works project to purchase new industry standard sound and lighting equipment.	\$30,000	Nil

Attachment C

**Round Two 2019/20 – Recommended for
Funding – Night Time Diversification Grant
Program**

Business Support Grants Program

Recommended for Funding

Business Support Grant – Night Time Diversification 2019-20 Round 2							
Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
Bake House Independent Theatre	KXT PopUpstairs live theatre at Kings Cross Hotel, Kings Cross	A year round program of experimental live theatre and performance program to meet the demand for more local entertainment and support producers of experimental artistic works.	\$30,000	Nil	\$30,000	Nil	Nil
Citizen Wolf Pty Ltd	The Future of Fashion Today lecture series at Citizen Wolf, Haymarket	A series of 6 keynote lectures and panel discussions over 12 months exploring the intersection of fashion and technology to educate local residents and commuters on how technology can drive innovation towards a more sustainable fashion industry.	\$30,000	Nil	\$25,000	Nil	Applicant to maintain the 6 events and provide a revised budget
Doris Patricia Bishop	Drag Queen Karaoke on a Sunday at Hollywood Hotel, Surry Hills	A weekly live music event supporting the local identifying community, and emerging and established drag performers to build on the success of a trial program offered during Vivid 2019.	\$24,000	Nil	\$24,000	Nil	Nil

Business Support Grant – Night Time Diversification 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
Giant Dwarf House Pty Ltd	Supergroup at Giant Dwarf Theatre, Redfern	A monthly event based on the success of a 2019 resident show to encourage collaboration between accomplished songwriters and the creation of a “Supergroup” to promote local talent and expand the provision of local entertainment.	\$24,000	Nil	\$24,000	Nil	Applicant to provide lease confirmation
Golden Age Cinema & Bar Pty Ltd	Background Noise at Golden Age Cinema, Surry Hills	A series of free, monthly live music shows encouraging emerging and established artists to perform their music, including a preshow moderated talk.	\$30,000	Nil	\$25,500	Nil	Grant to be spent on Artists’ fees only. Applicant to match grant in cash contribution
L.b Coy P. Whelan C.g Staff & Mcloughlin Family Trust	Art Class – Midweek at the Mercantile Hotel, The Rocks	An 8 week pilot program to engage an external company to host mid-week painting classes, encouraging interested patrons to engage creatively.	\$5,780	Nil	\$5,780	Nil	Nil
Paramount Recreation Club Pty Ltd	Paramount Sun-Sets at Paramount Recreation Club, Surry Hills	Monthly, live music performances hosted at sunset on the rooftop of Paramount Recreation Club complemented by a “dry-bar” serving non-alcoholic drinks highlighting the Club’s focus on physical, mental and social health.	\$12,000	Nil	\$12,000	Nil	Nil

Business Support Grant – Night Time Diversification 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
The Lounge Cafe Pty Ltd	La Femme - Live Tuesdays at Cafe Lounge, Surry Hills	A weekly live music performance series to showcase and uncover new female talent from local Aboriginal and Torres Strait Islander and LGBTIQI communities.	\$25,000	Nil	\$25,000	Nil	Applicant to provide revised risk mitigation plan and budget
The Trustee for Historic Houses Trust of NSW	Hyde Park Barracks Escape Room and Rum Bar at Hyde Park Barracks Museum, Sydney	A monthly immersive experience, with attendees being "locked" in the Barracks and given a series of puzzles to solve to escape with a pop-up rum bar to diversify business offerings of the Museum and provide a new creative way for the community to engage with the Barracks and its heritage buildings.	\$30,000	Nil	\$24,000	Nil	Nil
Victoria Anthony	Trans Glamoré at Columbian Hotel, Darlinghurst	A monthly event for the transgender drag community providing performance opportunities for up to 12 transgender artists on each occasion and a safe place for the transgender community to gather.	\$7,800	Nil	\$7,800	Nil	Nil

