



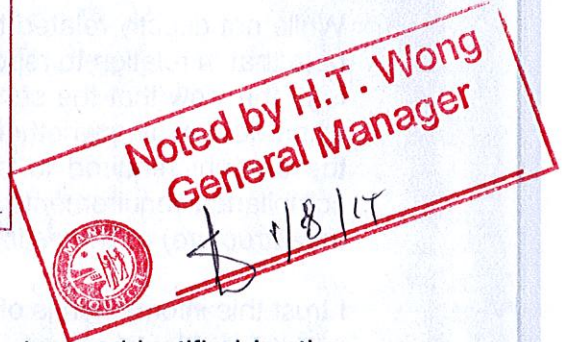
# Office of Local Government

5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541

Our Reference: A375834  
Your Reference: MC/14/42592  
Contact: Sonja Hammond  
Phone: 02 4428 4143

Mr Henry Wong  
General Manager  
Manly Council  
PO Box 82  
MANLY NSW 1655

MANLY COUNCIL  
REGISTERED BY RECORDS  
31 JUL 2014  
ACTION OFFICER: *R Fuller*  
MCI 14 / 90625



Dear Mr Wong *Henry*

Thank you for your letter of 14 April 2014 responding to issues identified by the Office during its review of Council's capital expenditure review for the Manly Oval Car Park Project.

I note your responses and the reviews you have undertaken with regard to the risk assessment of the project.

While primary concerns have been addressed, I note the significant complexity and risks associated with the project. The Office of Local Government's capital expenditure criteria have been broadly met; however, I would draw the Council's attention to these concerns:

1. the viability of the project, including in the event that growth assumptions are not realised, the risk that the sale of the Whistler Street Car Park does not proceed, and the level of community support;
2. the ability to achieve long term cost of debt at 5%; and
3. the potential impact of unforeseen cost increases.

Given the significance of this project both in terms of cost and risk (financial and non-financial) to the Council, should it decide to proceed, there is an ongoing need to oversee and monitor this project closely. To this end, I suggest that progress reports be prepared and put to the Council on a monthly basis as part of its Business Papers. In doing so, reporting should be referenced to the Risk Assessment Matrix prepared by Council. In addition, the Office will continue to monitor progress on the project through Council's quarterly budget review statements.

Although the Council has generally satisfied the Office's capital expenditure criteria, it is important to note that this response should not be construed to be an endorsement of the Manly Oval Car Park project.

In addition to the concerns raised above, as you would be aware, a number of councillors continue to have concerns about the project, particularly in relation to construction cost estimates and the financial modelling used. I understand that these concerns may also reflect elements of community unease with the overall Manly2015 strategy. In view of this Council would need to carefully consider ongoing concerns and to respond appropriately.

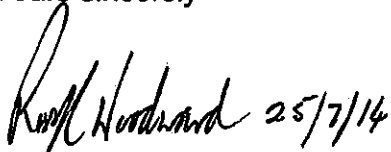


With this in mind, it is important, that the councillors are provided with timely information on progress, especially of a financial nature, at the project level. Importantly, this should include any adverse impact on the Council's Community Strategic Plan commitments and long term financial plan should also be included.

While not directly related to the Office's capital expenditure determination, I would note that in relation to reporting on the condition of infrastructure assets, the Office is of the view that the service capability of an asset should be taken into account when determining whether an asset is in a satisfactory condition or not. Therefore the amount required to be spent on the Whistler Street Car Park to meet the compliance requirements should be captured in Special Schedule 7 (Report on Infrastructure) as the estimated cost to bring the asset to a satisfactory standard.

I trust this information is of assistance.

Yours sincerely

Handwritten signature of Ross Woodward dated 25/7/14.

**Ross Woodward**  
**Chief Executive**  
**Office of Local Government**