

# Reports of the Corporate Governance Committee Meeting held at 5.30pm on Tuesday, 14 April 2015.

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## **APOLOGIES**

## **ACKNOWLEDGEMENT OF LAND**

## **DECLARATIONS OF INTEREST**

### **Pecuniary Interests**

### **Non Pecuniary – Significant Interests**

### **Non Pecuniary – Less than Significant Interests**

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## Minutes of the Corporate Governance Committee held on 14 April 2015

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**Present** His Worship the Mayor, Councillor P Lake  
Councillor C Mead (Chairperson)  
Councillor F Borg  
Councillor A Chanthivong  
Councillor S Dobson  
Councillor G Greiss  
Councillor P Hawker  
Councillor R Kolkman  
Director Business Services - Mr M Sewell  
Acting Director City Works - Mr G Mitchell  
Acting Manager Assets and Supply Services - Mr W Miller  
Manager Emergency Management and Facility Services - Mr R Blair  
Manager Financial Services - Mrs C Mears  
Manager Governance and Risk - Mrs M Dunlop  
Manager Human Resources - Mr B Clarence  
Manager Information Management and Technology - Mrs S Peroumal  
Manager Property Services - Mr J Milicic  
Manager Waste and Recycling Services - Mr P Macdonald  
Executive Assistant - Mrs K Peters

**Apology** Nil

### Acknowledgement of Land

An Acknowledgement of Land was presented by the Chairperson Councillor Mead.

### DECLARATIONS OF INTEREST

Declarations of Interest were made in respect of the following items:

**Pecuniary Interests - nil**

**Non Pecuniary – Significant Interests - nil**

**Non Pecuniary – Less than Significant Interests**

Councillor Chanthivong advised that as a member of the NSW State Parliament he will seek legal advice regarding his need to declare an interest on any issues that may potentially involve the NSW State Government. Councillor Chanthivong noted that if issues arise where he considers there may be a perceived conflict necessitating him to declare an interest he will do so and if appropriate leave the Chamber.

Councillor Hawker - Item 2.1 - Deed of Licence - Glenalvon - Councillor Hawker advised that he is a member of the Campbelltown and Airs Historical Society.

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## **1. GOVERNANCE AND RISK**

### **1.1 Audit Committee Update**

#### **Reporting Officer**

Director Business Services

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#### **Attachments**

Minutes of the Audit Committee Meeting held 10 March 2015 (contained within this report)

#### **Purpose**

To provide an update on the outcomes of the 10 March 2015 Audit Committee meeting.

#### **History**

Council approved the establishment of an Audit Committee consisting of two independent members, the Mayor, the Deputy Mayor and the Chairperson or a member of the Corporate Governance Committee in October 2010.

The Audit Committee was formed and meets three times per year in accordance with its Charter.

#### **Report**

Detailed below are the recommendations of the Audit Committee. Council officers have reviewed the recommendations which are now presented for the consideration of Council. There are no recommendations that require an individual resolution of Council.

#### **Audit Committee Meeting Minutes – 10 March 2015**

The minutes of the Audit Committee meeting held 10 March 2015 are attached and the following were considered.

##### **4.1 Status of Internal Audit Plan**

That the Committee notes the information contained in the Internal Audit Plan report.

##### **4.2 Actions Log**

That the Committee notes the information contained in the Actions Log report.

##### **4.3 External Audit Update**

That the Committee notes the information contained in the External Audit Update report.

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## **5.1 Improvement Processes**

That the information be noted.

### **Officer's Recommendation**

That Council adopt the Audit Committee meeting minutes of 10 March 2015.

### **Committee's Recommendation: (Borg/Mead)**

That the Officer's Recommendation be adopted.

**CARRIED**

### **Council Meeting 21 April 2015 (Mead/Hawker)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 57**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

### Minutes of the Audit Committee Meeting

Held Tuesday 10 March 2015 in Committee Room 2

Meeting commenced: 4.31pm.

#### 1. Attendance and Apologies

**Attendance:** Bruce Hanrahan - Chairperson  
Robert Rofe - Independent member  
Councillor Paul Lake - Mayor  
Councillor Ted Rowell - Deputy Mayor

**Also in Attendance:** Lindy Deitz - Acting General Manager  
Michael Sewell - Director Business Services  
Deborah Goodyer - Internal Auditor  
Jane Worden - Executive Support

**Apology:** Councillor Clinton Mead

#### Committee's Recommendation (Lake/Rofe)

That the above apology be accepted.

**CARRIED**

#### 2. Declarations of Interest

There were no Declarations of Interest made at this meeting.

#### 3. Minutes of the Previous Meeting

##### Reporting Officer

Director Business Services

##### Purpose

To confirm the minutes of the 2 December 2014 Audit Committee meeting.

##### Report

The minutes of the previous Audit Committee meeting held on 2 December 2014 were circulated to all members post meeting and are attached for confirmation that they are an accurate record of the meetings proceedings.

##### Officer's Recommendation

That the minutes be approved.

#### Committee's Recommendation (Lake/Rofe)

That the Audit Committee approves minutes of the 2 December 2014 Audit Committee meeting.

**CARRIED**

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#### **4. Reports**

##### **4.1 Status of Internal Audit Plan**

###### **Reporting Officer**

Director Business Services

###### **Purpose**

To provide an update to the Audit Committee on the current status of internal audit work undertaken in accordance with the approved Strategic Audit Plan.

###### **History**

The Audit Committee approved the rolling 2013-2016 Strategic Audit Plan in June 2013. A review of this Plan was undertaken and an updated 2014-2017 Strategic Audit Plan was approved by the Audit Committee in June 2014.

###### **Report**

The attached report outlines the status of individual audits approved as part of the Strategic Audit Plan.

The Asset Management audit report is in draft form requiring management confirmation of target dates for completion of outstanding findings. The final report will be included in the next Audit Committee agenda.

Substantial fieldwork for the Inventory Management audit was completed by the previous auditor however an assessment will be required to determine whether the review can be efficiently completed or reported on the basis of work completed.

As a result of the Council's former Internal Auditor terminating employment with Council in October 2014, all audits planned for the 2014-2015 financial year were suspended.

Due to the commencement of the new Internal Auditor on 9 February 2015, it is expected that the Strategic Internal Audit Plan for 2015-2018 will be developed in consultation with management over the ensuing quarter, and audit reviews commence subsequent to the June Audit Committee meeting.

###### **Officer's Recommendation**

That the Committee note the status of the Internal Audit Plan.

**Sub Committee Note:** Council's Internal Auditor advised the Committee that completion of the prior year internal audit plans has been limited by unexpected special audit projects and staff turnover, therefore the Strategic Internal Audit Plan requires amendment. Committee members were provided with a list of potential reviews for inclusion in the Audit Plan and gave an undertaking to review the list, prioritise projects and provide feedback to Council's Director Business Services for discussion at the next Audit Committee meeting.

###### **Sub Committee's Recommendation: (Hanrahan/Rofe)**

That the Committee notes the information contained in the Internal Audit Plan report.

**CARRIED**

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## **4.2 Actions Log**

### **Reporting Officer**

Director Business Services

### **Purpose**

The Actions Log is a report on the status of Management's progress in implementing the recommendations from previous internal audits.

### **History**

Internal audits are conducted in accordance with the approved Internal Audit Plan each year. The findings from each internal audit are reported to the Audit Committee in the form of a concise report.

A detailed audit report is also prepared for each audit. The detailed report advises the individual issues identified and their implications; recommendations for improvement; agreed target dates for implementation; and the staff member assigned responsibility for implementation.

