



**ORDINARY MEETING OF COUNCIL  
TO BE HELD ON TUESDAY, 25 MARCH 2008 AT 7.00PM  
LEVEL 3, COUNCIL CHAMBERS**

**A G E N D A**  
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NOTE: For Full Details, See Council's Website –  
[www.kmc.nsw.gov.au](http://www.kmc.nsw.gov.au) under the link to business papers

**APOLOGIES**

**DECLARATIONS OF INTEREST**

**CONFIRMATION OF REPORTS TO BE CONSIDERED IN CLOSED MEETING**

**ADDRESS THE COUNCIL**

**NOTE:** Persons who address the Council should be aware that their address  
will be tape recorded.

**DOCUMENTS CIRCULATED TO COUNCILLORS**

**CONFIRMATION OF MINUTES**

**Minutes of Ordinary Meeting of Council**

File: S02131  
Meeting held 11 March 2008  
Minutes numbered 58 to 65

**MINUTES FROM THE MAYOR**

**PETITIONS**

## REPORTS FROM COMMITTEES

### Minutes of Ku-ring-gai Traffic Committee

File: S02110

Meeting held 13 March 2008

Minutes numbered KTC1 to KTC4

## GENERAL BUSINESS

- i. *The Mayor to invite Councillors to nominate any item(s) on the Agenda that they wish to have a site inspection.*
- ii. *The Mayor to invite Councillors to nominate any item(s) on the Agenda that they wish to adopt in accordance with the officer's recommendation and without debate.*

### GB.1 Investment Report as at 29 February 2008

1

File: S05273

To present to Council investment allocations and returns on investments for February 2008.

#### Recommendation:

That the summary of investments and performance for February be received and noted.  
That the certificate of the Responsible Accounting Officer be noted and the report adopted.

### GB.2 Companion Animals Advisory Committee - Minutes of 28 February 2008

30

File: S02452

To submit the Minutes of the Companion Animals Advisory Committee meeting of 28 February 2008.

#### Recommendation:

That the Minutes of the Companion Animals Advisory Committee Meeting of 28 February 2008 be received and noted.

**GB.3 Companion Animals Plan 2006 to 2011 - Inaugural Review**

**40**

File: S03449

To review implementation of Ku-ring-gai's Companion Animal Management Plan 2006-2011. The review provides updated statistics on each key area within the Plan, identifies the implementation status of each strategic action within the Plan and makes recommendations for modifications to the Management Plan.

**Recommendation:**

That the recommendations contained within this report be adopted.

**GB.4 Bushland, Catchments & Natural Areas Reference Group - Minutes of Meeting held 25 February 2008**

**49**

File: S03448

To bring to the attention of Council the proceedings from the Bushland, Catchments & Natural Areas Reference Group meeting held on Monday, 25 February 2008.

**Recommendation:**

That the Minutes and recommendations of the Bushland, Catchments & Natural Areas Reference Group meeting held on Monday, 25 February 2008 be received and noted.

**EXTRA REPORTS CIRCULATED AT MEETING**

**MOTIONS OF WHICH DUE NOTICE HAS BEEN GIVEN**

**BUSINESS WITHOUT NOTICE - SUBJECT TO CLAUSE 241 OF GENERAL REGULATIONS**

**QUESTIONS WITHOUT NOTICE**

**INSPECTIONS COMMITTEE - SETTING OF TIME, DATE AND RENDEZVOUS**

**CONFIDENTIAL BUSINESS TO BE DEALT WITH IN CLOSED MEETING - PRESS & PUBLIC EXCLUDED**

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## INVESTMENT REPORT AS AT 29 FEBRUARY 2008

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### EXECUTIVE SUMMARY

**PURPOSE OF REPORT:**

To present to Council investment allocations and returns on investments for February 2008.

**BACKGROUND:**

Council's investments are made in accordance with the Local Government Act (1993), the Local Government (General) Regulation 2005 and Council's Investment Policy which was adopted by Council on 28 August 2007 (Minute No.319).

**COMMENTS:**

The Reserve Bank of Australia (RBA) increased the official cash rate by 25 bps from 6.75% to 7.00% in February and a further 25bps subsequent to this reporting period to 7.25%.

**RECOMMENDATION:**

That the summary of investments and performance for February be received and noted. That the certificate of the Responsible Accounting Officer be noted and the report adopted.

## PURPOSE OF REPORT

To present to Council investment allocations and returns on investments for February 2008.

## BACKGROUND

Council's investments are made in accordance with the Local Government Act (1993), the Local Government (General) Regulation 2005 and Council's Investment Policy which was adopted by Council on 28 August 2007 (Minute No. 319).

This policy allows Council to utilise the expertise of external fund managers or make direct investments for the investment of Council's surplus funds.

## COMMENTS

During the month of February, Council had a net cash inflow of \$4,538,000 and a net investment (interest and capital) loss of \$16,335.

Council's total investment portfolio at the end of February 2008 is \$67,176,000. This compares to an opening balance of \$55,578,000 as at 1 July 2007.

Council's net investment loss in February is a result of global financial markets experiencing extraordinary levels of volatility with credit markets and credit rated funds performing poorly. At present there is more negative coverage of financial markets than there has been for several years. This has impacted investor sentiment and led to falling valuations.

Whilst values have been falling, investors holding quality credit securities, such as Council, are extremely reluctant to sell at these levels recognising that market bids are well below intrinsic value. As credit markets stop deteriorating and forced selling is curtailed, the market should see stability start to return, however it is unclear as to how long this may take. Even without such a correction of the market, the shortening of remaining term to maturity would improve prices of securities meaning that investments held by Council will increase in value as they get closer to maturity.

## PERFORMANCE MEASUREMENT

Council's investment portfolio is monitored and assessed based on the following criteria:

- \* **Management of General Fund Bank Balance**

The aim is to keep the general fund bank balance as low as possible and hence maximise the amount invested on a daily basis.

- \* **Funds Performance against the UBS Bank Bill Index**

This measures the annualised yield (net of fees and charges) for Council's portfolio. The weighted average return for the total portfolio of funds is compared to the industry benchmark of the UBS Bank Bill Index.

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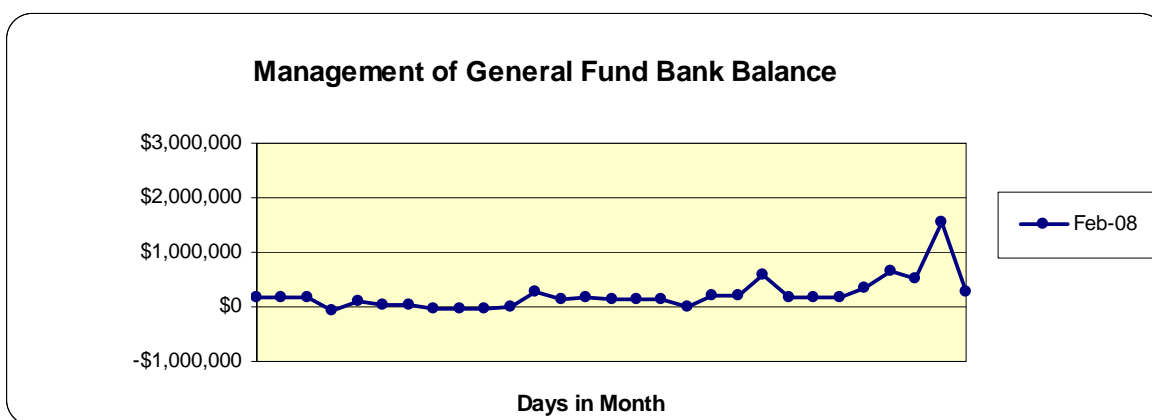
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\* **Allocation of Surplus Funds**

This represents the mix or allocation of surplus funds with each of Council's Fund Managers and direct securities.

**Management of General Fund Bank Balance**

During February Council had a net inflow of funds of \$4,538,000. This was largely due to the third quarter rates instalment payable at month end.



**Accounting for Investments**

In an attempt to clarify the way investment returns are calculated and represented in the monthly investment report, the following information has been provided:

**1. Held to maturity investments**

Held to Maturity Investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method in accordance with AASB 139: Financial Instruments: Recognition and Measurement.

If an investment is acquired with a premium or discount, any such discount or premium is taken into account in line with AASB 139. At initial recognition of the investment a premium or discount is recognised in the accounts. A discount is debited to a Balance Sheet account called "Discount recognised on purchase of investment" and a premium is credited to a Balance sheet account called "Premium recognised on purchase of investment". Subsequent measurement is at amortised cost using the effective interest rate method.

Council's Annual Financial Statements for 2006/07 were prepared on this basis and were found to comply with all accounting standards and relevant legislation by Council's external auditors.

## 2. Fair Value through Profit or Loss investments

Investments classified at Fair Value through profit and loss are initially recognised at fair value with subsequent adjustments of fair value to the Income Statement as per AASB 139. A capital gain or loss is recognised in the Income Statement on a monthly basis. A capital gain is credited to the Income Statement and a capital loss is debited to the Income Statement.

Again Council's Annual Financial Statements for 2006/07 were prepared on this basis and were found to comply with all accounting standards and relevant legislation by Council's external auditors.

A new column has been added to the Funds Performance against the Bank Bill Index table which shows the investments which are marked to market and those which Council holds to maturity.

### Investment Portfolio

Council's investment portfolio consists of the following types of investment:

#### 1. *Floating Rate Notes* (FRN)

FRNs are a contractual obligation whereby the issuer has an obligation to pay the investor an interest coupon payment which is based on a margin above bank bill. The risk to the investor is the ability of the issuer to meet the obligation.

The following investments are classified as FRNs

ANZ sub-debt AA-	purchased 18/12/07 at premium
ANZ sub-debt AA-	purchased 20/12/07 at discount
ANZ sub-debt AA-	purchased 17/1/08 at par
Bendigo Bank BBB	purchased 9/11/07 at par

Apart from the Bendigo Bank note these FRNs are all sub debt which means that they are guaranteed by the bank that issues them but are rated a notch lower than the bank itself. The reason for this is that the hierarchy for payments of debt in event of default is:

1. Term Deposits
2. Senior Debt
3. Subordinated Debt
4. Hybrids
5. Preference shares
6. Equity holders

In the case of default, the purchaser of subordinated debt does not get paid until the senior debtholders are paid in full. Subordinated debt is therefore more risky than senior debt.

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This class of investment was not owned by Council last financial year, however the intention is to classify them as Held to Maturity and account for them in the same manner as CDO investments.

In terms of reporting, these investments are shown at their purchase price which is then adjusted up or down each month in accordance with the amortisation of the discount or premium. The effect of this is to show the investment at face value at maturity.

**2. Fixed Interest Notes and Term Deposits**

A fixed interest note and term deposits pay a fixed amount of interest on a regular basis until their maturity date. Council has one fixed interest note:

Westpac Fixed sub-debt AA- purchased 25/2/08 at discount

As with FRNs, this investment is shown at purchase price with the discount amortised over the period to maturity. The purchase price was \$915,000 with a maturity value of \$1,000,000.

Council has one fixed interest deposit:

Bendigo Bank          BBB          purchased 27/2/08 and held at par

**3. Collateralised Debt Obligations (CDO) and Constant Proportion Debt Obligations (CPDO)**

The following investments are classified as CDOs or CPDOs :

Titanium AAA	purchased at a discount
Phoenix Notes AA+	purchased at par
Maple Hill 11 AA	purchased at par
SURF CPDO BBB+	purchased at a premium
Oasis Portfolio Note AAA	purchased at par

A CDO is a structured financial product whose returns are linked to the performance of a portfolio of debt obligations. It is split into tranches, whereby the riskiest or lowest tranche, the "equity tranche", receives the highest returns. Higher rated tranches offer protection against the risk of capital loss, but at proportionately diminishing returns.

At the end of 2006/07 Council owned 3 of these products, namely, Titanium, SURF and Oasis Portfolio Note. These were classified as held to maturity investments and therefore measured at amortised cost using the effective interest method in accordance with AASB 139: Financial Instruments: Recognition and Measurement. The intention is to continue this methodology at year end when the 2007/08 statements are prepared.

These investments are reported in the same manner as FRN's.

As a result of the current market volatility and to provide further security for Council's investments, a restructure of the SURF note was negotiated with the issuer during March. The outcome is a principal protected note and further details are provided later in this report.



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Investments that have been purchased on the basis of an anticipated growth in asset value rather than returns being based on an interest coupon have been classified as Growth Investments. The following investments are included in this category:

Longreach CPWF AAA  
 Longreach STIRM AA+  
 Longreach s26 Property AA+  
 Camelot AA  
 KRGC Tcorp LTGF unrated

These investments are valued at Fair Value where the capital gain is credited to the Income Statement and a capital loss is debited to the Income Statement. All of these investments except for the KRGC Tcorp LTGF are principal guaranteed. The value shown in the monthly investment reports is based on the redeemable Net Asset Value (NAV). The NAV is the total current market value of all securities plus interest or dividends received to date. This is the price or value of the investment at the time of preparing the report. Although the investments are principal guaranteed reports are based on the NAV even when it falls below the par value.

The principal is guaranteed by the investment issuer monitoring the net asset value and selling the investments if the NAV falls below the level where a risk free investment will return the principal at the maturity date. For example, to guarantee the repayment of \$100 in 6 years a bank bill could be purchased at current rates for about \$75. Thus the worst case scenario, provided that the issuer remains solvent, for these investments is that overall return will be returns received to date plus return of principal at maturity date and no further interest payments for the remaining period.

An exception to this is the Longreach CPWF product where the principal is guaranteed as well as a 2% semi annual coupon.

After reviewing several other council reports with similar products only one other council, being Randwick, reports on the same basis as Ku-ring-gai, the rest report investments at par value plus the interest coupon. In terms of the Longreach CPWF, February's result shows the note as \$2.692 million and -21.53% whereas most other councils would report \$3 million and 2%. It is proposed that Council officers hold further discussion with Grove and Council's external auditors to determine the most appropriate way of showing returns on this type of investment. However it is Council officers' opinion that present method of accounting and reporting is consistent with the relevant accounting standard being AASB 139.

While accounting and reporting for these investments is in accordance with the above, the following information is provided for each:

**Longreach CPWF:** This investment pays a guaranteed 2% coupon semi annually and is principal guaranteed by Rabobank who are rated AAA. Actual returns depend upon growth of the investment. The worst case performance scenario is a 2% coupon and principal returned at maturity.