Business Support Grant – Night Time Diversification 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested	\$ Amount Recommended	VIK Recommended	Conditions
RECOMMENDED FOR FUNDING							
We Love Parquet Pty Ltd	We Love Parquet at Night at We Love Parquet, Elizabeth Bay	A fortnightly, evening wood colouring workshop offering a social and interactive place for community members around Macleay Street to gather and learn about wood, grain and colour theory.	\$21,950	Nil	\$20,500	Nil	Applicant to provide revised Budget
ZCC Pty Ltd	Make & Mingle at Zigi's, Chippendale	Fortnightly evening classes including gardening and coffee workshops in a safe, fun environment, taught by local business specialists.	\$13,520	Nil	\$13,520	Nil	Nil

Attachment D

**Round Two 2019/20 – Not Recommended for
Funding – Night Time Diversification Grant
Program**

Business Support Grants Program

Not Recommended for Funding

Business Support Grant – Night Time Diversification 2019-20 Round 2				
Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested
NOT RECOMMENDED FOR FUNDING				
Australian National Maritime Museum	Ocean Films at Maritime Museum, Sydney	A program of monthly night time 'Ocean Films' including an introduction from a guest speaker and refreshments.	\$23,000	Nil
Big On Elizabeth Pty Ltd	Big Hostel Talks at Big Hostel, Surry Hills	A series of 5, TED X style talks on sustainability and climate change delivered in the hostel for travellers to increase awareness of the environmental footprint of travelling.	\$1,000	Nil
Frame Set & Match Pty Ltd	Vandal Gallery at Vandal, Redfern	The Gallery will showcase emerging artists across a variety of art forms whose works result from collaborations to enable collaboration and an expansion of professional practice for emerging artists, creatives, designers, illustrators, technologists, filmmakers, photographers and musicians.	\$19,984	Nil
Golden Age Cinema & Bar Pty Ltd	Goldmine: Australian Cinema Restored at Golden Age Cinema, Surry Hills	A monthly program of restored and rarely screened Australian films followed by a panel discussion featuring key creatives from the film, sector academics and emerging filmmakers.	\$20,180	Nil
Natalija Rusidi	Locally Made Workshops at 532 King St, Newtown	A series of workshops to connect the local community with artists and teach new skills towards creating your own items using recycled fabrics and materials.	\$20,000	Nil

Business Support Grant – Night Time Diversification 2019-20 Round 2

Organisation Name	Project Name	Project Description	\$ Amount Requested	VIK Requested
NOT RECOMMENDED FOR FUNDING				
Nest & Nectar Pty Limited	Nights at the Nest at Nest & Nectar, Potts Point	A series of monthly events and classes to promote socialisation and new skills for the local community including support for local business creatives.	\$9,575	Nil
Paul William Bodisco	Kings Cross Walking Tours in Kings Cross	An all year round program of historical walking tours to preserve the oral history of the local area, foster debate on contemporary issues, commission original research and raise funds for charity.	\$10,000	Nil
Studio Neon Hq Pty Ltd	Sous Sessions at Studio Neon, Alexandria	A series of 8, 5–course dinners designed and created by sous chefs from local hatted restaurants to highlight local restaurants and encourage and promote the growth of Sydney’s sous chefs.	\$80,000	Nil
The Trustee for Potts Point Hotel Unit Trust	Boogie Mountain Band Nights at Potts Point Hotel, Potts Point	The continuation of a weekly, live band night to complement the existing DJ evenings, in order to expand the client base and support local musicians.	\$30,000	Nil
The Trustee for The Chippo Hotel Unit Trust	Thursday Night Live Music at The Chippo Hotel, Chippendale	A program to extend the current offering of live music to 3 nights per week to meet the increased local demand for more diverse entertainment and improve interest in local bands.	\$7,384	Nil
Tres Lobos Pty Limited	Physical Theatre and Cabaret at 1933 Booze House, Woolloomooloo	Monthly acts by physical theatre artists to expand the venue’s night time entertainment offering increase interest in the theatre and create valuable foot traffic through less frequented areas of Kings Cross.	\$13,800	Nil
Vinpetrin Pty Limited	Live Performer Support at The Flinders Hotel, Surry Hills	A weekly program of high profile live music performers to increase patronage and provide opportunities for new and emerging musicians.	\$30,000	Nil