### **Report**

The attached Action Log is Management's status update on the implementation of recommendations made in internal audits performed to date. It includes a summary table showing the number of recommendations already implemented and a detailed progress update on recommendations that are outstanding.

### **Officer's Recommendation**

That the Committee notes the Actions Log.

### **Sub Committee's Recommendation: (Rowell/Rofe)**

That the Committee notes the information contained in the Actions Log.

### **CARRIED**

## **4.3 External Audit Update**

### **Reporting Officer**

Director Business Services

### **Purpose**

To provide the Committee with an update on the year-end financial statement audit conducted by Council's external auditors for the year ended 30 June 2014.

### **Report**

During August 2014, Intentus conducted their statutory audit of the financial statements of Council for the year ended 30 June 2014. In the auditor's opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2;
-

- the Council's financial statements:
  - has been prepared in accordance with the requirements of this Division;
  - is consistent with the Council's accounting records;
  - presents fairly the Council's financial position, the results of its operations and cash flows; and
  - is in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations).
- all information relevant to the conduct of the audit has been obtained; and
- there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.

Council held its annual general meeting on 28 October 2014 where the financial statements and the audit reports were presented to Council.

#### **Officer's Recommendation**

That the Committee notes the report.

#### **Sub Committee's Recommendation: (Rofe/Rowell)**

That the Committee notes the information contained in the External Audit Update Report.

#### **CARRIED**

### **5. General Business**

#### **5.1 Improvement Processes**

Council's Internal Auditor advised the Committee that there appears to be opportunity for improvement and some matters which need to be considered prior to the next meeting of the Committee, these include:

- Q&A self-assessment of the Internal Audit function, including the Audit Committee and Internal Audit Charters
- Development of more focussed and actionable recommendations for improvement
- Internal audit follow up program regarding the implementation of recommendations, monitoring of progress and reporting to Council's Audit Committee.

The Committee members noted this approach to improving Council's audit functions which will be addressed at the next meeting.

#### **Sub Committee's Recommendation: (Lake/Rowell)**

That the information be noted.

#### **CARRIED**

Next meeting of the Audit Committee will be held on Tuesday 9 June 2015 at 4.30pm in Committee Room 2.

Bruce Hanrahan  
**Chairperson**

Meeting Concluded: 4:59pm

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## **1.2 Revised Policy - Councillors Access to Information and Interaction with Staff**

### **Reporting Officer**

Manager Governance and Risk

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### **Attachments**

Revised policy - Councillors Access to Information and Interaction with Staff (contained within this report)

### **Purpose**

To seek Council's endorsement of a revised policy regarding Councillors Access to Information and Interaction with Staff.

### **History**

The current version of this policy was adopted by Council on 26 February 2013 and is now due for review in accordance with the Records Management Policy.

### **Report**

The above mentioned policy has been reviewed in accordance with Council's Records Management Policy and the adopted procedure for Policy Development and Review.

The minor amendments made to this policy, highlighted in the attachment, replace references to 'Senior Officers' with 'Directors and Managers'. The purpose of this amendment is to provide consistency and to clarify the roles and responsibilities of staff. The revised policy is presented for the consideration of Council.

### **Officer's Recommendation**

1. That the revised Councillors Access to Information and Interaction with Staff policy as attached to this report be adopted.
2. That the review date be set as 30 June 2018.

### **Committee's Recommendation: (Hawker/Borg)**

That a decision in this matter be deferred for full Council for further review.

**CARRIED**

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**Council Meeting 21 April 2015 (Hawker/Mead)**

That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 58**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

|   |   |
|---|---|
|  | <b>POLICY</b>   |
| Policy Title  | Councillors Access to Information and Interaction with Staff  |
| Related Documentation   | Policy - Payment of Expenses and Provision of Facilities to the Mayor, Deputy Mayor and Councillors |
| Relevant Legislation/<br>Corporate Plan   | Chapters 9 and 11 of the <i>Local Government Act 1993</i>   |
| Responsible Officer   | Manager Governance and Risk   |

**Policy details may change prior to review date due to legislative changes, therefore this document is uncontrolled when printed.**

### Objectives

1. to ensure Councillors have access to all documents necessary for them to exercise their statutory role as a member of the governing body of the Council
2. to ensure that Councillors receive advice to help them in the performance of their civic duty in an orderly and regulated manner
3. to provide direction on Councillors' rights of access to Council buildings
4. to provide a clear and consistent framework for the reporting of, and appropriate application of sanctions for, breaches of this policy.

### Policy Statement

Based on the provisions in the *Local Government Act 1993*, Councillors and staff have distinctly different roles to play in Council. The Council is responsible for the strategic direction and for determining the policy framework of Council. The Council also has a statutory role as the consent authority, under both the *Environmental Planning and Assessment Act 1979* and the *Local Government Act 1993*, for applications for development consent and local approvals. The General Manager with the **Directors and Managers** of Council is responsible for the effective management of the organisation and the carrying out of Council's policies and strategic objectives.

The distinction between these two roles may at times be unclear. There often needs to be personal interaction between Councillors and **Directors and Managers**, particularly regarding access to and provision of information, to effectively integrate policymaking and service delivery.

Chapters 9 and 11 of the *Local Government Act 1993* set out the statutory roles and duties of Councillors and the General Manager. The introduction to Chapter 9 states that "Each council is a statutory corporation. The councillors are the governing body of the corporation and they have the responsibility of directing and controlling the affairs of the council in accordance with this Act".

The role of the Mayor is:

- to exercise, in cases of necessity, the policy-making functions of the governing body of the Council between meetings of the Council (for example, urgent demolition orders, authority to financially assist the community by the allocation of resources during natural disasters, commencement of urgent legal action)
- to exercise such other functions of the Council as the Council determines (for example, determining the appropriateness of holding a special event such as a fun run, approval of the General Manager's annual leave)
- to preside at meetings of the Council
- to carry out the civic and ceremonial function of the Mayoral office.

The role of a Councillor is, as a member of the governing body of the Council:

- to direct and control the affairs of the Council in accordance with the *Local Government Act 1993* (for example, input into development of the Community Strategic Plan and monitoring the implementation of Council's delivery program)
- to participate in the optimum allocation of the Council's resources for the benefit of the area (for example, providing input into deciding priorities for construction and maintenance work)
- to play a key role in the creation and review of the Council's policies and objectives and criteria relating to the exercise of the Council's regulatory functions
- to review the performance of the Council and its delivery of services, and the management plans and revenue policies of the Council.

The role of a Councillor is, as an elected person:

- to represent the interests of the residents and ratepayers
- to provide leadership and guidance to the community
- to facilitate communication between the community and the Council.

### **Scope**

This Policy has been developed for Councillors and staff to fully understand their respective roles and how they should operate in order to perform their responsibilities effectively.

### **Legislative Context**

Chapters 9 and 11 of the *Local Government Act 1993* sets out the statutory roles and duties of the Mayor, Councillors and the General Manager.

### **Councillors Access to information**

Access to a Council file, record or other document can only be provided according to this policy to ensure that access is obtained in ways that are legal and appropriate. This policy does not limit or restrict statutory or common law rights of access.

All enquiries of a straight forward nature should be referred to the Manager of Executive Services who will ensure an appropriate response to a Councillor's request.

Councillors can request the General Manager, or the Manager Executive Services to provide access to a particular Council record.

Councillors who have a personal (as distinct from civic) interest in a document of Council have the same rights of access as any other person.

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## 1.2 Revised Policy - Councillors Access To Information And Interaction With Staff

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Councillors are entitled access to all Council files, records or other documents where that document is identified in Schedule 1 of the *Government Information (Public Access) Regulation 2009* or relating to a matter currently before the Council.