**Longreach STIRM:** This investment pays a fixed coupon of 2.5% and a floating coupon of 125% of the quarterly performance. A cap is applied to the total coupon at BBSW+25bps with any additional income going into the NAV. The worst case performance scenario is no coupon is paid due to 100%

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of investors' funds being redeemed from the STIRM strategy and invested in a discount security to guarantee principal is returned at maturity.

**Longreach Global Property:** This investment pays a fixed coupon of 7% pa payable semi annually. This coupon is contingent on 100% of funds being invested in the Global Property basket. The worst case performance scenario is no coupon is paid and 100% is redeemed from the Global Property basket and invested in a discount security to guarantee principal is returned at maturity.

**Camelot:** This is an investment in a fund which invests in \$US foreign exchange rate movements, which have low correlation to other products and asset classes. It is reported at its market value each month. This is the Net Asset Value (NAV) of the fund's assets.

In relation to questions raised with regard to the reporting of returns for this product in January, the following information is provided:

Accrued interest is included in the return as it is included in the NAV like the other growth investment products. The fund guarantees the repayment of capital by calculating the "equity gap" each month. This is the surplus of fund assets above the level of assets required to guarantee return of capital at maturity. In January 2008 this equity gap was 26.73% as the fund was valued at \$104.19 per unit and the assets required to return \$100 at maturity were \$77.46.  $((104.19 - 77.46)/100 = 26.73\%)$ . In February 2008, the equity gap reduced slightly to 26.07%. The price of \$104.19 per unit equates to the 4.53% that was reported to Council in monthly investment report for January and this has been confirmed by Grove Financial Services as the correct way of representing the performance of the investment.

The fund will pay an annual coupon payment equal to the average BBSW for the year, providing that this does not reduce the equity gap below 12.5%. The fund's margin above 12.5% in March 2008 was sufficient to make a coupon payment of \$71,380.10 and the equity gap still remain significantly above its minimum 12.5% level.

**KRGC Tcorp LTGF NSW Treasury Corporation:** This is a fund managed by the NSW Treasury Corporation which invests in a range of Australian shares 31%, international shares 31%, bonds, listed property and cash 38%. The return is based on the fund's unit price at month end supplied by the fund. There is no principal guarantee with this fund and it is unrated, however the Minister's order specifically allows councils to invest in this fund under section (o).

### ***5. Managed Funds***

Council uses a variety of managed funds for liquidity and diversification purposed. These funds are rated from AAA through to A and returns are based on the funds' unit price at month end.

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## Funds Performance against the UBS Bank Bill Index

Issuer	Investment Name	Investment Rating	Invested @29JFeb 2008 \$000's	Period Return (%)	Annualised YTD Return (%)	Annualised Performance Since purchase/inception (%)	% of Total Invested	Valuation M=Mark to Market H=Hold to Maturity	Maturity
<b>Working capital (0-3 Months)</b>									
Adelaide Bank	AMF Yield Fund	AAA	4,492	0.62	7.04	6.76	6.69	M	0-3 mths
Westpac Bank	Westpac Bank Deposit	AA	3,641	0.54	6.80	6.80	5.42	M	0-3 mths
<b>Short Term (3-12 Months)</b>									
LGFS	Fixed Out Performance Fund	AA-	20,187	0.61	7.51	7.51	30.05	M	0-3 mths
<b>Short -MediumTerm (1-2 Years)</b>									
Aberdeen Asset Management	Aberdeen Income Fund	A	2,047	-0.34	2.54	5.48	3.05	M	0-3 mths
Bendigo Bank	Fixed Deposit TCB	BBB+	500	0.66	8.25	8.25	0.74	M	1yr
<b>MediumTerm (2-5 Years)</b>									
Longreach/Rabobank	Longreach CPWF	AAA	2,692	-2.29	-21.53	-7.21	4.00	M	5 yrs +
UBS AG London	LongreachSTIRM	AA+	1,019	-1.64	14.92	1.85	1.52	M	5 yrs +
Athena Finance (Westpac)	Camelot	AA	1,023	-1.93	2.33	2.26	1.52	M	5 yrs +
BlackRock Investment	BlackRock Diversified Credit	A	9,500	-1.19	-4.27	-4.27	14.14	M	0-3 mths
Select Access Investments	Titanium AAA	AAA	2,000	0.69	8.04	7.31	2.98	H	2-5 yrs
ABN AMRO/Nomura	Phoenix Notes	AA+	2,000	0.78	9.56	9.56	2.98	H	2-5 yrs
ANZ Bank	ANZ Sub FRN	AA-	2,928	0.69	8.54	8.54	4.36	M	2-5 yrs
Westpac Bank	Westpac Subdebt	AA-	915	0.74	9.15	9.15	1.36	M	2-5 yrs
<b>Long Term (5 Years+)</b>									
HSBC Bank	Maple Hill 11	AA	3,000	0.79	9.60	9.60	4.47	H	5 yrs +
Bendigo Bank	Bendigo Bank FRN	BBB	500	0.72	8.66	8.66	0.74	H	5 yrs +
NSW Treasury Corp	KRGC Tcorp LTGF	UNRATED	1,949	-1.88	-6.55	-1.85	2.90	M	5 yrs +
Deutsche Bank	Longreach s26 Prop	AA+	801	-3.42	-1.99	-26.87	1.19	M	5 yrs +
ABN AMRO/Rembrandt Australia	SURF CPDO	BBB+	2,014	0.75	8.97	8.63	3.00	H	5 yrs +
CBA/Helix Capital Jersey	Oasis Portfolio Note	AAA	2,000	0.67	7.92	7.51	2.98	H	5 yrs +
ANZ Bank	ANZ Sub FRN	AA-	2,968	0.67	8.17	8.17	4.42	M	5 yrs +
ANZ Bank	ANZ Subdebt 2018	AA-	1,000	0.70	8.62	8.62	1.49	H	5 yrs +
<b>TOTAL /WEIGHTED AVERAGE</b>			<b>67,176</b>	<b>-0.76</b>	<b>3.50</b>		<b>100</b>		
Matured/Traded Investments - Weighted YTD Average Return (%)					<b>-5.50</b>				
Weighted Average Overall Return Year To Date (%)					3.05				
Benchmark Return: UBSWA Bank Bill Index(%)					6.94				
Variance From Benchmark (%)					<b>-3.89</b>				

The weighted average return for the total portfolio year to date was 3.05% compared to the benchmark of the UBS Bank Bill Index of 6.94%.

## Income Investments and Growth Investments

Since Council's investment policy was changed in August 2006, a wider range of investments have been made involving diversification of the portfolio into different investment types, longer maturities and different markets. Council's investments now include several growth investments, where returns are principally derived from growth in the value of capital invested, rather than income payments. These investments can be expected to show higher volatility in price movement on a month to month basis. Council has only purchased growth investments which have a capital protection provided by a bank of at least AA ratings. As these investments are long term and not intended to be traded monthly, volatility is of less concern.

## Comments on Individual Investment Performance

**Longreach CPWF 1-2006:** This investment is in property, infrastructure and utilities and was made on 27 September 2006. From inception to the end of February 2008, the investment has

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returned -7.21% with a -2.19% decrease in net asset value from January 2008. The fund has equal exposure to the price growth of the S&P/ASX 200 Property Trust Index and UBS Australia Infrastructure and Utilities Index. The S&P/ASX Index ended the month down -1.38% and the UBS Australia Infrastructure and Utilities Index was down -3.09%. While fundamentals for the fund's underlying asset classes support medium term price growth, volatility in the broader market may continue to impact negatively on the fund's NAV short term. General information on the fund in terms of its makeup, value and outlook are included in the monthly unit holder Report (**Attachment A**).

**Longreach Series 26 Global Property:** This investment was made in June 2007 in a basket of property spread globally across seven geographical areas. The chosen securities provide potential for regular income along with potential capital growth. Returns are based on a contingent semi annual coupon of 7.0% pa and additional return on maturity as capital gain. The current unit price is \$80.12 down from \$82.82 in January and from an issue value at inception of \$97.00 after upfront fees. The unit price dropped as the first coupon payment was made in December 2007. This property investment was down 3.42% on the month. General information on the fund in terms of its makeup, value and outlook are included in the monthly unit holder Report (**Attachment B**).

**Longreach Series 23 STIRM:** This investment is a capital protected note with exposure to a short term interest rate yield enhancement strategy. The redeemable NAV of the notes is \$101.87 last month was \$105.37. A coupon payment was made out of the NAV of 7.52%. The year to date return on the investment is 14.92% annualised and 1.85% since inception. General information on the fund in terms of its makeup, value and outlook are included in the monthly unit holder Report (**Attachment C**).

**Note:** The capital protection mechanism for the above three investments has worked to protect the initial capital invested during recent extreme market volatility. At 29 February all of the above investments remain fully allocated to the asset class.

The manager of the above notes expects a total return net of fees in the 8% to 10% pa area over the life of these investments.

**NSW Treasury Corporation:** The investment was made in October 2006. This is a fund managed by the NSW Treasury Corporation which invests in a range of Australian shares 31%, international shares 31%, bonds, listed property and cash 38%. The global market volatility has again impacted the returns this month with both the Australian and international equity markets contributing a fourth consecutive negative return. This was partially offset by the positive performance in the cash and international bond sector. The fund's annualised return was -6.55% and a negative return of -1.85% since purchase.

**Athena Finance (Westpac)/Camelot:** This investment was made at the end of February 2007 in a fund which invests in foreign exchange rate movements with low correlation to other products and asset classes. The fund's annualised return is 2.33% with a return of 2.26% since inception. The fund has continued to maintain a strong capital preservation focus during the volatile markets.

**Blackrock Diversified Credit Fund:** The fund managed \$312 million in assets at the end of February and the running yield rose from 156 basis points to 175 basis points. The fund invests predominantly in domestic floating rate notes and fixed rate securities. The managers continue to believe that the fund's exposure to large money centre banks, which are the core of the fund,

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remain good. A summary of the fund's investment portfolio, strategy and outlook is attached to this report (**Attachment D**).

**Westpac Fixed Subordinated Note:** During February 2007 Council invested \$915,000 in this note callable in May 2012 with a fixed semi annual coupon of 6.75% and a traded yield of 9.20%. The logic behind this investment is to maintain stability within the portfolio and receive regular fixed income.

**SURF Rembrant 2006-2:** This Constant Proportion Debt Obligation (CPDO) was rated AAA at issue by S&P in September 2006 paying a quarterly coupon at 90 day BBSW+190bps. The underlying credit portfolio comprises credit swaps on 5 year DJ CDX and iTraxx indices (125 investment grade company credits in each index, rolling every 6 months).

The average of the indices has widened considerably since issue especially over the last month. This has seen the value of the notes drop significantly. If the NAV falls below 10% a cash-out event will occur and the credit portfolio will be fully unwound. Credit markets are expected to remain volatile and have continued to widen, increasing the likelihood of a cash-out occurring. As a result, SURF was downgraded to BBB+ in February. In light of credit markets remaining volatile and credit spreads continuing to widen, ABN Amro Bank in consultation with Council staff and Grove Financial Services, have restructured SURF, ensuring capital protection with effect from 7 March 2008, whereby SURF will be sold back to ABN AMRO Bank (rated AA-) on a switch into a principal protected CPDO. The new note totalling \$6M (previously \$2M) will pay a coupon of 90 day BBSW+65bps.

Note that ABN AMRO has taken this action as a precaution despite not being contractually obligated to do so. Major banks are anxious to protect their reputation and relations with investors. This is our additional degree of protection when investing in their products.

**Aberdeen Income Fund:** Over the month the fund underperformed the index by 88 basis points before fees with credit spreads again being the driver of this underperformance. The fund is currently overweight in financial issuers and mortgage backed security assets. These two sectors have borne the brunt of spread widening. Council has redeemed this fund subsequent to this reporting period. A summary of the fund's investment portfolio, strategy and outlook is attached to this report (**Attachment E**).

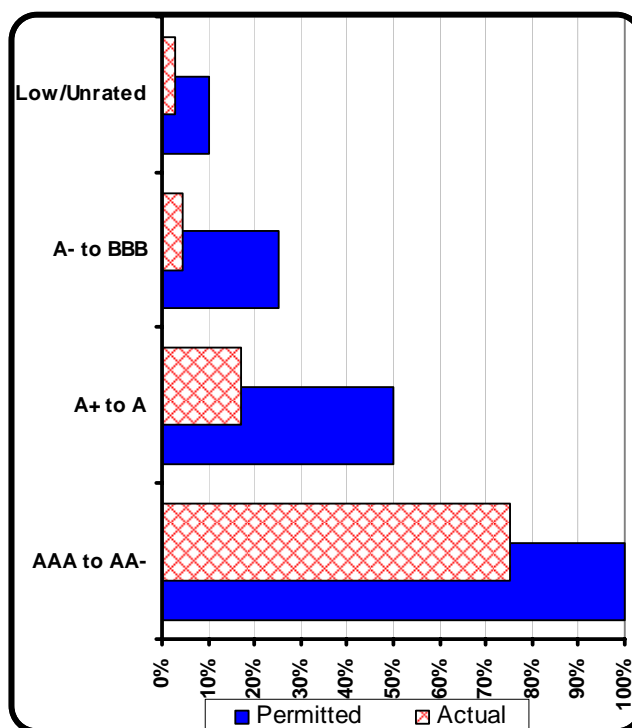
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Allocation of funds

The following charts show the allocations of Council's investment funds by the categories shown:

1) **Credit Rating:** Actual level of investment compared to proportion permitted by policy.