The General Manager shall not unreasonably decide that a document is not relevant to the performance of the Councillors' civic duty and deny access to a Council document. If access to documents is refused the General Manager must state the reason for the refusal.

If access to a document is refused Councillors are entitled to lodge a request under the *Government Information (Public Access) Act 2009* (GIPA). The GIPA Act provides three options to have a decision reviewed: an internal review by the Council, an external review by the Information Commissioner, or external review by the NSW Civil and Administrative Tribunal (NCAT).

The NSW Ombudsman and the Office of Local Government also have complaint handling functions should issues arise.

Councillors can request access to other documents of the Council either by a Notice of Motion to the Council or an application under the GIPA Act.

The Manager Executive Services shall keep a record of all requests by Councillors for access to information (other than those listed in the *Government Information (Public Access) Act 2009* or by a Notice of Motion at a Council meeting). These requests must be reported regularly to the Council.

### **Councillors access to Council Offices**

As elected members of the Council, Councillors, are entitled to have access to the Council Chamber, Committee Rooms, Councillors Lounge, Mayor's Office (at the invitation of the Mayor), Councillor's Rooms and public areas of the Council's buildings.

Councillors who are not in pursuit of their civic duties have the same rights of access to Council Buildings and premises as any other member of public.

### **Councillors interactions with council officers**

The General Manager is responsible to the Council for performance and direction of all staff and day to day management of Council. Therefore, it is appropriate that all requests for information and approaches to staff outside the forum of a Council or Committee meeting be directed to the General Manager or the Manager Executive Services.

Only the General Manager, the four Divisional Directors and those Managers nominated by the General Manager can provide advice to Councillors.

It is within the discretion of the General Manager to require Councillors to make an appointment with a **Director or Manager**, to put a request in writing, or to put in on notice to the Council to obtain detailed or otherwise time consuming information. The General Manager must indicate in writing, the reasons for refusing a request.

For all but straightforward advice on administrative matters, Councillors should put their requests for information or advice in writing to be answered by the General Manager or the appropriate Directors or Managers. These written requests then form part of Council records and can be filed appropriately.

A **Director or Manager** has the discretion to refer any request for information to the General Manager. The Directors and Managers must indicate to the Councillor their reasons for the referral.

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## 1.2 Revised Policy - Councillors Access To Information And Interaction With Staff

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If a Councillor is concerned about any refusal to provide information, they should firstly raise the matter with the General Manager (or the Mayor if it was the General Manager who refused to provide the advice). If the Councillor is still dissatisfied they should request the information by way of a Question with Notice to the Council.

Councillors must not attempt to direct staff as to the performance of their work. Staff must report all such attempts immediately to their Director or the General Manager.

Councillors must not request staff to undertake work for the Councillor or any other person.

A Councillor, member of staff or delegate must not take advantage of their official position to improperly influence other Councillors, members of staff or delegates in the performance of their public or professional duties for the purpose of securing private benefit for themselves or for some other person.

### **Inappropriate Interactions**

Council's policy is that the following interactions are inappropriate:

- Councillors approaching junior members of staff for information on sensitive or controversial matters. Any such enquiries should be made to the General Manager, the four divisional Directors or the Manager of Executive Services
- members of staff approaching Councillors directly (rather than via their director, staff representative or union delegate) on staffing or political issues
- Councillors approaching staff outside the Council building or outside hours of work to discuss Council business
- staff refusing to give information which is available to other Councillors to a particular Councillor because of the staff member's or Councillor's political views
- Councillors who have a development application or construction certificate before Council discussing the matter with junior staff in staff-only areas of the Council
- junior staff being asked to answer questions or provide documents to Councillors who are overbearing or threatening
- Councillors directing or pressuring staff in the performance of their work, or recommendations they should make
- staff providing advice to Councillors without recording or documenting the interaction as they would if the advice was provided to a member of the community.

### **Breaches of this Policy**

#### **1. Reporting**

- all occasions of a Councillor or staff member not complying with this Policy should be immediately reported to the General Manager
  - where the report relates to the conduct of a Councillor, the General Manager shall immediately report the matter to the Mayor and to the next Council meeting
  - where the report relates to the conduct of staff, the General Manager shall deal with the matter according to the terms of employment of the staff member. Proven breaches should also be dealt with accordingly, that is, by counselling, disciplinary action or dismissal
  - where a Councillor believes that the General Manager has failed to comply with the Policy, the Councillor shall immediately report to the Mayor who will report the matter to the Council
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## 1.2 Revised Policy - Councillors Access To Information And Interaction With Staff

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- before a report to Council by the General Manager (or the Mayor), the General Manager (or the Mayor) should undertake preliminary inquiries to establish the facts. The preliminary investigations may take any form the Mayor and General Manager considers appropriate, but must involve discussions with the staff member and Councillor involved. Natural justice principles need to be satisfied in dealing with an alleged breach
- the Council, or a Committee of all Councillors established for the purpose, must decide whether a matter reported to it under this Policy, reveals a breach. The Council may take any steps provided for in this Policy that it considers reasonable in the circumstances.

### 2. Sanctions

Council, having resolved that a Councillor has failed to comply with this Policy, may, by resolution:

- require the Councillor to apologise to the person concerned
- request a formal apology
- counsel the Councillor
- reprimand the Councillor
- resolve to make its decision on the matter public
- pass a censure motion at a Council meeting
- make public disclosures of inappropriate conduct
- refer the matter to an appropriate investigative body if the matter is serious
- prosecute any breach of the law.

Sanctions for staff, depending on the severity, scale and importance of the breach, may include:

- counselling staff members
- instituting Council disciplinary proceedings
- dismissal.

### Responsibility

The Manager Executive Services is responsible for ensuring the principles detailed in the policy are adhered to by both Councillors and staff.

### Effectiveness of this Policy

The policy will be reviewed regularly to ensure it is meeting legislative requirements and is operating effectively.

**END OF POLICY STATEMENT**

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## **2. PROPERTY SERVICES**

### **2.1 Deed of Licence - Glenalvon**

#### **Reporting Officer**

Manager Property Services

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#### **Attachments**

Nil

#### **Purpose**

To seek Council approval to enter into a new Deed of Licence with the Campbelltown and Airds Historical Society Incorporated to allow access and use of Glenalvon House.

#### **History**

Campbelltown and Airds Historical Society Incorporated (C&AHS) have been in occupation of Glenalvon since 2006 under the provisions of a Memorandum of Understanding.

Following the adoption of a Plan of Management for Glenalvon by Council at its meeting of 3 July 2012 a Deed of Licence was entered into between Council and C&AHS for a period of 3 years. The current Deed of Licence is due to expire on 12 August 2015.

#### **Report**

As the current Deed of Licence is due to expire shortly approval is sought for the Campbelltown & Airds Historical Society to continue occupation of Glenalvon for a five year term for nil value.

Glenalvon is described as Lot 1 DP 35658 and is classified as community land. In accordance with the Plan of Management (POM) for Glenalvon provision exists for Council to enter into a lease or licence for the use of Glenalvon. It is noted that the core objectives of the POM for the management of this parcel of community land is categorised as an area of cultural and historical significance.

In accordance with the provisions of the POM a Deed of Licence for a five year term is permitted. Under the provisions of the Deed of Licence C&AHS must use and occupy Glenalvon strictly in compliance with the following:

- The Plan of Management
  - The Curatorial Guidelines
  - The Conservation Management Plan
  - The *Heritage Act 1977*
-

In addition to the above terms and conditions C&AHS will be required, at the beginning of each calendar year, to submit to the Glenalvon Management Committee for its review a Visitation Plan outlining the number of visitors to Glenalvon in the previous calendar year as well as the days it intends to open Glenalvon to the public for the subsequent year.