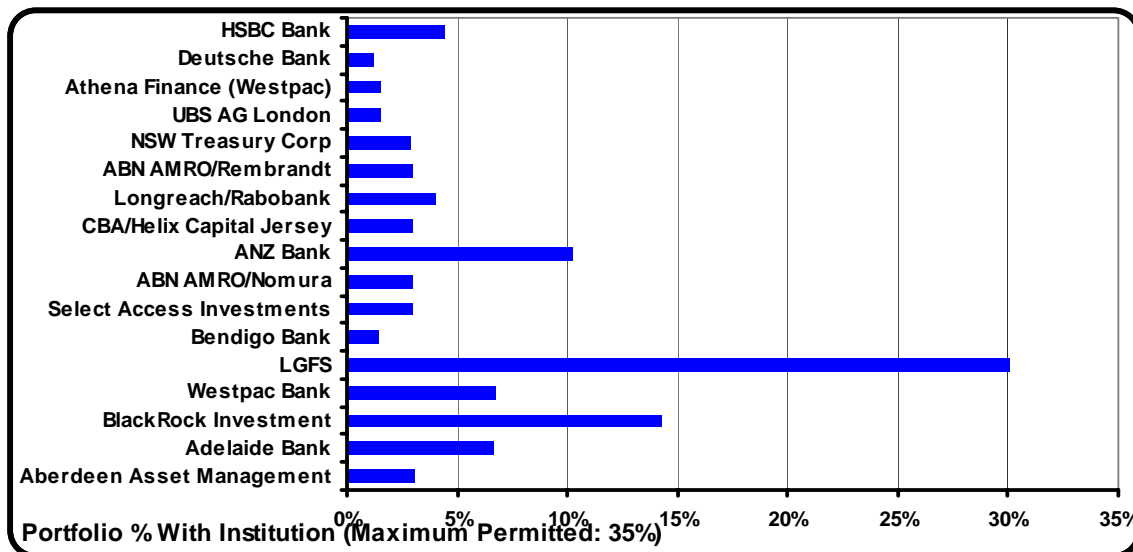
Investment Rating	Proportion
AAA to AA-	75%
A+ to A	17%
A- to BBB	5%
Less than BBB	3%

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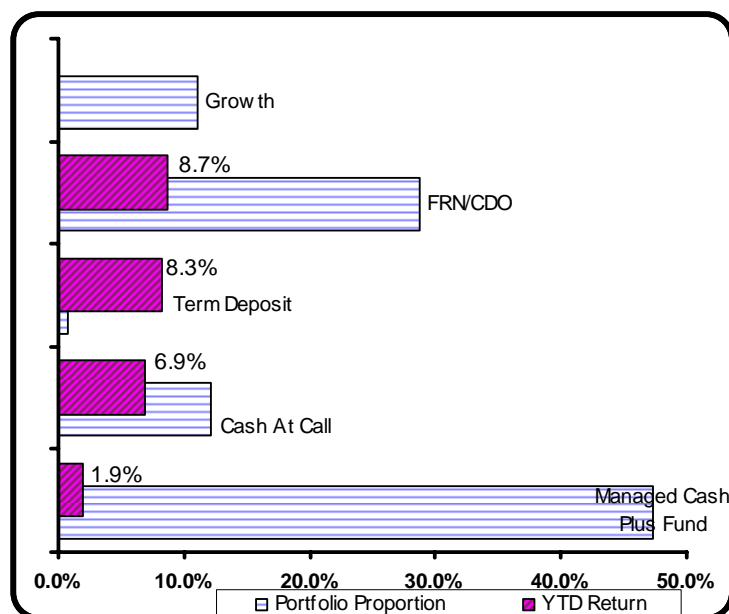
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- 2) **Proportional Split of Investments by Investment Institution:** Actual portion of investments by investment institutions.

Council's Investment Policy requires that the maximum proportion of its portfolio invested with any individual financial institution is 35%.



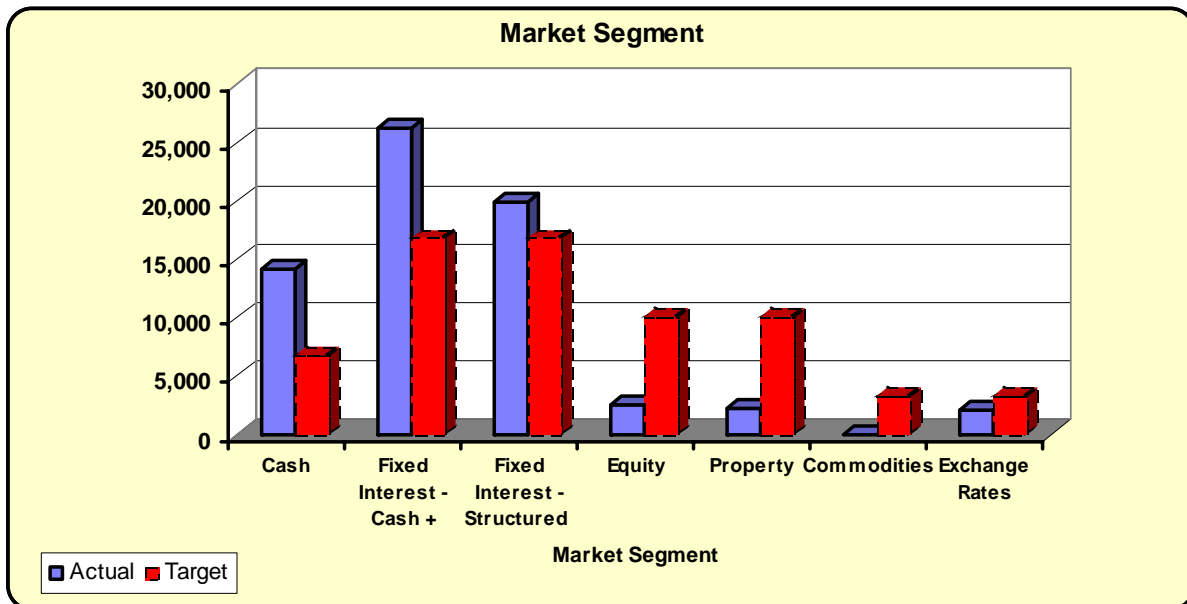
- 3) **Investment type and YTD return:** Actual proportion of investments by type and year to date return.



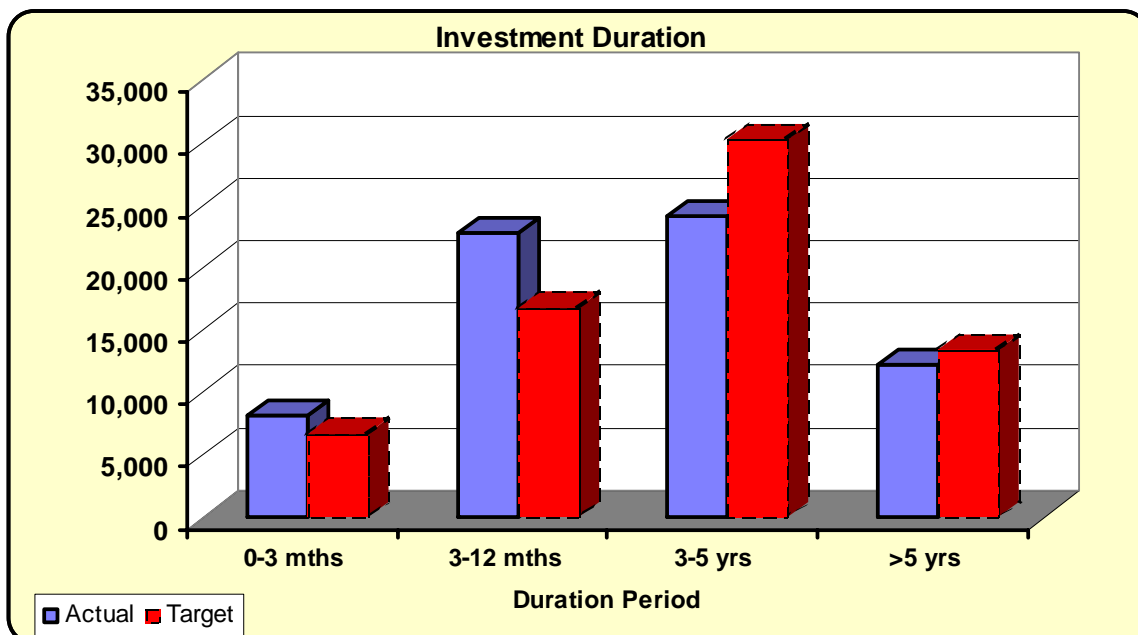
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- 4) **Market Segment:** Strategic allocation of investments by market segment compared to current level.



- 5) **Duration:** Strategic allocation of investments by duration compared to current level.





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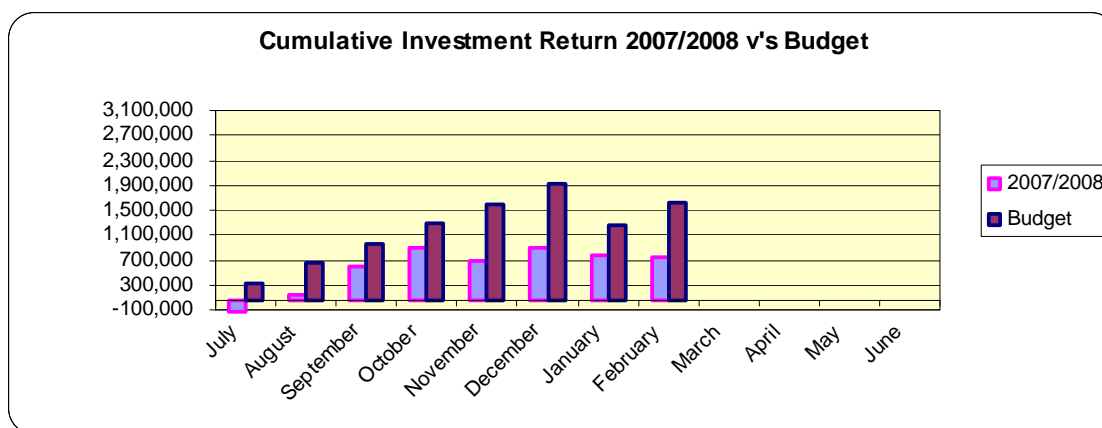
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10 March 2008**Cumulative Investment Return**

The following table shows Council's total return on investments for February and Financial Year to Date, split into capital and interest components and compared to budget:

\$000's	Month	Financial YTD
Interest	200	2246
Cap Gain	118	976
Cap Loss	-334	-2480
Net Return	-16	742
Budget	187	1635
<b>Variance</b>	<b>-203</b>	<b>-893</b>

The capital losses shown on investments are due to marking growth investments and managed funds to market values, which have declined in most cases during the year. Of the total of \$2.48M, it is important to realise that \$1.16M of this represents unrealised losses in capital guaranteed investments which will be, in the worst case, recovered on their maturity. A further \$1.15M relates to managed funds and Tcorp investments which would be realised if these were sold now (T-corp is a long term holding), with only the remaining \$170K, loss actually realised on investments sold during 2007/08.

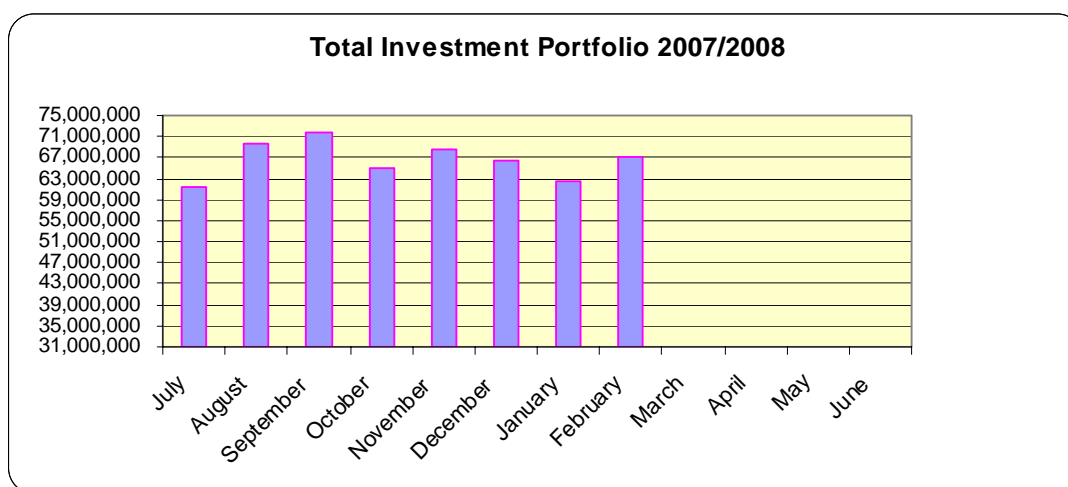
At the end of February the net return on investments totals \$742,000 against a revised year to date budget of \$1,635,075, giving a negative variance of \$893,075. This variation has been caused by the actual earning rates being lower than forecast and the volume of investment funds being lower than budgeted due to the recent outlay of funds to purchase community land, the budget factoring in the deferred sale of the Depot.



## Item 1

S05273  
10 March 2008**Total Investment Portfolio**

The following chart compares the year to date investment portfolio balances for 2007/2008.



During February 2008 Council's investment portfolio increased by \$4,538,000. Council's closing investment portfolio after interest and fees of \$67,176,000 is \$11,598,000 higher than the July 2007 opening balance of \$55,578,000.

**Domestic Markets****Interest Rates**

The Reserve Bank of Australia (RBA) increased the cash rate from 6.75% to 7.00% in February and raised this by a further 25bps subsequent to this reporting period to 7.25%.

The accompanying minutes reveal that the RBA considered a 50bp hike, but declined on continuing uncertainty in the US economy and global credit markets.

The Statement of Monetary Policy released during the month highlighted the RBA's hawkish stance. The message was simple, the RBA will instil policy to aggressively slow domestic growth on the basis that core inflation is expected to breach the 2-3% comfort zone until 2009.

Yields rose sharply across the yield curve with the largest move in the shorter dated part of the curve. 180 day maturities now yield over +8.0% - a full 1% over the cash rate. At month's end, traders factored odds of 85% of a March rate rise, and a similar probability of a May rate rise. Together, this would bring the cash rate to a 13-year high of 7.50% and compares to 3.00% in the US, 4% in the Euro region, 0.5% in Japan and 8.25% in New Zealand

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**Other**

The ASX200 Accumulation Index returned -0.67% in February, the fourth consecutive monthly loss and brings the index 18.67% below its 1 November peak. The Property Sector was again the notable underperformer, down -4.97%.

Organisations with high leverage and/or unclear financial structures lead declines - with Allco Finance Group and ABC childcare joining the likes of Centro, MFS and RAMs as domestic casualties of the global credit crisis. Also hit was the banking sector through its lending to corporate casualties of the credit crisis. It is estimated that Australian banks have collectively lent \$US5.5bn to Centro, MFS, Allco and US-based Countrywide Financial.

The Australian dollar rose to its highest level since 1983 against the USD (up +6.72%) on rate advantage against other developed economies. Year on Year (YoY) the domestic currency is up +21.91%.

**Global Markets**

Latest statements from Ben Bernanke, the Chairman US Federal Reserve (Fed) show the Fed's clear determination in forestalling growth risk through further interest rate cuts. The Fed has placed the risk of financial-market turmoil and slowing growth squarely above inflation risk, even as inflation remains above the Fed's own comfort level and shows signs of reaccelerating on rising food and energy costs.