Based on the information provided 104 people have attended events, 618 people have attended tours, 300 people have attended school tours, 499 people have attended open days and 132 other visitors have attended Glenalvon for a total visitation of 1653 people over the 2013-2014 financial year.

C&AHS may use and occupy the barn and stables in accordance with the Deed of Licence provided it complies with the Visitation Plan. Furthermore C&AHS must not charge any member of the public to access Glenalvon without the prior written approval of the Glenalvon Management Sub Committee.

Council will continue to be responsible for payment of outgoings which will include the general maintenance and repair of the property and its grounds.

It is proposed that the Manager Cultural Services through regular meetings will monitor the C&AHS in its compliance with the Deed of Licence and provide advice to Council, when required, on matters concerning the operation and management of Glenalvon.

Accordingly it is recommended that Council enter into a Deed of Licence with Campbelltown and Airds Historical Society Incorporated for a period of five years on the terms outlined in this report.

### **Officer's Recommendation**

1. That Council provide approval to enter into a Deed of Licence with the Campbelltown & Airds Historical Society Incorporated for a term of five years on the terms outlined in this report.
2. That all documentation associated with the Deed of Licence be executed under the Common Seal of Council, if required.

### **Committee's Recommendation: (Kolkman/Borg)**

1. That Council provide approval to enter into a Deed of Licence with the Campbelltown and Airds Historical Society Incorporated for a term of five years on the terms outlined in this report.
2. That all documentation associated with the Deed of Licence be executed under the Common Seal of Council, if required.
3. That a letter be sent to the Campbelltown and Airds Historical Society Incorporated thanking them for the work that they have done in making Glenalvon accessible to the community.

**CARRIED**

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**Council Meeting 21 April 2015 (Mead/Hawker)**

That the Committee's Recommendation be adopted.

**Council Resolution Minute Number 57**

That the Committee's Recommendation be adopted.

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### 3. FINANCIAL SERVICES

#### 3.1 Investment report - February 2015

##### Reporting Officer

Manager Financial Services

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##### Attachments

Investment portfolio performance for the month of February 2015 (contained within this report)

##### Purpose

To provide a report outlining Council's investment portfolio performance for February 2015.

##### Report

Council invests any surplus funds that become available through the financial instrument designated by the Ministerial Order from the Office of Local Government. The *Local Government Act 1993* and the *Local Government (General) Regulation 2005* require a monthly investment report be presented to Council.

Council's Investment Portfolio as at 28 February 2015 stood at approximately \$99m. Funds are currently being managed both by Council staff and Fund Managers and are in accordance with the *Local Government Act 1993*, *Local Government (General) Regulation 2005* and Council's Investment Policy.

##### Portfolio Performance

Directly managed investments show an outperformance of the 90 day bank bill index benchmark by more than 100 basis points for the reporting period.

| Monthly annualised return         | February |
|-----------------------------------|----------|
| Council Managed Funds             | 3.63%    |
| Benchmark: 90 Day Bank Bill Index | 2.50%    |

Investment returns can fluctuate during any one reporting period based on market perceptions, or as in the case of funds under management, changes in asset classes. As such, any measurement of performance is better reflected over a rolling 12 month period to average out any fluctuations in monthly performance. Council's total investment portfolio has outperformed the benchmark on average over the last 12 months.

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| <b>Rolling year to date return</b> | <b>February</b> |
|------------------------------------|-----------------|
| Council Managed Funds              | 3.83%           |
| Benchmark: 90 Day Bank Bill Index  | 2.68%           |

Council's portfolio as at 28 February 2015 is diversified with 64% in term deposits of varying lengths of maturity which are managed in accordance with market expectations and Council's investment strategy, 28% in floating rate deposits which gives Council a set margin above either 30 or 90 day bank bills, 6% in fixed rate bonds, 1% in funds in a short term at call account.

| <b>Maturity profile</b> | <b>28 February</b> |
|-------------------------|--------------------|
| Short term at call      | \$236,749          |
| 0 – 3 months            | \$33,502,368       |
| 3 – 6 months            | \$26,297,481       |
| 6 – 12 months           | \$9,382,040        |
| 12 months +             | \$29,500,000       |

All investments are placed with approved deposit taking institutions. No funds are placed with any unrated institutions.

| <b>Credit exposure</b>                     | <b>28 February</b> |
|--|--------------------|
| AAA to AA-                                 | 77%                |
| A+ to A-                                   | 18%                |
| BBB+ to BBB-                               | 5%                 |
| Other approved deposit taking institutions | 0%                 |

### **Economic outlook**

The Reserve Bank of Australia (RBA) Board left the cash rate unchanged at the present level of 2.25% at its meeting held on 3 March. Most economists were predicting a further easing of monetary policy due to figures recently released showing weak consumer and business confidence, rising unemployment and economic growth expectations being scaled back.

The official statement accompanying the decision concluded: "At today's meeting the Board judged that, having eased monetary policy at the previous meeting, it was appropriate to hold interest rates steady for the time being. Further easing of policy may be appropriate over the period ahead, in order to foster sustainable growth in demand and inflation consistent with the target. The Board will further assess the case for such action at forthcoming meetings".

## **Summary**

Council's investment portfolio continues to outperform the benchmark of the 90 day bank bill index. The Local Government Investment Guideline leaves little scope for the enhancement of Council's investment portfolio with the various investment products being offered. However, to enhance the portfolio, advantage is taken on the length of maturity of the investment given the rating of the institution, as well as reviewing any new investment products offered in consultation with Council's financial advisor, Spectra Financial Services.

Regular liaison with Council's external financial advisor assists in monitoring all of the risk factors to maximise Council's return on the investment portfolio, while minimising the risk associated with this strategy.

## **Officer's Recommendation**

That the information be noted.

## **Committee's Recommendation: (Hawker/Mead)**

That the Officer's Recommendation be adopted.

## **CARRIED**

## **Council Meeting 21 April 2015 (Mead/Hawker)**

That the Officer's Recommendation be adopted.

## **Council Resolution Minute Number 57**

That the Officer's Recommendation be adopted.

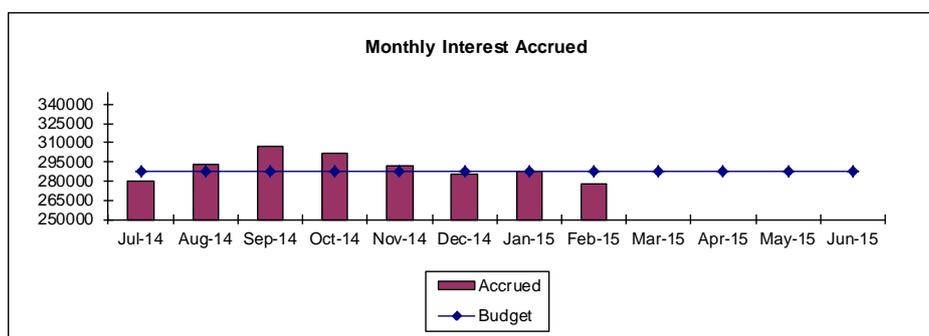
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# ATTACHMENT 1

## CAMPBELLTOWN CITY COUNCIL INVESTMENT PORTFOLIO Summary February 2015

Benchmark UBS Warburg 90 Day Bank Bill Index  
 Portfolio Balance \$98,918,638.76

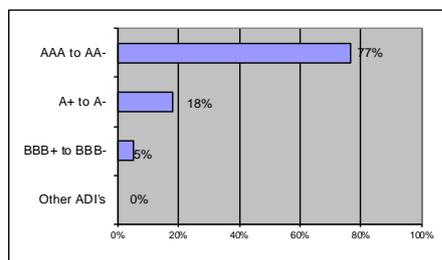
| Monthly Performance             | Return (mth) | Return (pa) |
|---------------------------------|--------------|-------------|
| UBSW 90 Bank Bill Index         | 0.19%        | 2.50%       |
| Total Portfolio                 | 0.28%        | 3.66%       |
| <i>Performance to Benchmark</i> | + 0.09%      | + 1.16%     |
| Portfolio - Direct Investments  | 0.28%        | 3.63%       |
| <i>Performance to Benchmark</i> | + 0.09%      | + 1.13%     |
| Short Term Call Account         | 0.20%        | 2.65%       |



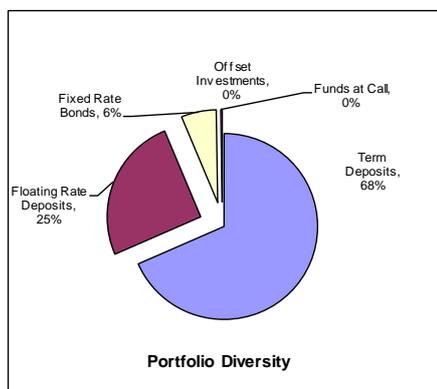
### Year to Date Performance Credit Exposure (S&P Long Term Rating)

Rolling 12 Month Period  
 3.83% Council Managed Funds  
 2.68% Benchmark

Interest Budget to Actual  
 Average Budget to Period \$2,300,000  
 Actual Accrued to Period \$2,324,841



### Securities Institutions



|                         | Amount Invested         | % Portfolio |
|-------------------------|-------------------------|-------------|
| Funds at Call           | \$ 236,748.92           | 0%          |
| NSW Treasury            | \$ 2,225,000.00         | 2%          |
| National Australia Bank | \$ 38,894,083.51        | 39%         |
| ANZ Bank                | \$ 3,500,000.00         | 4%          |
| Westpac Bank            | \$ 12,075,409.00        | 12%         |
| St George Bank          | \$ 1,179,539.40         | 1%          |
| Commonwealth Bank       | \$ 6,500,000.00         | 7%          |
| Bank Western Australia  | \$ 11,307,857.93        | 11%         |
| AMP Bank                | \$ 4,000,000.00         | 4%          |
| Suncorp Metway          | \$ 4,000,000.00         | 4%          |
| ING Bank                | \$ 4,000,000.00         | 4%          |
| Rural Bank              | \$ 2,000,000.00         | 2%          |
| Bank of Queensland      | \$ 4,000,000.00         | 4%          |
| ME Bank                 | \$ 5,000,000.00         | 5%          |
| <b>Total</b>            | <b>\$ 98,918,638.76</b> | <b>100%</b> |

## **3.2 Monthly Rates Summary - February 2015**

### **Reporting Officer**

Manager Financial Services

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### **Attachments**

1. Monthly rates summary (contained within this report)
2. Actual to budget result (contained within this report)
3. Rates statistics (contained within this report)

### **Purpose**

To provide details of the 2014-2015 Rates and Charges Levy and cash collections for the period ending 28 February 2015.

### **Report**

Rates and Charges levied for the period ending 28 February 2015 totalled \$93,130,599 representing 99.57% of the estimated annual budget income.

Rates and Charges collected to the end of February totalled \$64,742,912. In percentage terms, this amount represents 67.97% of all rates and charges due to be paid. In comparison, the amount collected in the same period last year was 68.67%.

The third instalment of rates and charges fell due on Saturday, 28 February 2015 and following the receipt of payments a review of the preferred payment methods has revealed that 43% of ratepayers have chosen to pay over the internet or phone via BPay. Secondary to this is payment at Australia Post agencies with 38.3% along with credit card payments representing 15.9% of all instalment payments.

Debt recovery action during the month involved the service of 19 Statements of Claim and 32 Writs. Council officers continue to provide assistance to ratepayers experiencing difficulty in settling their accounts, including the monitoring of 313 accounts with a total arrears balance of \$332,852 who have made suitable payment arrangements.

Ratepayers who purchased property since the February instalment notices were issued a 'Notice to new owner' letter. During the month, 26 of these notices were sent to ratepayers advising them of the amount unpaid on their account and the amount levied in annual rates and charges.

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**Officer's Recommendation**

That the information be noted.

**Committee's Recommendation: (Borg/Mead)**

That the Officer's Recommendation be adopted.

**CARRIED**

**Council Meeting 21 April 2015 (Mead/Hawker)**

That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 57**

That the Officer's Recommendation be adopted.

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# ATTACHMENT 1

## RATES SUMMARY

### STATEMENT OF ALL OUTSTANDING RATES AND EXTRA CHARGES

| RATE - CHARGE      | NET ARREARS<br>1/7/2014 | NET LEVY FOR<br>YEAR   | PENSION<br>REBATES    | EXTRA<br>CHARGES    | TOTAL<br>RECEIVABLE    | CASH<br>COLLECTED      | NET AMOUNT<br>DUE      | POSTPONED<br>RATES &<br>INTEREST | GROSS AMOUNT<br>DUE    |
|--------------------|-------------------------|------------------------|-----------------------|---------------------|------------------------|------------------------|------------------------|----------------------------------|------------------------|
| RESIDENTIAL        | 2,229,478.24            | 52,403,345.56          | 1,396,490.57          | 462,595.31          | 53,698,928.54          | 36,061,050.55          | 17,637,877.99          | 387,035.05                       | 18,024,913.04          |
| BUSINESS           | 505,760.07              | 17,252,879.42          |                       | 50,632.99           | 17,809,272.48          | 12,255,011.87          | 5,554,260.61           |                                  | 5,554,260.61           |
| BUSINESS - IND     | 2,596.47                | 0.00                   |                       | 19.15               | 2,615.62               | 2,454.98               | 160.64                 |                                  | 160.64                 |
| FARMLAND           | 9,799.71                | 515,366.30             | 887.10                | 1,315.55            | 525,594.46             | 378,633.08             | 146,961.38             | 363,982.20                       | 510,943.58             |
| MINING             | 0.00                    | 25,844.26              |                       | 0.00                | 25,844.26              | 25,844.26              | 0.00                   |                                  | 0.00                   |
| LOAN               | 221,327.81              | -1,119.61              |                       | 2,707.78            | 222,915.98             | 140,088.86             | 82,827.12              | 40,387.98                        | 123,215.10             |
| INFRASTRUCTURE     | 0.00                    | 5,459,040.62           |                       | 3,488.39            | 5,462,529.01           | 3,650,630.14           | 1,811,898.87           | 37,663.50                        | 1,849,562.37           |
| F5 ACCESS RAMPS    | 719.65                  | 0.00                   |                       | 2.88                | 722.53                 | 334.23                 | 388.30                 |                                  | 388.30                 |
| <b>TOTAL</b>       | <b>\$2,969,681.95</b>   | <b>\$75,655,356.55</b> | <b>\$1,397,377.67</b> | <b>\$520,762.05</b> | <b>\$77,748,422.88</b> | <b>\$52,514,047.97</b> | <b>\$25,234,374.91</b> | <b>\$829,068.73</b>              | <b>\$26,063,443.64</b> |
| GARBAGE            | 672,970.21              | 17,133,625.42          | 815,033.82            | 23,905.14           | 17,015,466.95          | 11,507,951.56          | 5,507,515.39           |                                  | 5,507,515.39           |
| STORMWATER         | 48,658.95               | 1,033,333.34           |                       | 303.53              | 1,082,295.82           | 720,912.85             | 361,382.97             |                                  | 361,382.97             |
| <b>GRAND TOTAL</b> | <b>\$3,691,311.11</b>   | <b>\$93,822,315.31</b> | <b>\$2,212,411.49</b> | <b>\$544,970.72</b> | <b>\$95,846,185.65</b> | <b>\$64,742,912.38</b> | <b>\$31,103,273.27</b> | <b>\$829,068.73</b>              | <b>\$31,932,342.00</b> |