Nevertheless, Bernanke stressed that the Fed would hastily reverse its position on inflation once the US economy stabilised.

At month's end US traders factored in a 50bp cut at the March 18 Federal Open Market Committee meeting. This would bring the rate to 2.5%, a full 4.5% lower than Australia's cash rate and close to zero after adjusting for core inflation.

**CONSULTATION**

Not applicable.

**FINANCIAL CONSIDERATIONS**

The revised budgeted interest on investments for 2007/2008 is \$3,123,550. Of this amount approximately \$2,065,600 is restricted for the benefit of future expenditure relating to developers' contributions, \$376,900 transferred to internally restricted depreciation reserves, and the remainder is available for operations.

At the end of February the net return on investments totals \$742,000 against a revised year to date budget of \$1,635,075, giving a negative variance of \$893,075. This variation has been caused by the actual earning rates being lower than forecast and the volume of investment funds being lower than budgeted due to the recent outlay of funds to purchase community land, the budget

Item 1

**S05273**  
**10 March 2008**

factoring in the deferred sale of the Depot. A further downward revision of the budget will more than likely be required in the March quarterly budget review with financial markets not recovering as anticipated.

## CONSULTATION WITH OTHER COUNCIL DEPARTMENTS

Not applicable.

## SUMMARY

As at 29 February 2008:

- Council's total investment portfolio is \$67,176,000. This compares to an opening balance of \$55,578,000 as at 1 July 2007, an increase of \$11,598,000.
- Council's year to date net return on investments (interest and capital) totals \$678,400. This compares to the year to date revised budget of \$1,635,075. The variation is due to the recent outlay of funds to purchase community land, the budget factoring in the deferred sale of the Depot and lower than anticipated returns on investments based on the global investment sentiment. Due to these unanticipated events the interest on investments budget was reviewed and revised in the December quarterly budget review and will be subject to a further review in the March quarterly budget review.

## RECOMMENDATION

- A. That the summary of investments and performance for February 2008 be received and noted.
- B. That the Certificate of the Responsible Accounting Officer be noted and the report adopted.

## CERTIFICATE OF RESPONSIBLE ACCOUNTING OFFICER

I hereby certify that the investments listed in the attached report have been made in accordance with Section 625 of the Local Government Act, 1993, Clause 212 of the Local Government Regulation 2005 and Council's Investment Policy minute number 319.

Edwin Athaide  
**Accounting Officer**

Tino Caltabiano  
**Manager Finance**  
**Responsible Accounting Officer**

John Clark  
**Director Corporate**

**Attachments:**

- A. Longreach Capital Protected Wholesale Fund 1-2006 Monthly Unit Holder Report February 2008 - 906084**
- B. Longreach Capital Markets Series 26 Noteholder Performance Report February 2008 - 906081**
- C. Longreach Series 23 Noteholder Performance Report February 2008 - 906076**
- D. Blackrock Diversified Credit Fund February 2008 - 906851**
- E. Aberdeen Income Fund February 2008 - 906847**



# LONGREACH

## LONGREACH CAPITAL PROTECTED WHOLESALE FUND 1-2006 PROPERTY, INFRASTRUCTURE AND UTILITIES MONTHLY UNIT HOLDER REPORT February 2008

Longreach Global Capital Pty Limited, as Investment Manager for the Longreach Capital Protected Wholesale Fund, 1-2006 Property, Infrastructure and Utilities, is pleased to provide Unit holders of the Fund with the Monthly Unit holder Report for February 2008.

### 1. Longreach Capital Protected Wholesale Fund 1-2006 General Information

<b>Type of Fund: Medium Term Growth</b> AAaf rated Capital Protected Growth Fund with equal exposure to the price growth of the S&P/ASX 200 Property Trust Index and UBS Australia Infrastructure and Utilities Index (ASX Index Investments)	<b>Fund Investment Date:</b> 29 September 2006	<b>Buy/Sell Spread:</b> Nil
<b>Investment Objectives:</b> The Fund aims to provide investors with semi-annual distributions of 2% p.a. on their invested amount after ordinary expenses, the opportunity for enhanced participation in any price growth of the ASX Index Investments over the life of the Payment Contract and 100% capital protection of their invested amount at Payment Contract Maturity.	<b>Recommended Investment Timeframe:</b> 5 years	<b>Distributions:</b> 2% p.a. Paid Semi Annually: 30 June 31 December

### 2. Actual Performance of Fund's ASX Index Investments

Index	Index Value as at Fund Investment Date	Index value at Start of Month	Index value as at Month End	% Change over Month	% Change Since Fund's Investment Date
S&P/ASX 200 Listed Property Trust Index	2,186.0	1,817.2	1,708.0	-6.01%	-21.87%
UBS Australia Infrastructure and Utilities Index	2,483.6	2,495.7	2,418.7	-3.09%	-2.61%
<b>ASX Index Investments*</b>				<b>-4.55%</b>	<b>-12.24%</b>

The S&P/ASX 200 Index ended the month down **-1.38%** over February, a month which was characterised by continued levels of volatility. The S&P/ASX Listed Property Trust Index decreased **-6.01%** on the back of continued concerns for the sector. The UBS Australian Infrastructure and Utilities Index was down for the reporting period by **-3.09%**.

The Fund's ASX Index Investments experienced **a decrease in value by -4.55% over the month** of February driven again by the performance of the S&P/ASX Listed Property Trust Index. The Manager's expectation for total Fund returns is in the target range of 7% to 9% p.a. over the life of the investment.

\* ASX Index Investments provide a composite return showing a combination of a 50% weighting in both the UBS Australia Infrastructure and Utilities Index and the S&P/ASX Property Trust Index.

### 3. Fund Unit Net Asset Value

Fund Unit Price at Fund Investment Date	Unit Net Asset Value at Month End	Growth	2% p.a. Income (Accrued)	Actual % Change in Unit Price Since Fund Inception
\$1.0000	\$0.8973	\$0.8941	\$0.0032	-10.27%

The Fund's Unit NAV at month end provided to the Investment Manager by the Calculation Agent was **\$0.8973**. This NAV represents a **-2.19% decrease** from January month end and is the price at which a Unit holder could have redeemed Fund Units at month end inclusive of Fund Ordinary Expenses.

For each \$1mm invested an investor could redeem and receive **\$897,300** based on the current unit price within the Fund Payment Contract.

The Fund return to Unit holders at the Payment Contract Maturity is based on the enhanced price growth of the Fund's ASX Index Investments. In accordance with the Fund's Information Memorandum dated 20 September 2006, Unit holders will receive 130% (i.e the Index Participation Multiplier) of the price growth of the Fund's ASX Index Investments.

## 4. Outlook

Global equities continued to struggle during February with concerns about the health of the US economy growing as economic data revealed a slowdown in service industries, increases in jobless claims and falling consumer sentiment. The US was the worst performing market over the month with the Dow Jones Industrial Average falling 3.3%, and dragging most developed markets lower. Reporting season was the focus for the Australian equity market with a number of poor results keeping the pressure on an already nervous market. Banks were the worst performing sector (ASX200 Financials down 12.5%) - hurt by the poor performance of the sector globally as well as increased concern regarding exposure to potentially problematic corporate debt. The RBA raised the cash rate to 7.00% on February 5th, and the increasingly hawkish statement saw a further tightening to 7.25% on March 4th. Month on month the ASX200 Index was down 0.7% (total return).

While fundamentals for the Fund's underlying asset classes support medium term price growth, volatility in the broader market may continue to impact negatively on the Fund's NAV short term.

Detailed independent research on listed property, infrastructure and utilities sectors is available to Unit holders from the Fund's Manager.

**Contact:**

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*Disclaimer: This report has been prepared by Longreach Capital Markets Pty Limited (ABN 93 113 578 804) in its capacity as Sales and Marketing Manager for the Longreach Capital Protected Wholesale Fund 1 – 2006, Property, Infrastructure and Utilities (the “Fund”). Longreach Capital Markets Pty Limited is an Authorised Representative of Longreach Global Capital Pty Limited (ABN 27 080 373 762, AFSL 247015). Full details of the Fund can be found in the Information Memorandum dated 20 September 2006. Terms defined in that Information Memorandum have the same meaning in this report.*

*The information contained in this report is current as at the close of business on the date indicated and is for the information of wholesale clients within the meaning of section 761G of the Corporations Act 2001 who have invested in the Fund. Performance of the Fund to date is not a guarantee or indicator of Fund performance in future. Similarly, references to the performance of ASX Index Investments do not imply future performance guarantees or returns. To the maximum extent permitted by law, neither Longreach Capital Markets Pty Limited nor Longreach Global Capital Pty Limited will be liable in any way for any loss or damage suffered by you through use or reliance on this information. Our liability for negligence, breach of contract or contravention of any law, which can not be lawfully excluded, is limited, at our option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you.*



## NOTEHOLDER PERFORMANCE REPORT

February 2008

### Longreach Capital Markets Series 26 Secured Limited Recourse Debt Instruments

#### Series 26 - Capital Protected Note 'Global Property Stocks'

<b>Type of Note:</b> Capital Protected Note with exposure to Global Property Stocks	<b>Investment Date:</b> 07-Jun-2007	<b>Liquidity:</b> Available Daily
<b>Investment Objectives:</b> The chosen basket aims to provide both a regular income stream via the fixed semi annual coupon, as well as the potential capital growth within the capital protection framework.	<b>Recommended Investment Timeframe:</b> 7 Years	<b>Distributions:</b> Fixed 7.00% p.a. coupon paid semi-annually.

#### Underlying Asset Price change ( 7 June 2007)

The following table sets out the Basket's performance by security:

Security	Industry	%	Buy-In-Price	Closing Price	Change (i)
Bene Stabili	Property	14.3	1.13	0.74	-34.19%
British Land	REIT's	14.3	1,361.80	951.50	-30.13%
City Developments	Property	14.3	17.20	11.96	-30.47%
Mitsubishi Estate	Property	14.3	3,588.00	2,610.00	-27.26%
Simon Property	REIT's	14.3	99.69	83.80	-15.94%
Stockland	REIT's	14.3	8.66	7.05	-18.55%
Sun Hung Kai	Property	14.3	89.45	139.00	55.39%
<b>Average</b>					<b>-14.45%</b>

Note (i) All percentage changes shown are absolute levels and are not calculated on a per annum basis.

#### Net Asset Value (NAV)

The NAV of the Notes is **80.12%** (31-Jan-2008 82.82%). If an investor chose to exit prior to maturity the 'Redeemable NAV' would incorporate the current NAV less the cost of the unwind of the currency protection. The currency hedge ensures buy and hold investors are not exposed to changes in the underlying currency values at maturity.

#### Internal Rate of Return (IRR)

The IRR of the Notes is **-21.60% p.a.** This represents the true annual rate of earnings on an investment. This rate takes into account the movements in the underlying securities as well as compound interest factors (time value of money).

*\* IRR is a discounted cashflow method of calculating returns defined mathematically as the rate by which future anticipated net cash flow must be discounted so that their value will be equal to the initial cost of the investment.*

#### Coupon Payments

Coupon payments are distributed to Note holders on a Semi Annual basis.

Coupon	Coupon Payment Date	Per Annum %	BBSW Comparison
<b>Forecast Coupon</b>	<b>09-Jun-2008</b>	<b>7.00% *</b>	<b>7.37%</b>

\*Assuming contingencies to coupon payment are met.

## Dynamic Portfolio Allocation

The current allocations within the Dynamic Portfolio are:

Series 26 Basket 100%

Discount Debt Security 0%

The current Gap is approximately **20.10** (31-Jan-2008 18.40) compared to the sell trigger of 15. Please refer to the Series 26 Discussion Paper for a description of the workings of the capital protection mechanism.

## Market Recap for February

### ➤ Broader Market Performance

Global equities continued to struggle during February with concerns about the health of the US economy growing as economic data revealed a slowdown in service industries, increases in jobless claims and falling consumer sentiment. The US was the worst performing market over the month with the Dow Jones Industrial Average falling 3.3%, and dragging most developed markets lower. Commodity prices and resource stocks were the positive story of the month with a number of commodities registering sharp rises during February. Oil prices set a new all-time high above \$101 per barrel, gold hit a new record high of \$978 while a number of soft commodities rose sharply also - wheat the best performer up 15%.

Reporting season was the focus for the Australian equity market with a number of poor results keeping the pressure on an already nervous market. The biggest casualties were ABC Learning Centres, Allco Finance Group and QBE Insurance - all posting disappointing results. Banks were the worst performing sector (ASX200 Financials down 12.5%) - hurt by the poor performance of the sector globally as well as increased concern regarding exposure to potentially problematic corporate debt. The RBA raised the cash rate to 7.00% on February 5th, and the increasingly hawkish statement now has the market pricing in further tightening as soon as this week. Month on month the ASX200 Index was down 0.7% (total return).

### ➤ Basket Performance

The Series 26 basket was lower over the month - although the geographical diversity helped absorb some of the current volatility in global property stocks. The Italian holding Bene Stabili posted gains of 9% as profit outlook improved, City Developments was also up more than 5% after announcing a 71% increase in fourth quarter profit after house prices surged to an 11 year high in Singapore. Offsetting these gains were falls of more than 5% in four of the stocks. The current market volatility is highlighted by some investors taking a more dim view of the potential impact of growing credit problems on the flow of funds into the real estate market. The worst performance came from Sun Hung Kai - down nearly 9%, while the Japanese stock Mitsubishi Estate fell 7.45% after announcing a 12% fall in 3rd quarter profit.

### Month on Month Change

Security	Country	%	Closing Price January	Closing Price February	Change
Bene Stabili	Italy	14.29	0.682	0.744	9.09%
City Developments	Singapore	14.29	11.300	11.960	5.84%
Stockland	Australia	14.29	7.260	7.050	-2.89%
British Land	Britain	14.29	1,010.000	951.500	-5.79%
Simon Property	United States	14.29	89.380	83.800	-6.24%
Mitsubishi Estate	Japan	14.29	2,820.000	2,610.000	-7.45%
Sun Hung Kai	Hong Kong	14.29	152.500	139.000	-8.85%



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# NOTEHOLDER PERFORMANCE REPORT

## February 2008

### Longreach Series 23

### Secured Limited Recourse Debt Instruments

#### Series 23 – Capital Protected Notes – ‘STIRM’

<b>Type of Note:</b> Capital Protected Note with exposure to a short term interest rate yield enhancement strategy	<b>Investment Date:</b> 26 February 2007	<b>Liquidity:</b> Available Daily
<b>Investment Objectives:</b> The short term interest rate yield enhancement strategy provide for both a potentially high regular income via performance based coupon component as well as any potential capital growth within the capital protection mechanism.	<b>Recommended Investment Timeframe:</b> 5 years	<b>Distributions:</b> Distributions paid quarterly.