### ANALYSIS OF RECOVERY ACTION

|  |                     |
|--|---------------------|
| Rate accounts greater than 6 months less than 12 months in arrears     | 454,757.99          |
| Rate accounts greater than 12 months less than 18 months in arrears    | 108,169.85          |
| Rate accounts greater than 18 months in arrears                        | 25,450.44           |
| <b>TOTAL rates and charges under instruction with Council's agents</b> | <b>\$588,378.28</b> |

|  |               |
|--|---------------|
| Total from Rates Financial Transaction Summary | 31,526,480.47 |
| Overpayments                                   | -405,861.53   |
| Difference                                     | 0.00          |

## ATTACHMENT 2

### COMPARISON OF BUDGET TO ACTUAL

| DESCRIPTION              | ORIGINAL BUDGET | REVISED BUDGET | ACTUAL      | BALANCE STILL RECD. | % RAISED |
|--------------------------|-----------------|----------------|-------------|---------------------|----------|
| RESIDENTIAL BUSINESS     | 51,874,900      | 52,253,700     | 52,403,346  | (149,646)           | 100.29%  |
| FARMLAND                 | 17,321,100      | 17,387,100     | 17,252,879  | 134,221             | 99.23%   |
| MINING                   | 407,200         | 407,200        | 515,366     | (108,166)           | 126.56%  |
| INFRASTRUCTURE           | 15,200          | 7,200          | 25,844      | (18,644)            | 358.95%  |
| TOTALS                   | 5,414,300       | 5,464,300      | 5,459,041   | 5,259               | 99.90%   |
|                          | 75,032,700      | 75,519,500     | 75,656,476  | (136,976)           | 100.18%  |
| INTEREST CHARGES         | 348,200         | 293,200        | 98,888      | 194,312             | 33.73%   |
| LEGAL COSTS RECOVERED    | 840,000         | 840,000        | 410,679     | 429,322             | 48.89%   |
| PENSIONERS - Sec 575     | (1,774,400)     | (1,799,400)    | (1,836,381) | 36,981              | 102.06%  |
| PENSIONERS - Sec 582     | (370,000)       | (370,000)      | (376,031)   | 6,031               | 0.00%    |
| PENSIONERS SUBSIDY       | 975,920         | 975,920        | 1,010,009   | (34,089)            | 103.49%  |
| SUB TOTAL                | 75,052,420      | 75,459,220     | 74,963,640  | 495,580             | 99.34%   |
| DOMESTIC WASTE CHARGES   | 16,805,600      | 16,805,600     | 16,701,098  | 104,502             | 99.38%   |
| COMMERCIAL WASTE CHARGES | 372,600         | 372,600        | 432,528     | (59,928)            | 116.08%  |
| STORMWATER MNGMNT        | 897,000         | 897,000        | 1,033,333   | (136,333)           | 115.20%  |
| GRAND TOTALS             | 93,127,620      | 93,534,420     | 93,130,599  | 403,821             | 99.57%   |

### COLLECTIONS AS A % OF:

|                      | TOTAL RECEIVABLE | TOTAL LEVIED | TOTAL RECEIVABLE      | TOTAL LEVIED |
|----------------------|------------------|--------------|-----------------------|--------------|
| RESIDENTIAL BUSINESS | 67.15%           | 68.81%       |                       |              |
| FARMLAND             | 68.81%           | 71.03%       | RATES                 | 69.41%       |
| INFRASTRUCTURE       | 72.04%           | 73.47%       | WASTE                 | 67.17%       |
|                      | 66.83%           | 66.87%       | STORMWATER            | 69.77%       |
| ALL RATES            | 67.54%           | 69.41%       | TOTAL RATES & CHARGES | 69.44%       |

## ATTACHMENT 3

### RATES STATISTICS

| No. of documents Issued        | July   | August | September | October | November | December | January | February | March | April | May | June | Mar-14 |
|--------------------------------|--------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|--------|
| Rate Notices                   | 50,437 | 77     |           | 279     |          |          | 165     |          |       |       |     |      |        |
| Electronic - DoH               | 5,499  |        |           |         |          |          |         |          |       |       |     |      |        |
| Instalment Notices             |        |        |           | 43,095  |          |          | 42,533  |          |       |       |     |      |        |
| Electronic - DoH               |        |        |           | 5,499   |          |          | 6,237   |          |       |       |     |      |        |
| Missed Instalment Notices      |        |        | 7,695     |         |          | 7,734    |         |          |       |       |     |      |        |
| - Pensioners > \$15.00         |        |        | 507       |         |          | 485      |         |          |       |       |     |      |        |
| Notice to new owner            | 202    | 86     | 37        | 80      | 38       | 41       | 51      | 26       |       |       |     |      | 21     |
| 7-day Letters - Council issued |        |        | 1,818     |         |          | 2,058    |         |          |       |       |     |      |        |
| - Pensioners > \$500.00        |        |        | 138       |         |          | 97       |         |          |       |       |     |      |        |
| 7-day Letters - Agent Issued   |        |        | 583       |         |          |          | 553     |          |       |       |     |      |        |
| Statement of Claim             | 213    | 34     | 14        | 231     | 17       | 13       | 229     | 19       |       |       |     |      | 22     |
| Judgments                      | 18     | 63     | 22        | 14      | 72       | 6        | 18      | 32       |       |       |     |      | 38     |
| Writs                          | 17     | 39     | 23        | 5       | 13       | 21       | 17      | 4        |       |       |     |      | 6      |
| eRates                         | 1,356  | 1,359  | 1,361     | 1,364   | 1,366    | 1,367    | 1,367   | 1,368    |       |       |     |      | 1,342  |
| Arrangements                   | 364    | 303    | 395       | 406     | 473      | 391      | 381     | 313      |       |       |     |      | 303    |

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### 3.3 Sundry Debtors Report - February 2015

#### Reporting Officer

Manager Financial Services

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#### Attachments

1. Debtors summary to 28 February 2015 (contained within this report)
2. Ageing of sundry debts to 28 February 2015 (contained within this report)

#### Purpose

To provide a report detailing the amount outstanding by type and age for sundry and miscellaneous debts for the period ending 28 February 2015.

#### Report

Debts outstanding to Council as at 28 February 2015 are \$826,889, reflecting a decrease of \$176,129 since January 2015. The ratio of outstanding debts to current invoices has decreased from 29% in January to the current level of 23%. This debtor management ratio is a measure of the effectiveness of recovery efforts, however is impacted by Council policies as well as economic and social conditions.