### 1. Net Asset Value (NAV)

The NAV of the Notes is **104.12** (last month 107.26). **A coupon payment was made to investors on the 12<sup>th</sup> of the month – this amount was paid out of the NAV.** If an investor chose to exit prior to maturity the ‘Redeemable NAV’ would be **101.87** or **\$1,018,700** per \$1mm invested - calculated as the current NAV less the present value of unpaid LCM fees.

### 2. Internal Rate of Return (IRR)

The IRR of the Notes is **7.66% p.a.** This represents the true annual rate of earnings on an investment. This rate takes into account the movements in the underlying securities as well as compound interest factors (time value of money).

*\* IRR is a discounted cashflow method of calculating returns defined mathematically as the rate by which future anticipated net cash flow must be discounted so that their value will be equal to the initial cost of the investment.*

### 3. Coupon Payments

The coupon will be made up of a Fixed and Floating component as outlined in the Series 23 Discussion document. The **Fixed** component is set at 2.50% p.a. payable quarterly (unless strategy is fully allocated to the UBS cash investment), and the **Floating** component is set at 125% of the strategy's positive intra period performance, with a cap on total coupon of BBSW + 40bps.

Coupon	Coupon Payment Date	Per annum %	BBSW Comparison
Coupon 1	10 May 2007	2.50%	6.42%
Coupon 2	10 Aug 2007	2.50%	6.39%
Coupon 3	12 Nov 2007	2.50%	6.73%
Coupon 4	12 Feb 2008	7.52%	7.12%
Coupon 5	due 10 May 08		

**Paid this month**

## 4. Allocation to the Diversified Basket

The current allocations within the Dynamic Portfolio are:

STIRM Strategy	100%
UBS Discount Debt Security	0%

The current NAV would require a fall of approximately 25% to breach the Sell Trigger. Please refer to the Series 23 Discussion Paper for a description of the workings of the capital protection mechanism.

## 5. Market Recap

The Bank of England and the Reserve Bank of Australia took action during February. The BoE cut the Bank Rate by 25 bps to 5.25% as the growth outlook deteriorates. In contrast, the RBA raised their key interest rate by 25 bps to 7.00% to curb prices.

Globally inflationary pressures showed signs of increase resulting in a more hawkish monetary policy by major Central banks. The obvious exemption is the US where Fed chairman Bernanke decided to stimulate the sluggish economy with cheap money. The Fed is certainly acutely aware of how precarious the entire situation is. On 28th February Bernanke revealed that he is even expecting that smaller banks will go bankrupt. On the other hand he has to consider the consequences of a weaker currency and an acceleration of inflation.

## 6. STIRM Strategy Performance

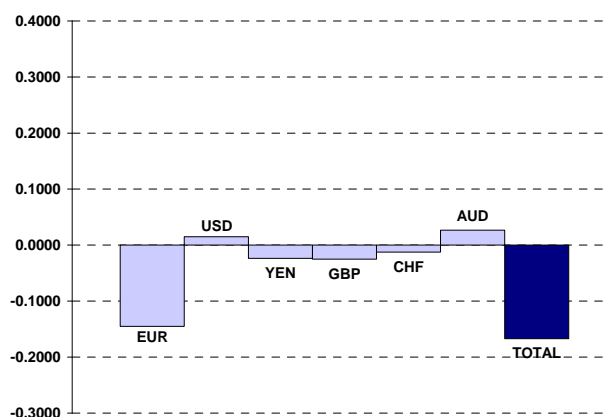
The STIRM Index gave back close to one third of its record gains in January. The Index lost 16 ticks from 108.79 at the end of January to close the month at 108.63.



*\* This chart reflects STIRM performance gross of fees and in EUR terms.*

The EUR position was the main contributor to the negative performance as shown below:

### STIRM Monthly Performance by Currency (in ticks)



On the 8th February the EUR reconstituted a long position. The JPY turned short on the 25th February.

The average duration of the basket ended the month at **+0.6 (up from +0.4 last month)**. This is a measure of the weighted, net long or short positions in each of the underlying currencies. A figure of +1 would represent a long position in each of the 6 currencies and a figure of -1 would represent a short position in each of the 6 currencies. So the +0.6 reflects a net long position for the strategy at month end.

The following table summarises the composition and performance of the STIRM strategy over the month:

Futures Currency	Futures Allocation	Futures Position as at Previous Month End	Futures Position as at Current Month End	Performance on Month
USD	40%	Long	Long	Positive
Euro	25%	Short	Long	Negative
Yen	15%	Long	Short	Negative
GBP	10%	Short	Long	Negative
CHF	5%	Long	Long	Negative
AUD	5%	Short	Short	Positive

#### Notes:

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## Merrill Lynch Diversified Credit Fund

Portfolio Performance <sup>1</sup> - Periods to End February 2008								
	1 Month	3 Months	6 Months	FYTD	1 Year	2 Years (pa)	3 Years (pa)	Since Inception (6/5/2003) (pa)
Fund	-0.75%	-1.05%	-2.08%	-2.62%	-0.43%	3.28%	4.34%	5.26%
Benchmark	0.54%	1.75%	3.49%	4.59%	6.83%	6.50%	6.26%	5.92%
Out-Performance <sup>2</sup>	-129 bps	-280 bps	-557 bps	-721 bps	-726 bps	-322 bps	-192 bps	-65 bps

<sup>1</sup> The performance figures assume the reinvestment of all income and are calculated gross of fees and charges.

<sup>2</sup> Out-performance represents the difference between gross return and the return of the benchmark.

Past performance is not a reliable indicator of future performance.

Rounding used in the presentation of returns may result in minor addition errors.

- The Fund managed \$312,883,779 in assets at the end of February.
- The Fund's credit duration dipped to 3.8 years from 3.9 years and the running yield rose to 175 basis points (bps) from 156 bps. The S&P credit score at the end of the quarter was (data not available at present). (The maximum allowable for the Fund is 90).
- Credit spreads were pressured by the ongoing unwinding of leverage in the financial markets through February, with structured instruments that have market value triggers coming under further pressure as asset values continued to decline. These included structured investment vehicles (SIVs) reaching unwind trigger levels which saw the SIV managed by Standard and Chartered go into receivership through the month, whilst Citigroup decided to support their SIVs with an injection of additional capital. Other instruments rumoured to be close to unwinding included constant proportion debt obligations (CPDOs) and constant proportion portfolio insurance (CPPIs) that typically reference the credit indices (European iTraxx and US CDX). The threat of the unwinding of these instruments saw the credit spreads of the indices push wider through the month.
- Market sentiment through the month was volatile as deadlines imposed by credit ratings agencies on monoline insurers to raise capital drew to a close and rumours abounded. Monoline insurers had been required by the ratings agencies to raise capital to support their AAA credit ratings following losses associated with the US subprime mortgage market woes. These insurers have been seen as a critical cog in the financial market system stability given the heavy reliance of financial institutions on the AAA ratings. Another large wave of writedowns at financial institutions are expected if the AAA ratings on the monoline insurers are lost. The two largest monoline insurers, AMBAC and MBIA, were successful in putting together plans to raise capital and have their AAA credit ratings affirmed by the end of the month however the ratings agencies maintain negative outlooks on their credit quality and question marks remain over the future shape of their businesses. The fund has approximately 10.5% exposure to monoline insured bonds.
- Each of the ratings agencies placed a large number of Australian prime residential mortgage backed securities (RMBS) on review for downgrade through the month. This was due to the reliance of the credit ratings of these structures on the credit rating of the lenders mortgage insurance (LMI) providers. The LMI providers have come under pressure due to the US subprime mortgage

crisis that has caused a surge in claims and a depletion of capital reserves. Most senior tranches are expected to maintain their ratings whilst the subordinated tranches linked to LMI are likely to face downgrades. The fund has approximately 7% exposure to securities that include LMI as a structural enhancement.

- The UK Government moved to temporarily nationalise troubled bank Northern Rock following the rejection of bids by Virgin and the Northern Rock management team due to their belief that they did not offer value to the taxpayer and concerns over financial market stability. The government guarantee for deposits and senior unsecured debt will remain in place during the current market instability and is likely to remain in place until ownership reverts back into public hands. The Fund has no exposure to Northern Rock.
- The prolonged crisis in the credit markets continues to evolve and cause stress on leveraged structures. Credit markets have become highly illiquid with no new supply (outside of short dated banks and highly rated supranational bonds) able to come to the market with investors sitting nervously on the sidelines. Whilst the large financial institutions that the Fund has significant exposures to have seen a widening of credit spreads these institutions as a whole remain well positioned to weather the storm with robust capital positions and a proven ability to raise additional capital when required through this crisis. Volatility is expected to characterise the financial markets over the near term with confidence to return to the market when financial market participants believe that financial institutions have a handle on their exposures and the large unexpected writedowns slowdown.

## Aberdeen Income Fund



## Investment objective

To outperform the benchmark, the UBS Australian Bank Bill Index, after fees, over rolling twelve month periods.

## Performance summary

	1 Month %	3 Months %	6 months %	1 Year %	3 Years %pa	Since Inception <sup>^</sup> %pa
<b>Income Fund</b>						
Net returns*	-0.38	-0.44	0.31	2.85	5.00	5.18
<b>Income Fund</b>						
Gross returns**	-0.34	-0.32	0.56	3.37	5.53	5.71
<b>UBS Australian Bank Bill</b>						
Index returns	0.54	1.75	3.49	6.83	6.26	6.12
<b>Net returns* vs Index</b>	-0.92	-2.19	-3.18	-3.98	-1.26	-0.94
<b>Gross returns** vs Index</b>	-0.88	-2.07	-2.93	-3.46	-0.73	-0.41

\* Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.

\*\* Gross Performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors. Retail investors should refer to net returns.

<sup>^</sup> This figure represents the annualised performance of the Fund from the first full month of operation.

## Market review

Over the month the Australian ten-year bond rate rose 2 basis points to close at 6.21%, while the three-year bond finished 10 basis points higher at 6.63%. The spread between Australian and US bond yields widened further over February, closing the month at 254 basis points.

Domestic bond markets were once again influenced by a mix of domestic and international economic data. As widely expected, the RBA raised rates by 25 basis points during the period. The statement accompanying the announcement surprised the market with the extent of its hawkish tone and this was further reinforced by the quarterly monetary policy statement. The bank warned that "monetary policy is likely to need to be tighter in the period ahead". A further fall in local unemployment to 4.1% saw the market factor in two further 25 basis point rate hikes in the coming months.

In the US, markets overlooked weak economic data at the beginning of the month amid the confidence of the 125 basis point cut delivered at the end of January. However this was short lived as a string of weak economic releases including Philly Fed index, PMI and consumer confidence data followed and the US Federal Reserve ('the Fed') sounded ever more concerned about the state of the US economy. As a result, US rates fell over the second half of February to finish the month largely unchanged at 3.67%.

Credit markets continue to come to terms with events set in motion by the sub-prime crisis. Over the past few years a shadow banking system has emerged that includes various leveraged vehicles that were buying high rated credit assets such as bank bonds and mortgage backed securities. As a result of the credit crisis and the reducing capital price of their assets, many of these vehicles are being forced to unwind and sell down these assets. The problem this creates is a huge increase in supply to the market from the levered vehicles but with un-leveraged investors unable to absorb the excess supply. The result is spreads widening, and in such an environment, any negative news is triggering spreads to widen further. During February spreads reacted to a combination of weak economic data which indicated that the US could be heading for a recession or a stagflationary period. There is also continued uncertainty over the fate of the monoline insurers, and fears of forced unwinding of CDOs and other structured products brought about by the events of the last nine months.

The monoline insurers continued to be a major driver of spreads and market sentiment during February. At present Moody's and S&P have given MBIA and Ambac some breathing space to raise further capital and have affirmed their AAA ratings, albeit with negative outlooks/watch placements. Both companies have either raised or are in the process of raising capital to retain their AAA ratings. However continuing collateral performance weakness in the sub-prime and Alt A sub-sectors of the US mortgage market suggests that pressure will continue to impact the monolines' capital bases. Their ratings may still be under threat allowing the market uncertainty to continue.

February saw a number of large European banks report their full year 2007 results. For some, such as Barclays and Royal Bank of Scotland, investors' worst fears were not realised and writedowns were manageable in the context of overall group profitability. Separately, AIG announced that it had been cited by it's auditors for a lack of control in it's super senior CDS portfolio reporting. This resulted in all the rating agencies putting their ratings on negative outlook. During the month \$8.2bn in bonds was issued, however there was little buying on the part of fund managers. Issuance remains limited to supranationals and senior bank debt.

## Portfolio structure

	Fund %	B/mark %
Bank bills/deposits	0.00	100
Corporate securities	62.46	0.00
Asset backed notes	31.89	0.00
Hybrid securities	3.66	0.00
Cash	1.99	0.00

## Index tracking

	Fund %	B/mark %
Average Credit rating	A-	
Average yield	9.35	7.59
Duration (days)	-10.3	42.0

## Maturity profile

	Fund %	B/mark %
0 - 90 days	0.99	92.31
90 - 180 days	0.00	7.69
180 days - 1 year	5.72	0.00
1 - 3 years	43.68	0.00
3 - 5 years	25.53	0.00
5 - 7 years	14.24	0.00
7 - 10 years	7.66	0.00
10 years plus	2.19	0.00

## Credit rating profile

	Fund %
<b>Long term</b>	
AAA	16.13
AA+ to AA-	26.00
A+ to A-	30.47
BBB+ to BBB-	18.87
<b>Short term</b>	
A1+	1.98
A1	1.93
A2	0.99
A3	3.66

## Further information

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# Aberdeen Income Fund

## Performance review

Over the month the fund underperformed the index by 88 basis points with credit spread widening being the major cause. Global financials again drove the majority of the portfolio's underperformance whilst Australian mortgage-backed securities assets also detracted. The revaluation has been converted into a higher running yield on the Fund which will come through in improved performance once credit spreads stabilise. The running yield at month end was 173 basis points over the bank bill yield of 7.59%.