#### Invoices raised – February 2015

During the month, 1157 invoices were raised totalling \$816,550. The majority of these are paid within a 30 day period. The most significant invoices raised during the month have been in the following areas:

Land and Building Rentals – \$237,852 – the main invoices relate to:

|  |           |
|--|-----------|
| McDonalds Australia Limited - monthly rental at Glenquarie Shopping Centre and additional rent payable for period 20 December 2013 to 19 December 2014 | \$107,672 |
| Aldi Stores - monthly rental Macquarie Fields  | \$24,750  |
| Nuvezo Pty Ltd - monthly rental Dumaresq Street Cinema   | \$23,797  |
| Glenquarie Hotel Pty Ltd - monthly rental Macquarie Fields   | \$20,438  |
| Caltex Oil Australia Pty Ltd - monthly rental Macquarie Fields   | \$15,062  |
| Mycorp Group Pty Ltd - monthly rental Macquarie Fields   | \$13,696  |
| Optus Mobile Pty Limited - monthly rental Eagle Vale   | \$9,407   |

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Waste Collection Services – \$126,216 – the main invoices relate to:

|  |          |
|--|----------|
| G & G Waste Service - effluent removal for January           | \$35,674 |
| Remondis Australia Pty Ltd - effluent removal for January    | \$19,320 |
| Veolia Environmental Services - effluent removal for January | \$5,161  |

Government and other Grants – \$126,000 – the invoices relate to:

|   |          |
|---|----------|
| Australia Council For The Arts - Contemporary Dance Program 2015  | \$66,000 |
| Department of Infrastructure and Regional Development - Campbelltown City Rugby League Club amenities upgrade program | \$60,000 |

Various Sundry Items – \$92,611 – the main invoices relate to:

|  |          |
|--|----------|
| Wingecarribee Shire Council - contribution to legal representation from Sparke Helmore Lawyers in relation to the South West Sydney Councils Resource Recovery Project - contract with WSN Environmental Solutions                     | \$16,012 |
| Wollondilly Shire Council - contribution to legal advice from Sparke Helmore Lawyers in relation to the South West Sydney Councils Resource Recovery Project - contract with WSN Environmental Solutions                               | \$16,012 |
| Camden Council - contribution to legal advice from Sparke Helmore Lawyers in relation to the South West Sydney Councils Resource Recovery Project - contract with WSN Environmental Solutions and the manufacture of two parking signs | \$16,283 |
| Community Options - reimbursement for high level community care client   | \$9,327  |

Receipts to the value of \$992,679 have been received during the period, the most notable in the following areas:

|                             |           |
|-----------------------------|-----------|
| Various Sundry Items        | \$161,401 |
| Land and Building Rentals   | \$149,452 |
| Corporate Administration    | \$125,048 |
| Waste Collection Services   | \$82,071  |
| Government and other Grants | \$73,100  |
| Pool Hire                   | \$67,201  |

### Sundry debts outstanding – 28 February 2015

Debts exceeding 90 days of age totalled \$154,403 as at 28 February 2015. The major invoices relating to this balance include:

| Description  | Date Invoiced | Balance at 28 February 2015 |
|--|---------------|-----------------------------|
| Debtor 68316.9 - retaining wall between Lot 1451 DP 703487, 2 and 4 Brownlow Place, Ambarvale. Debtor is maintaining arrangement to pay \$450 per month as approved by Council | 09/06/10      | \$9,707                     |

|  |                           |                   |
|--|---------------------------|-------------------|
| Caspers Baseball Club - electricity charges. Club is experiencing financial difficulty, however have been making irregular payments to reduce the debt. Council continues to meet with club and Macarthur Baseball to resolve debt   | 17/12/12 to<br>03/12/14   | \$6,052           |
| Minto Cobras JRLFC - electricity charges and hire fees relating to usage of Benham Oval. Payment made in full on 5 March 2015  | 15/05/12                  | \$5,608<br>(paid) |
| Caltex Oil Australia Pty Ltd - dispute over market valuation review, this amount is subject to independent assessment  | 08/02/13 to<br>02/12/2014 | \$7,902           |
| Insight Mercantile Pty Ltd – abandoned motor vehicle, unable to locate owner of the vehicle. Finance company acknowledges Councils power to sell an encumbered vehicle. The vehicle has gone to the auctioneer and was not sold at first auction, however will be put up for further auction in an attempt to sell the vehicle and recover the costs | 18/07/14                  | \$2,799           |
| GE Automotive – abandoned motor vehicle, unable to locate owner of the vehicle. Finance company acknowledges Councils power to sell an encumbered vehicle. The vehicle has gone to the auctioneer and was not sold at first auction, however will be put up for further auction in an attempt to sell the vehicle and recover the costs              | 05/07/12                  | \$5,709           |
| 74366.6 - motor vehicle accident at the Animal Care Facility, no response to letters sent. Councils agent Executive collections is in the process of performing Skip Tracing to locate debtor  | 05/06/14                  | \$1,964           |
| Master Woodturning - Land value associated with walkway closure adjoining 37 Lancaster Street, Ingleburn. Payment is expected in June 2015   | 20/11/2014                | \$54,127          |

Debt recovery action is undertaken in accordance with Council's Sundry Debtor Recovery Procedures Policy and commences with the issue of a tax invoice. A person or entity may be issued any number of invoices during the calendar month for any business, services or activities provided by Council. At the conclusion of each calendar month, a statement of transactions is provided with details of all invoices due and how payments or credit notes have been apportioned. Once an invoice is paid, it no longer appears on any subsequent statement.

All debts that age by 90 days or more are charged a statement administration fee of \$5.50 per statement. Debtors are contacted by telephone, email or in writing to make suitable arrangements for payment of the overdue debt. Where a suitable arrangement is not achieved or not maintained as agreed, a seven day letter is issued referencing referral to Council's debt recovery agents.

Matters referred to Council's recovery agent are conducted in accordance with relevant legislation and the *Civil Procedures Act 2001*. Formal legal recovery commences with a letter of demand (or letter of intent) providing debtors with at least 14 days to respond. In the event that no response is received, instructions are given to proceed to Statement of Claim allowing a further 28 days to pay or defend the action. Failing this, the matter will automatically proceed to judgment and continue through the *Civil Procedures Act 2001* process.

All costs associated with formal legal recovery are payable by the debtor and staff continue to make every effort to assist debtors to resolve their outstanding debt before escalating it through the local court.

During the month, 27 accounts were issued a letter of demand on Council's letterhead, advising that if the account was not settled or an appropriate arrangement was not made, the account will escalate to formal legal action through Council's agents.

The first stage of formal legal recovery action commenced on 33 accounts. The defaulting debtors were issued a letter of demand by Council's agents Executive Collections, advising that if the account was not settled or an appropriate arrangement was not made the account may be escalated to a Statement of Liquidated Claim.

Council's agents were instructed to proceed with two Statement of Liquidated Claims, for unpaid licence fees and unpaid road restoration fees.

Council officers continue to provide assistance to debtors experiencing difficulties in paying their accounts. Debtors are encouraged to clear their outstanding debts through regular payments where possible, to avoid any further recovery action.

### **Officer's Recommendation**

That the information be noted.

### **Committee's Recommendation: (Mead/Kolkman)**

That the Officer's Recommendation be adopted.

### **CARRIED**

### **Council Meeting 21 April 2015 (Mead/Hawker)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 57**

That the Officer's Recommendation be adopted.