## Market outlook

At present the US Federal Reserve appears to be driven by two competing needs. First, the need to reassure markets that it will act pre-emptively to ensure the banking system is sound and off-set the extreme conditions in credit markets. Second, the need to give the impression that cuts in monetary policy will not cause resurgence in inflation. So far the concerns about the down-side risk to growth, dysfunctional credit markets and problems with the banking system have outweighed concerns about inflation. At present the market is expecting Fed funds to fall to 2%. However if the Fed is unable to drag LIBOR rates, mortgage rates and credit spreads lower, further cuts below 2% will be justified.

On the domestic front, economic activity has remained resilient in the face of multiple monetary policy tightenings throughout 2006/07. The labour market and capacity utilisation remain extremely tight and the outlook for domestic growth is still strong, but there is clear evidence of upward pressure on inflation. As expected, the RBA delivered a further 25 basis point tightening at the March meeting, however the slightly toned down nature of the accompanying statement due to the deteriorating global backdrop, now leads us to believe the RBA is coming close to the end of this tightening cycle. Future economic releases, in particular labour force and the April CPI releases, will determine whether the RBA will deliver any further rate hikes. The outlook for credit markets remains very uncertain as the economic impact of the ongoing credit crunch continues to play out. The fate of the US monoline insurers was seen as being very important for market sentiment. However the slow response by MBIA and Ambac, as well as the relatively small amount of capital raised by them, meant their rating affirmation did little to improve market sentiment. One positive note is that, for the time being, they remain AAA rated, thus preventing another raft of significant writedowns by the banks. Spreads remain dependent on data impacting forecasts for a US recession and with first quarter 2008 reporting approaching in the US, markets are starting to speculate on the size of writedowns again. Going forward, we expect continued volatility in credit markets. The markets continue to widen on any bad economic data in the US. However, spreads are not far off levels where they are attractive to an equity investor, let alone a bond investor, and unless defaults increase significantly in the short term then spreads will start to find a floor.

## Fund strategy

There is a growing view that the US economy will fall into recession in 2008. This could see the Fed funds rate fall to below 2% and in turn push US bond yields lower. While domestically the focus will remain on the actions of the RBA, we don't believe that will be enough to offset the impact of any US led rally. We believe the domestic market will begin to focus on the deteriorating global outlook which will drive domestic rates lower.

We expect the yield curve to remain inverted for the majority of 2008 but the slightly more dovish statement accompanying the March rate hike, increases the chance the curve could move into positive territory over the year.

In the credit sector, we are overweight in financial issuers and mortgage-backed security assets. These two sectors have borne the brunt of spread widening and we believe there is some good value in certain names. Spreads have reached levels that we do not think match the fundamental outlook for the sector. Undoubtedly, there is a risk of more volatility and adverse news through the first half of 2008 and additional modest rating downgrades are also a possibility. In the medium term however, financial assets have never been this cheap compared to regular corporates. The highest-quality mortgage-backed security assets also look very attractive for the longer-term investor, despite their present lack of liquidity, as their fundamental attributes are sound.

Our preference is to maintain these overweight positions and focus closely on selecting the correct issuer but so far, the lack of market liquidity has prevented us from executing some attractive trades.

## Important information

This document has been prepared by Aberdeen Fund Managers Australia Limited ABN 11 076 098 596, AFSL No 238165.

This is not an offer of securities or financial products, nor is it financial product advice. The Fund referred to is a registered managed investment scheme managed by Aberdeen Fund Managers Australia Limited. A Product Disclosure Statement (PDS) is available for the Fund and can be obtained by calling Aberdeen Client Services on 1800 636 888, online at [www.aberdeenasset.com.au](http://www.aberdeenasset.com.au), or from your financial adviser. Applications can only be made on the application form contained in the current PDS. This document has been prepared without taking account of your individual objectives, financial situation or needs. You should obtain and consider the PDS before deciding whether to acquire, or to continue to hold units in the Fund.

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Although non-Fund specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness. Any performance forecasts are not promises of future performance and are not guaranteed. Opinions expressed may change. All dollars are Australian dollars unless otherwise specified. All indices are copyrighted by and proprietary to the issuer.

## Key information

APIR Code	MGL0007AU
Benchmark	UBS Australian Bank Bill Index
Date of Launch	1 July 2004
Income Payable	31 March, 30 June, 30 September and 31 December
Estimated MER	0.50%
Fund Size	A\$124.9 m
Redemption Unit Price	0.9829



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## COMPANION ANIMALS ADVISORY COMMITTEE - MINUTES OF 28 FEBRUARY 2008

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### EXECUTIVE SUMMARY

<b>PURPOSE OF REPORT:</b>	To submit the Minutes of the Companion Animals Advisory Committee meeting of 28 February 2008.
<b>BACKGROUND:</b>	The role of the Companion Animals Advisory Committee is to provide resident and professional advice to Council on relevant matters relating to the management of companion animals (dogs and cats) within Ku-ring-gai
<b>COMMENTS:</b>	At its recent meeting, the Companion Animals Advisory Committee discussed; provision of dog waste bins and bag dispensers; review of dog off leash activity at Acron Oval; inaugural annual review of Ku-ring-gai's Companion Animal Management Plan 2006-2011; results of tender for animal impound services; nuisance barking dogs, Turramurra Memorial Park off leash areas and upcoming events including "Colour Your Canine" and "Pets Day Out"
<b>RECOMMENDATION:</b>	That the Minutes of the Companion Animals Advisory Committee Meeting of 28 February 2008 be received and noted.

## PURPOSE OF REPORT

To submit the minutes of the Companion Animals Advisory Committee meeting of 28 February 2008.

## BACKGROUND

The role of the Companion Animals Advisory Committee is to provide resident and professional advice to Council on relevant matters relating to the management of companion animals (dogs and cats) within Ku-ring-gai.

The Committee met on 28 February 2008 and a copy of the minutes is attached for the information of Council.

## COMMENTS

At its recent meeting the Companion Animals Advisory Committee:

- discussed the provision of dog waste bins and bag dispensers;
- reviewed the off leash activity at Acron Oval;
- made comment on the inaugural review of the Companion Animals Management Plan 2006-2011;
- considered the results of the recent tender for the animal pound service provision;
- supported the formation of a working party to establish guideline criteria for barking dog complaints;
- considered Turramurra Memorial Park's master plan in respect of off leash area provision and;
- discussed the upcoming events for dogs and their owners, being "Colour Your Canine" on 13 March 2008 and "Dogs Day Out" on 25 May 2008.

Minutes of the meeting are attached for the consideration of Council.

## CONSULTATION

The Committee is a consultative forum, representing the interests of both pet owners and non-pet owning residents within Ku-ring-gai. The Committee membership includes a practising local veterinarian and an animal behaviour specialist.

## FINANCIAL CONSIDERATIONS

The Committee's recommendations on the fencing of the cattle rings at St Ives Showground may require funding from Council's capital works programme; however grant monies are available from the NSW Department of Gaming, Racing, Sport and Recreation.

## CONSULTATION

The Committee is a consultative forum representing the interests of both pet owners and non-pet owning residents within Ku-ring-gai. The Committee membership includes a practising local veterinarian and an animal behaviour specialist.

## CONSULTATION WITH OTHER COUNCIL DEPARTMENT

Ongoing consultation is required with the Manager Open Space in relation to dog waste bins and off leash activities in parklands and Council's Sport and Recreation Planner is active in regard to the monitoring of dog off-leash areas on sporting ovals together with the planning of new facilities and upgrade of existing facilities.

## SUMMARY

The inaugural review of the Companion Animal Management Plan was the major deliberation of the committee's meeting, the committee endorsing the report as previously circulated, calling for only minor rewording of suggested recommendations. This review will be subject to a separate report to Council.

Acron Oval off leash arrangements was also considered, with all indications to date suggesting that the facility was operating satisfactorily. The current programme of installing dog waste bins and bag dispensers was progressing well, with Acron Oval and Golden Jubilee Park expected to be completed by months end. Thornleigh Veterinary Hospital was endorsed by the Committee as a suitable provider for Council's impounding services, committee members signalling their satisfaction with the standard of service over recent years. Fencing of the St Ives Cattle rings, so as to provide a local off leash training facility also continued to gain support. Councillor Hall, tabling documentation for a monetary grant available to assist with the cost of the improvements. Barking Dog complaints received at Council continue to grow, with over 270 complaints received in the past year. Accordingly, a working party of interested committee members is to be established to develop objective criteria against which nuisance barking may be assessed.

Routine matters included discussion of ongoing planning for dog based community events – "Colour Your Canine" and "Dogs Day Out."

## RECOMMENDATION

- A That the Minutes of the Companion Animals Advisory Committee Meeting of Thursday 28 February 2008 be received and noted.

Item 2

**S02452**  
**10 March 2008**

- B. That Council, in partnership with the Northern Suburbs Dog Training Club, pursue an application for a monetary grant in the 2007-2008 Regional Sports Facility Program to assist with the cost of fencing the St Ives cattle rings , so as to provide a fully fenced off leash training facility.
- C. That Council continue its arrangement with Thornleigh Veterinary Hospital as its companion animals impounding contractor, the current monthly rate of \$4125 + GST being set until 30 June 2009 at which time the charge will be reviewed.
- D. That a working party of interested Committee members and staff be set up to develop objective criteria against which nuisance barking may be assessed.

Anne Seaton  
**Manager Regulation & Compliance**

Michael Miocic  
**Director Development & Regulation**

**Attachments:       Minutes of Meeting 28 February 2008 - 907317**

**Minutes of meeting  
Companion Animals Advisory Committee  
Meeting held 28 February 2008 commencing at 6.35pm**

**Present**

Cr Tony Hall (Chair)  
Ms Beryl Anderson  
Ms Jenny Daniel  
Dr Michael Eaton  
Ms Sandra Fry  
Ms Sue Hutchins  
Dr Joanne Righetti

**Staff present**

Ms Anne Seaton, Manager Compliance & Regulation  
Mr Matthew Drago, Manager Open Space Services  
Dr Paul Hopwood, Companion Animal Management Officer

**Invited observer**

Mr Steve Zdesnik (arrived 7.10pm)

**CAAC 230 Apologies**

Mayor, Cr Nick Ebbeck  
Ms Barbara Bessen  
Dr Susan Thomas

Cr Hall (Chair) opened the meeting at 6.35pm.

**Recommendations:**

That the apologies for non-attendance be accepted.

Welcome to Dr Susan Thomas be deferred to the next meeting of Committee, scheduled for 24 April 2008, and in lieu Dr Thomas' partner be invited as an observer to the meeting.

Moved Ms Sandra Fry  
Seconded Ms Beryl Anderson

**CAAC 231 Declaration of pecuniary interest**

Nil

**CAAC 232 minutes of meeting 29 November 2007**

The minutes were adopted.

Moved Ms Sandra Fry  
Seconded Ms Sue Hutchins

## **CAAC 233 Matters arising from the minutes**

### **CAAC 233.1 Fencing of cattle rings, St Ives Showground**

Cr Hall discussed funding issues re the fencing of the cattle rings at the St Ives Showground. Cr Hall advised he had met with members of the Northern Suburbs Dog Training Club and the Hon. Jonathon O'Dea, M.P. for Davidson on site. Mr O'Dea suggested that grant monies may be available from the Minister for Sport and Recreation to assist with the fencing of the cattle rings. Cr Hall the tabled an application form for grant monies.

#### **Recommendation**

That Council and the Northern Suburbs Dog Training Club pursue an application for a monetary grant in the 2007-08 Regional Sports Facility Program to assist with the cost of fencing the St Ives cattle rings, so as to provide a fully fenced off leash training facility.

Moved            Ms Sandra Fry  
Seconded       Ms Sue Hutchins

### **CAAC 234 Implementation of programme to supply dog waste bins and bag dispensers at off leash areas**

Matthew Drago, Manager Open Space Services, reported on the provision of dog waste bins and bag dispensers at off leash dog areas. Bag dispensers have been purchased and installed at Killara Park, St Ives Showground and Kissing Point Village Green. Installation of bag dispensers at Golden Jubilee Oval and Acron Oval should be complete by end of February 2008. Biodegradable cornstarch bags are in use (supplied by The Dog Tidy Company at \$6/roll of 100 bags). Overall usage and compliance will be monitored and relevant information will be included in a report to Council in September 2008. Committee member Ms Sandra Fry reported that she had received positive feedback from many community members about the new facilities.

#### **Recommendation**

That the Companion Animals Advisory Committee receives and notes the report.

Cr Hall moved that a motion of appreciation be extended to Matthew Drago and fellow staff.

The motion was unanimously supported by all present.

### **CAAC 235 Acron Oval update**

Roger Faulkner, Sport and Recreational Planner, and Dr Paul Hopwood, Companion Animal Management Officer, reported that new signage had been erected at 3 locations near entrances to the oval. The new signs designate the status of the oval and the on leash requirements when organised sporting activities are in progress.

Officer Hopwood reported that the oval when inspected recently had zero faecal contamination upon it and that dog control was generally satisfactory, this was attributed to the active dog user group at the oval. Mathew Drago, Manager Open Space reported that operationally there are still some problems with damage of the turf wicket by dogs.

Staff of Strategy Department is aware of the need to supply to Council a formal report on the implementation of the oval as a shared leash free facility. This will be prepared in coming months. The report is to include feedback from both the Lindfield District Cricket Club and St Ives Junior AFL Club, together with results from a formal survey of local residents.

### **Recommendation**

That the report be received.

Moved	Michael Eaton	
Seconded	Sandra Fry	- Unanimous

### **CAAC 236      Review of Companion Animal Management Plan 2006-2011**

The inaugural annual review of Ku-ring-gai's Companion Animal Management Plan 2006-11 was presented by Anne Seaton, Manager Compliance and Regulation, and Dr Paul Hopwood, Companion Animal Management Officer. Updated statistics were provided on each key area of the Management Plan, each strategic action in the Management Plan was reviewed and recommendations for modification to the plan made.

Committee member, Ms Sandra Fry expressed concern in relation to animals such as pet rabbits. Dr Hopwood advised that companion animals are defined by the Companion Animals Act 1998 to be dogs and cats only.

### **Recommendations**

1. That the Committee receive and note the draft report detailing the inaugural review of Council's Companion Animals Management Plan 2006-2011 and in doing so support its submission to Council in coming weeks.
  - 1.1 That Ku-ring-gai reviews existing best practice codes, developed by other authorities in relation to the keeping of animals other than companion animals within the local area, with the goal being to adopt these codes, where applicable, rather than developing new ones.
  - 1.2 That Ku-ring-gai Council liaise with and utilise the professional and community services already available for nuisance, sick and/or injured wildlife rather than develop its own in-house programmes.
  - 1.3 That Ranger Services and Companion Animals Management Officer maintain an active involvement with Council's Bushland staff in respect of pest species (foxes, minor birds, rabbits, goats, cats.)

- 1.4 That a multi-departmental staff working party be established to make recommendations for procedures and policies for animals other than cats and dogs.

Moved Beryl Anderson  
Seconded Sandra Fry - Unanimous

#### **CAAC 237 Results of Tender for animal impounding service provider**

Advertisements were placed in the Sydney Morning Herald and a local newspaper seeking quotations for an animal impounding service provider. Additionally, local businesses that were considered to have the capacity to provide an impounding service within and near Ku-ring-gai were identified and invited to submit a quotation for service. Council received just one submission, that being from Thornleigh Veterinary Hospital, our current service provider.

Thornleigh Veterinary Hospital has provided a high quality service over recent years. The current call for Tenders was to ensure that Council was receiving the best available, cost effective service possible.

#### **Recommendation**

That Council continue its arrangement with Thornleigh Veterinary Hospital as its companion animals impounding contractor, the current monthly rate of \$4125 + GST being set until 30 June 2009 at which time the charge will be reviewed.

Moved Sandra Fry  
Seconded Sue Hutchins - Unanimous

#### **CAAC 238 Development of standard operating procedures for barking dogs.**

Council Rangers require objective criteria against which the barking of a dog may be assessed to determine if that barking is normal and reasonable or nuisance barking in terms of the Companion Animals Act 1998.

#### **Recommendation**

1. A working party be set up to develop objective criteria against which nuisance barking may be assessed.
2. The working party be comprised of Ms Anne Seaton, Dr Paul Hopwood, Dr Joanne Righetti, Ms Sandra Fry and Ms Beryl Anderson

Moved Cr Tony Hall  
Seconded Dr Michael Eaton



### **CAAC 239 Colour Your canine event**

Anne Seaton, Manager Compliance and Regulation, reminded Committee members of the Leukaemia Foundation's Colour Your Canine event to be held 13 March 3-6pm at St Ives Showground.

Committee members were encouraged to publicise the event through their own networks.

#### **Recommendation**

That the information be received.

Unanimous

### **CAAC 240 Pets Day Out Event**

Paul Hopwood, Companion Animals Management Officer, updated the Committee on progress with Dogs Day Out 08 to be held at St Ives Showground Sunday 25 May 2008. The theme is picnic races and the highlight race will be the Mayor's Cup.

#### **Recommendation**

That the report be received.

Unanimous

### **CAAC 241 Development of Turramurra Memorial Park off leash options**

Roger Faulkner, Council's Sport and Recreation Planner, submitted an options paper for the development of Turramurra Memorial Park dog off leash facilities. The options paper was prepared after the development of an October 2007 master plan and revision of this plan after second stage community consultation held in February 2008.

Of the four options presented to the Committee, the option to "fence the existing dog off-leash area at Karuah Park" attracted the initial support from committee members. Manger of Open Space, Mathew Drago suggested that pruning of the tree canopy could assist in improving the facility, as it would provide more optimum growing conditions for turf and allow better sunlight penetration. .

Alternative views included, closing the Karuah Park off leash and not developing an off leash area at Turramurra Memorial Park. Several Committee members felt they were not in a position to make a recommendation until they had visited the site.

#### **Recommendation**

That the Companion Animals Advisory Committee members view the site and then make their views known to the Manager of Compliance & Regulation , Anne Seaton no latter than Friday 7 March 2008.

Moved        Sandra Fry  
Seconded    Sue Hutchins

**CAAC 242      General business**

On a request from Beryl Anderson, it was recommended that Council's animal pound be included within Council's telephone directory listing.

**Next Meeting**        Thursday 24 April 2008

Cr Hall thanked the members of the Committee for their attendance and closed the meeting at 8.10pm

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## **COMPANION ANIMALS PLAN 2006 TO 2011 - INAUGURAL REVIEW**

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### **EXECUTIVE SUMMARY**

**PURPOSE OF REPORT:**

To review implementation of Ku-ring-gai's Companion Animal Management Plan 2006-2011. The review provides updated statistics on each key area within the Plan, identifies the implementation status of each strategic action within the Plan and makes recommendations for modifications to the Management Plan.

**BACKGROUND:**

The Companion Animal Management Plan was adopted in March 2006. It was developed in co-operation with the Companion Animals Advisory Committee to facilitate the management of companion animals (dogs and cats) within Ku-ring-gai.

**COMMENTS:**

Implementation of the Plan has generally progressed in accordance with the adopted timeframes.

**RECOMMENDATION:**

That the recommendations contained within this report be adopted.

## PURPOSE OF REPORT

To review implementation of Ku-ring-gai's Companion Animal Management Plan 2006-2011. The review provides updated statistics on each key area within the Plan, identifies the implementation status of each strategic action within the Plan and makes recommendations for modifications to the Management Plan.

## BACKGROUND

The Companion Animal Management Plan was developed to facilitate the management of companion animals within Ku-ring-gai. The Plan was developed by Council in response to a recommendation from the NSW Department of Local Government that local Council's develop management plans to facilitate the administration of the requirements of the NSW Companion Animals Act 1998. Ku-ring-gai's Plan was adopted in March 2006 and is a five year management plan, subject to annual review.

This is the inaugural review.

The Management Plan contains strategic actions designed to produce agreed outcomes that are to be measured against stated performance indicators. The strategic actions may be grouped into four broad action areas which are community services, environmental protection, education and compliance.

The Management Plan requires that statistics be kept on a monthly and annual basis. Additionally, key areas and specific programmes within the Plan are to be evaluated. The seven key areas of the Plan are;

- total number of animal complaints received by Council
- companion animal registration
- animals seized
- dog attacks
- roaming dogs
- barking dogs
- leash free areas

This review

- provides updated statistics on each key area within the Management Plan
- identifies the implementation status of each strategic action in the Management Plan
- makes recommendations for modification of the Management Plan

Item 3

S03449  
10 March 2008

Statistics

	1 Jan 96 - 8 Jun 05				1 Jan 96 - 31 Dec 07		
	Dogs	Cats	Total		Dogs	Cats	Total
Total number of animals	13,147	4,049	17,219	Total number of animals*	12,111	3,952	16,063
Animals identified only	3,414	2,073	5,487	Animals registered	11,128	3,373	14,501
Animals not registered	2,597	1,377	3,974	Animals not registered	983	579	1,562
Percentage registered	74.21%	48.80%	68.13%	Percentage registered	91.88%	85.35%	90.28%

(\*over 6 months of age)

Customer Request System					
	02/03	03/04	04/05	05/06	06/07
Dog attack	*	*	*	31	61
Aggressive dog	133	111	106	6	0
Pick up dog	351	299	240	151	166
Stray roaming dog	*	*	*	72	69
Nuisance roaming dog	*	*	*	127	172
Barking dog	236	235	243	231	279
Companion animal	61	39	37	125	41
Dead animal - domestic	0	1	38	21	15
Other	315	197	198	150	153
Total complaints	1096	882	862	914	956

(\*accurate figures not available)

Table 1. Numbers of dogs and cats in the Ku-ring-gai local government area June 05 and December 07.

Caution needs to be exercised in drawing conclusions on trends in overall pet numbers in Ku-ring-gai. Table 1 indicates a 7% drop in total identified companion animals from 17,219 to 16,063 between June 05 and December 07. There is some evidence to indicate that registered animals moving out of the Ku-ring-gai area are recorded more consistently on the Companion Animal Register than animals moving into Ku-ring-gai. Care needs to be taken in interpretation of the data.

Table 2. Complaints lodged with Council re animal control matters from 02/03 to 06/07.

Analysis of the above Table 2 shows that the overall number of complaints received by Council has been reasonably stable over the past five years. It also shows that the percentage of registered companion animals has increased from 68% in 2005 to 90% in 2007. This is a direct result of our active program in

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following up owners of cats and dogs where the animal has been identified with a microchip but not registered.

## Status of strategic actions identified in the Management Plan

Action	Status	Comment
Ku-ring-gai Companion Animal Management Plan 2006-11	Adopted in March 2006	Operational in the areas of community services, education, ranger services and environmental protection
Companion Animal Advisory Committee	Established	Membership includes 11 residents plus 2 Councillors. Vacancies for 3 resident members currently exist.
Pets day out Colour your canine	Ongoing	Pets Day Out 06 held on 28 May 06. Pets Day Out 08 scheduled for 25 May 2008. Colour your Canine held March 2007 and scheduled 13 March 2008.
Upgrade of Ku-ring-gai dog off-leash facilities	Ongoing	20 dog off-leash areas established in Ku-ring-gai.  Identification of areas for priority upgrades ongoing.  Annual upgrade budget \$20-30k. Priority upgrade item is fencing of off-leashing training facility at St Ives Showground.  Trial off leash areas confirmed include Acron, Warrimoo and Bert Oldfield.  Toolang removed from off-leash status.
Relationships developed with animal welfare organisations	Established	Animal welfare groups have a representative member on the Companion Animal Advisory Committee
School programme on companion animals and companion animal safety	Established	Presentations given by the Companion Animal Management Officer to primary school students.  Council handbook for pet owners distributed.

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Action	Status	Comment
Companion animal fact sheets	Published	Five fact sheets on companion animals available at Council and through main and branch libraries. Additional fact sheets will be developed over the life of the plan.
Pet owners handbook	Published	Available at Council and through main and branch libraries. Pound contact information has been updated.
Companion animal information website	Published	Available at <a href="http://www.kmc.ov.au">www.kmc. ov.au</a> .
Job descriptions for Area Rangers and Companion Animal Management Officer	Established	Operational outputs have been established for each job description.
Standard operating procedures for Area Rangers and Companion Animals Management Officer.	Established	SOPS for searching the NSW Companion animal register, declaring a dog dangerous or restricted, and handling complaints re dog attack, dog barking, roaming, seizure, nuisance and nuisance cats have been developed and are now operational.
Continuing education for Area Rangers and Companion Animals Management Officer.	Implemented	Officers attend courses such as those conducted by Dogs NSW. Tutorials given by veterinarians and expert dog handlers.
Pound service of high standard and with an animal re-homing focus	Ongoing	Thornleigh Animal Hospital is the pound service provider to Ku-ring-gai. It provides a high quality service and is veterinary supervised.

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Action	Status	Comment
Encourage companion animal owners to minimise impacts on wildlife	Ongoing	Education through handbook and facts sheets. Enforcement of on leash legislation.
Establish a customer service, computer based, list of frequently asked questions	Established  Council's new intranet service will facilitate access to the information	The FAQs have been compiled and are on the Council's N drive.
Attend Council's Unite for Pets meetings	Ongoing	Maintain representation .
Develop Council code of practice for animals other than companion animals kept in the Ku-ring-gai local government area	Not developed	Recommend the adoption of existing codes drawn up by external recognised animal management authorities.
Ensure all companion animals are registered	Ongoing- annual targets achieved.	The CAMP target of 85% for registered companion animals in 06/07 was achieved. Currently registrations are 90.3% of identified animals which is the CAMP target level for 08/09. It is not possible to achieve a 100% registration rate.
Adopt a wildlife response program for nuisance sick and/or injured wildlife	Not implemented	Recommend that external professional and community wildlife response programmes be adopted by Ku-ring-gai Council.
Develop a response data base for wildlife problems	Not implemented	List of relevant external contact organisations be upgraded/expanded on Council intranet for use by Customer Service personnel.



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Provide effective control of feral cats, rabbits and foxes	Partial implementation	Cat pickups are necessary for trapped feral cats to ensure that the cat does not have a microchip and is in fact feral. Rabbits and foxes are not companion animals and are dealt with by staff in Operations.
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## CONSULTATION

The draft review was tabled at the 28 February 2008 meeting of the Companion Animals Advisory Committee. The Committee endorsed and noted the report and in doing so supported its submission to full Council.

There was some discussion over the definition of companion animals under the Companion Animals Act 1998 (dogs and cats) and the need for Council to consider other animal species kept as pets, such as rabbits.

## FINANCIAL CONSIDERATIONS

The recommendations of the review are budgetary neutral.

## CONSULTATION WITH OTHER COUNCIL DEPARTMENTS

Key strategic actions have been discussed with staff from Open Space Services and Sport and Recreation Planning

## SUMMARY

Ku-ring-gai's Companion Animals Management Plan has now been in operation for over 12 months. The task of implementing the Plan falls mainly to the Ranger Services Group, within the Department of Development and Regulation.

Areas in the Ku-ring-gai CAMP that are operating well include community services and education. Significant outcomes have already been achieved. Ku-ring-gai has established a comparatively large number (20) of off-leash dog areas. Quality companion animal information is available in a handbook, five fact sheets and extensive web page information. Significant community events include Dogs Day Out and Colour Your Canine. The schools education programme is effective in making younger school age children aware of issues in keeping companion animals and the dangers of dog attacks.

Certain areas of the Ku-ring-gai Companion Animals Management Plan, while operational, are undergoing development or as yet are to become operational. Strategic actions in these categories include Management Plan intentions to:

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- develop a council code of practice for people wishing to keep animals other than companion animals within the municipality
- adopt a wildlife response program for nuisance, sick and/or injured wildlife
- develop a response data base for wildlife problems

After careful consideration of these actions, it is recommended that amendments be made to these actions so as to better align them within the Council's resource base. Accordingly, the following strategic actions are recommended for endorsement and inclusion in Council's Companion Animals Management Plan 2006-2011

- *That Ku-ring-gai Council reviews existing best practice codes, developed by other authorities in relation to the keeping of animals other than companion animals within the local area, with the goal being to adopt these codes rather than developing new ones.*

Rationale: Excellent Codes of Practice for the keeping of both domestic and exotic species of animal have been developed by recognised authorities. Ku-ring-gai Council may be best served by adopting an existing best practice Code, subject to the Code complying with all relevant State and Federal legislation including Prevention of Cruelty to Animals Act 1979, National Parks and Wildlife Act 1974, the Exhibited Animals Protection Act 1986 and the Local Government Act 1993. It is understood that the keeping of any animal other than companion animals within Ku-ring-gai should not give rise to any nuisance to neighbours.

- *That Ku-ring-gai liaise with and utilise the professional and community services already available for nuisance, sick and/or injured wildlife rather than develop its own in-house programmes.*

Rationale: Rather than duplicate existing wildlife services within Ku-ring-gai, Council may achieve more efficient outcomes by supporting in kind the activities of other community organisations involved with nuisance, sick and/or injured wildlife. To achieve this end, Council may best develop a data base of relevant community groups with expertise in wildlife matters. This information needs to be available to Customer Service.

- *That Ranger Services and the Companion Animal Management Officer maintain an active involvement with Council's Bushland staff in respect of management and control of pest species (foxes, minor birds, rabbits, goats, cats.)*

Rationale: Whereas pest and nuisance animals, for example foxes and rabbits may best be dealt with in Operations there is a need to maintain a Ranger Services companion animal input in dealing with feral cats. The need being the formal identification of a cat i.e. is the cat a roaming, domestic, micro-chipped and registered cat with an identifiable owner or is it truly feral.

- *That a multi-departmental staff working party be established to make recommendations for procedures and policies for animals other than cats and dogs.*

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Rationale: Significant expertise is available to Council through staff in a number of departments. A multi-departmental working party may be the best mechanism to advise on policy and protocols.

## **RECOMMENDATION**

1. That the inaugural review of Council's Companion Animal Management Plan 2006-2011 be received.
2. That Ku-ring-gai Council reviews existing best practice codes, developed by other authorities in relation to the keeping of animals other than companion animals within the local area, with the goal being to adopt these codes rather than developing new ones.
3. That Ku-ring-gai Council liaise with and utilise the professional and community services already available for nuisance, sick and/or injured wildlife rather than develop its own in-house programmes.
4. That Ranger Services and the Companion Animal Management Officer maintain an active involvement with Council's Bushland staff in respect of management and control of pest species (foxes, minor birds, rabbits, goats, cats.)
5. That a multi-departmental staff working party be established to make recommendations for procedures and policies for animals other than cats and dogs.

Dr Paul Hopwood  
**Companion Animal  
Management Officer**

Anne Seaton  
**Manager Regulation  
& Compliance**

Michael Miocic  
**Director Development &  
Regulation**

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## **BUSHLAND, CATCHMENTS & NATURAL AREAS REFERENCE GROUP - MINUTES OF MEETING HELD 25 FEBRUARY 2008**

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### **EXECUTIVE SUMMARY**

**PURPOSE OF REPORT:**

To bring to the attention of Council the proceedings from the Bushland, Catchments & Natural Areas Reference Group meeting held on Monday, 25 February 2008.

**BACKGROUND:**

The role of the Bushland, Catchments and Natural Areas Reference Group is to provide resident and industry expert advice and feedback to Council on matters relevant to bushland, catchments and natural areas.

**COMMENTS:**

At the meeting of Monday, 25 February 2008, seven items were discussed including Council's Nursery, North Turrumurra Recreation Area (NTRA), 102 Rosedale Road, St Ives, Turiban Reserve/ Water Street, Vegetation Mapping, Critically Endangered Reserves Plan of Management and issues surrounding Sheldon Forest.

**RECOMMENDATION:**

That the Minutes and recommendations of the Bushland, Catchments & Natural Areas Reference Group meeting held on Monday, 25 February 2008 be received and noted.

## PURPOSE OF REPORT

To bring to the attention of Council the proceedings from the Bushland, Catchments & Natural Areas Reference Group meeting held on Monday, 25 February 2008.

## BACKGROUND

The role of the Bushland, Catchments and Natural Areas Reference Group is to provide resident and industry expert advice and feedback to Council on matters relevant to bushland, catchments and natural areas.

## COMMENTS

There were seven items for general business discussion at the meeting of Monday, 25 February 2008. Minutes of the meeting are included as Attachment 1 to this report:

1. discussion regarding the positive development, roles and plant distribution of Council's Nursery.
2. update on the North Turramurra Recreation Area (NTRA) including discussion surrounding traffic issues and the development of suitable walking tracks.
3. the acquisition of 102 Rosedale Road, St Ives. Discussion arose in relation to the management of the site and the upcoming celebration on Sunday 16 March at 2pm on site. An invitation for the celebration was extended to members of the Reference Group.
4. Councillor Malicki informed the Reference Group that LEP 212 was rejected by Council.
5. a presentation and discussion on the vegetation mapping progress to date in the trial area of Rosedale Road, St Ives was given. It is anticipated that the vegetation mapping of Blue Gum High Forest (BGHF) and Sydney Turpentine Ironbark Forest (STIF), within the local government area (LGA) will be completed by approximately September 2008.
6. discussion regarding the Bushland Plan of Management (PoM) and determining whether another PoM should be created to include Critically Endangered Ecological Communities (CEEC's) or update the existing PoM to have a more detailed section on CEEC's.
7. the Reference Group discussed the use of Sheldon Forest as a case study in relation to updating the existing PoM or creating a new PoM with a more detailed section on CEEC's.

## CONSULTATION

The Reference Group is itself a consultative forum, representing the interests of residents, user groups and industry experts.

## FINANCIAL CONSIDERATIONS

There are no financial considerations related to this report.

## CONSULTATION WITH OTHER COUNCIL DEPARTMENTS

Consultation with other departments has not occurred in the development of this report.

## SUMMARY

The Reference Group considered seven items of business at its meeting held on Monday, 25 February 2008. The Group discussed Council's Nursery, North Turrumurra Recreation Area (NTRA), the acquisition and celebration for 102 Rosedale Road St Ives, Turiban Reserve/ Water Street developments, vegetation mapping with a focus on the Rosedale Road trial area, Bushland Plan of Management and its required revisions and the proposal to use Sheldon Forest as a case study for the updating of the Plan of Management.

## RECOMMENDATION

- A. That the Minutes of the Bushland, Catchments & Natural Areas Reference Group Meeting of Monday, 25 February 2008 be received and noted.
- B. That the below recommendations from the Minutes be received and noted:
  - i. The Bushland, Catchments & Natural Areas Reference Group support the direction of the Nursery and highlighted the desire and importance of the capacity to provide locally endemic species.
  - ii. The Bushland, Catchments & Natural Areas Reference Group acknowledge the value of the Nursery and its capacity to provide local native plants for Council and the community.
  - iii. That the development of the NTRA be undertaken with regard to maximising water recycling and reuse and that any design minimise the impact on adjacent bushland and waterways.
  - iv. The design and construction of bushland walking tracks around the North Turrumurra Recreation Areas give consideration to ecological impacts.
  - v. The Reference Group congratulates and thanks Council for bringing 102 Rosedale Road into public ownership to conserve the largest and most intact remnant of the Blue Gum High Forest critically endangered ecological community.
  - vi. That the current Bushland PoM be updated to be more flexible and robust in relation to CEEC's.

Peter Davies  
**Manager Corporate Planning & Sustainability**

Andrew Watson  
**Director Strategy**

**Attachments:** Minutes of 25 February 2008 - 900865

# BUSHLAND CATCHMENTS & NATURAL AREAS REFERENCE GROUP

**Monday 25 February 2008**  
**Level 3 Ante Room 7.00pm – 9.00 pm**

**Attendees:**

Members	Councillors	Staff
Nancy Pallin Margery Street Margaret Booth Alla Kamaralli Janet Harwood Michelle Leishman Stephen Shortis Chris McIntosh Stephanie Vaughan	Clr. E. Malicki – Chair	Andrew Watson – Director Strategy Peter Davies – Manager Corporate Planning & Sustainability Jenny Scott – Sustainability Program Leader Matthew Drago – Open Space Services Manager Kim English – Administrator

**Apologies:**

Members	Councillors	Staff
Colin Manton Ian Wright	Clr. A. Andrew – Deputy Chair Clr. N Ebbeck (Mayor)	Penny Colyer – Environmental Officer – Strategy

Meeting opened 7.05pm.

**Declaration of Pecuniary Interests:**

No pecuniary interests declared.

**Confirmation of Minutes:**

Members requested the following change to Minutes of Monday 19 November 2007:

**BC&NARG 62 – Mapping of Endangered Ecological Communities**

The sentence “Council’s Technical Officer – Water gave a presentation detailing the proposed mapping and assessment method for Endangered Ecological Communities (EEC’s)” to be changed to ***“Council’s Technical Officer – Water gave a presentation detailing the proposed mapping and assessment method for Endangered Ecological Communities (EEC’s) and Critically Endangered Ecological Communities (CEEC’s)”***.

**BC&NARG 63 – Public use of Environmentally Sensitive Areas**

The sentence “Manager Corporate Planning & Sustainability confirmed that the existing PoM can always be updated and also suggested that the operational plan accompanying the PoM may be a good instrument to look at in the first instance as a mechanism for tightening permissible activities” be changed to ***“Manager Corporate Planning & Sustainability confirmed that the existing PoM can always be updated and also suggested that the operational plan accompanying the PoM may be a good instrument to look at in the first instance as a mechanism for specifying permissible activities”***.

**Business arising from the previous meeting:**

No business arising from the previous meeting.

## **General Business**

### **BC&NARG 65 – Council Nursery**

Council's Open Space Services Manager provided an overview of the operations and direction of the nursery. Discussion on this item focused on what the main role of the nursery is, that is to supply plants needed by Council and its programs, and how it could also service the horticultural needs of residents and developers through the provision of local native plants.

In relation to its commercial focus, be it for residents or other government departments, it was identified that the nursery could not serve all potential needs rather it had to focus its operations to propagate and grow plants that it could sell, give site constraints, resource limitations and the need to minimise wastage of plants not sold. To this end, the nursery has and continues to hold its stock as seed to enable propagation of specific plant and quantities where orders are placed in advance.

In terms of the future direction of the facility, Council is in the process of developing a business plan that will specifically identify current and future customers.

Reference Group members asked what processes were available to ensure local native stock is used in developments. In response to this it was noted that there is no recognised certification system for native plants, thus making regulation difficult. Further it was not possible to specify through a development approval process to purchase plants only at Council's nursery as this would be in breach of the Trade Practices Act.

### ***Recommendation***

1. The Bushland, Catchments & Natural Areas Reference Group support the direction of the Nursery and highlighted the desire and importance of the capacity to provide locally endemic species.
2. The Bushland, Catchments & Natural Areas Reference Group acknowledge the value of the Nursery and its capacity to provide local native plants for Council and the community.

### **BC&NARG 66 – North Turrumurra Recreation Area**

Manager Corporate Planning and Sustainability gave a brief outline of the progress on the North Turrumurra Recreation Area (NTRA). In November 2007, Council adopted the Masterplan for the site with the next step to develop a Plan of Management (PoM) and prepare a detailed design as part of a development application. This will include undertaking flora and fauna and noise assessments. Reference Group members asked about the location and extent of the proposed walking tracks around the site and linking to other regional tracks. It was advised that the perimeter and internal tracks had not been determined. As part of this discussion it was noted that these tracks could form part of a barrier to prevent the spread of grasses and other weeds, integrate with asset protection from a fire management perspective and should be designed to minimise the disturbance and fragmentation. In terms of the links to regional tracks they are proposed to connect to the Darri track.

The reuse of stormwater and recycling of sewerage and leachate was also raised. The group strongly supported this initiative to minimise potable water use and also to reduce off site discharges to bushland.



### ***Recommendation***

3. That the development of the NTRA be undertaken with regard to maximising water recycling and reuse and that any design minimise the impact on adjacent bushland and waterways.

4. The design and construction of pathways adjacent to and in bushland give consideration to ecological impacts.

### **BC&NARG 67 – 102 Rosedale Road St Ives**

An update on the acquisition of 102 Rosedale Road, St Ives was provided, with Council securing the site in December 2007 with assistance from the Commonwealth Government, community and Blue Gum High Forest Action Group. To celebrate this, an event has been organised for all those who made a donation and contributed to the project on Sunday 16 March 2008 from 2.00pm-5.00pm.

As part of the purchase of the site, a steering committee has been formed (to meet on 4 March 2008), to develop a forward plan for the management of 102 Rosedale Road with the rest of the site. The steering committee is represented by Commonwealth, NPWS, Council and community.

Councillor Malicki thanked the Blue Gum High Forest Action Group for their persistence in this matter and requested this item be placed on the next meeting agenda following Monday, 31 March meeting.

### ***Recommendation***

5. The Reference Group congratulates and thanks Council for bringing 102 Rosedale Road into public ownership to conserve the largest and most intact remnant of the Blue Gum High Forest critically endangered ecological community.

### **BC&NARG 68 – LEP 212 and Turiban Reserve/ Water Street update**

The Reference Group was informed that Council refused the rezoning of LEP 212, the site extended between Beechworth Road and Warrigal Road, Pymble.

No discussion occurred on the Turiban Reserve item as this remains a confidential matter of Council.

### **BC&NARG 69 – Vegetation Mapping**

At the Ordinary Meeting of Council of 11 December 2007, Council considered a report in relation to vegetation mapping and it was resolved that interim results be reported to this Reference Group. Manager Corporate Planning & Sustainability gave an update on the mapping across the trial area around Dalrymple Hay Nature Reserve. A copy of the presentation was to be given to all members and is an attachment to the minutes.

### **BC&NARG 70 – Critically Endangered Reserves Plan of Management**

Discussion on this item focused on the merits of having two Plans of Management for Bushland, one as a general Plan the other with a specific focus on Endangered and Critically Endangered Ecologically Communities (CEEC's). Chris McIntosh stated that there is benefit in having one comprehensive PoM that has flexibility to incorporate current and future changes to the Threatened Species Conservation Act and other decisions of the NSW Scientific Committee. Other discussions noted the need for the existing PoM to have a stronger emphasis on CEEC's and associated controls.

Related to this item, Councillor Malicki advised the Group that the draft Ecologically Sensitive Lands Policy was presented at the February Planning Forum. This was circulated to the group and was identified for discussion at the next meeting

***Recommendation***

6. That the current Bushland PoM be updated to be more flexible and robust in relation to CEEC's.

**BC&NARG 71 – Sheldon Forest Issues**

This item was not specifically discussed as the issues were captured in the discussion on BC&NARG 70.

**Other business**

Alla Kamaralli is concerned that the community is not particularly interested in sustainability, climate change issues and protecting the environment and wants to highlight the necessity of education and awareness. This was briefly debated by other members, that noted the community's interest in purchase of Blue Gum High Forest among other issues.

**Agenda Items for the Next Meeting**

- LEP 212 and Turiban Reserve/ Water Street.
- Draft Ecologically Sensitive Lands Policy.
- Vegetation mapping.
- Fox baiting program.

**Next Meeting**

Monday 31 March 2008 – Level 3 Ante Room at 7.00pm.

Meeting Closed at 9.10pm