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**ATTACHMENT 1**

***DEBTORS SUMMARY 1 February 2015 to 28 February 2015***

| DEBTOR TYPE/DESCRIPTION       | ARREARS AT<br>31/01/2015 | RAISED<br>THIS PERIOD | RECEIVED<br>THIS PERIOD | BALANCE AT<br>28/02/2015 | % DEBT<br>RATIO |
|-------------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------|
| Corporate Administration      | 164,322                  | 18,416                | 125,048                 | 57,690                   | 6.98%           |
| Abandoned Items               | 6,662                    | 0                     | 0                       | 6,662                    | 0.81%           |
| Education and Care Services   | 18,710                   | 0                     | 0                       | 18,710                   | 2.26%           |
| Community Bus                 | 470                      | 110                   | 434                     | 145                      | 0.02%           |
| Sportsground and Field Hire   | 23,995                   | 39,460                | 5,327                   | 58,128                   | 7.03%           |
| Government and other Grants   | 17,413                   | 126,000               | 73,100                  | 70,313                   | 8.50%           |
| Public Hall Hire              | 41,600                   | 18,469                | 42,624                  | 17,445                   | 2.11%           |
| Health Services               | 350                      | 0                     | 0                       | 350                      | 0.04%           |
| Land and Building Rentals     | 68,123                   | 237,852               | 149,452                 | 156,523                  | 18.93%          |
| Healthy Lifestyles            | 9,868                    | 29,545                | 34,384                  | 5,029                    | 0.61%           |
| Library Fines and Costs       | 181,897                  | 0                     | 181,897                 | 0                        | 0.00%           |
| Licence Fees                  | 71,885                   | 18,920                | 36,615                  | 54,190                   | 6.55%           |
| Pool Hire                     | 63,042                   | 41,658                | 67,201                  | 37,499                   | 4.53%           |
| Private Works                 | 13,934                   | 400                   | 450                     | 13,884                   | 1.68%           |
| Road and Footpath Restoration | 20,022                   | 41,463                | 10,307                  | 51,178                   | 6.19%           |
| Shop and Office Rentals       | 20,838                   | 25,432                | 22,368                  | 23,902                   | 2.89%           |
| Various Sundry Items          | 227,646                  | 92,611                | 161,401                 | 158,856                  | 19.21%          |
| Waste Collection Services     | 91,675                   | 126,216               | 82,071                  | 135,820                  | 16.43%          |
|                               | <b>1,003,018</b>         | <b>816,550</b>        | <b>992,679</b>          | <b>826,889</b>           | <b>100%</b>     |

## ATTACHMENT 2

### AGEING OF SUNDRY DEBTOR ACCOUNTS - 28 February 2015

| Description                   | Current Charges | Total 30 Days  | Total 60 Days | Total 90+ Days | Balance Due    | Previous Month<br>90+ days |
|-------------------------------|-----------------|----------------|---------------|----------------|----------------|----------------------------|
| Corporate Administration      | 13,763          | 17,514         | 3,294         | 23,118         | 57,690         | 74,478                     |
| Abandoned Items               | 0               | 0              | 0             | 6,662          | 6,662          | 6,662                      |
| Education and Care Services   | 18,710          | 0              | 0             | 0              | 18,710         | 0                          |
| Community Bus                 | 145             | 0              | 0             | 0              | 145            | 0                          |
| Sportsground and Field Hire   | 37,465          | 3,480          | 0             | 17,183         | 58,128         | 21,016                     |
| Government and other Grants   | 60,000          | 0              | 10,313        | 0              | 70,313         | 0                          |
| Public Hall Hire              | 5,747           | 5,700          | 3,609         | 2,389          | 17,445         | 2,336                      |
| Health Services               | 0               | 0              | 0             | 350            | 350            | 350                        |
| Land and Building Rentals     | 145,655         | 1,292          | 1,292         | 8,284          | 156,523        | 7,893                      |
| Healthy Lifestyles            | 1,410           | 465            | 945           | 2,209          | 5,029          | 2,139                      |
| Licence Fees                  | 19,015          | 20,918         | 2,565         | 11,692         | 54,190         | 12,735                     |
| Pool Hire                     | 35,684          | 0              | 503           | 1,313          | 37,499         | 1,180                      |
| Private Works                 | 1,589           | 0              | 0             | 12,295         | 13,884         | 13,934                     |
| Road and Footpath Restoration | 34,930          | 5,717          | 10,530        | 0              | 51,178         | 1,741                      |
| Shop and Office Rentals       | 13,788          | 6,409          | 3,705         | 0              | 23,902         | 0                          |
| Various Sundry Items          | 76,122          | 11,323         | 2,502         | 68,908         | 158,856        | 12,986                     |
| Waste Collection Services     | 59,825          | 75,994         | 0             | 0              | 135,820        | 16,384                     |
|                               | <b>484,414</b>  | <b>148,813</b> | <b>39,259</b> | <b>154,403</b> | <b>826,889</b> | <b>173,834</b>             |

## **3.4 Revised Investment Policy**

### **Reporting Officer**

Manager Financial Services

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### **Attachments**

Revised Investment Policy (contained within this report)

### **Purpose**

To seek Council's endorsement of the revised Investment Policy.

### **History**

The abovementioned policy was adopted by Council on 3 August 1984 and was last reviewed on 11 March 2014. The policy is now due for review in accordance with the Records and Document Management Policy.

### **Report**

The abovementioned policy has been reviewed in accordance with Council's Record Management Policy, the adopted procedure for Policy Development and Review and the Investment Policy Guidelines issued by the Office of Local Government (OLG) in May 2010.

Council maintains an Investment Policy in accordance with best practice recommended by the OLG. A monthly report is provided to Council outlining the performance of Council's investment portfolio.

In conducting a review of Council's financial instruments and debt structuring, advice is sought from Council's external financial advisor, Spectra Financial Services. Council has maintained a conservative approach to the structure of the investment portfolio while taking the opportunity, after reviewing the risk profile and advice from Spectra Financial Services to enhance the performance of returns with various products that become available, such as floating rate notes or longer term fixed bonds.

The abovementioned Investment Policy has been reviewed and found that minimal changes only were required. These minimal changes are:

- Increase the maximum percentage allowable per institution with a rating of AA to 45% from 40% in line with the AAA rating limit. The major banks all have a credit rating of AA, being a very strong capacity to pay
-

- The benchmark for measuring portfolio performance be amended to reflect the change in management of the 90 day bank bill index to Bloomberg from UBS.

It is now recommended that the policy be adopted and a new review date set.

### **Officer's Recommendation**

1. That the revised Investment Policy as attached to this report be adopted.
2. That the Policy review date be set at 31 January 2016.

### **Committee's Recommendation: (Hawker/Borg)**

That the Officer's Recommendation be adopted.

### **CARRIED**

### **Council Meeting 21 April 2015 (Mead/Hawker)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 57**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

|   |  |               |
|---|--|---------------|
|  |  | <b>POLICY</b> |
| Policy Title  | Investment Policy  |               |
| Related Documentation   | Accounting Practices Statement   |               |
| Relevant Legislation/<br>Corporate Plan   | <i>Local Government Act 1993</i><br><i>Local Government General Regulation 2005</i><br>Ministerial Investment Order<br>Local Government Code of Accounting Practice and Financial Reporting<br>Australian Accounting Standards<br>Division of Local Government Circulars |               |
| Responsible Officer   | Manager Financial Services   |               |

**Policy details may change prior to review date due to legislative changes, therefore this document is uncontrolled when printed.**

### Objectives

To maximise earnings through a diversified portfolio invested in approved investments that recognise Council's planning and cash flow forecasts.

To minimise the risk of loss of principal through a policy based on high credit levels (counterparty risk) and diversification.

To seek to ensure earnings are positive over the life of the investment.

To minimise the risk of loss (both principal and interest) through clear management procedures and investment discretions.

To provide a planning framework for ongoing monitoring and review of Council's investments and its policy.

To consider investment management in the wider context of Treasury Risk Management.

### Policy Statement

Interest on these investments represents a significant contribution to the total income of Council and it is essential that Council has clear policy guidelines as to how funds can be invested. While the *Local Government Act 1993 – Order* (relating to investments by Councils) is quite explicit as to the types of institutions with which Council can invest, there are nevertheless variations in the financial ratings of these institutions and the types of investments that can be purchased, which are not explained. This policy aims to clearly state the institutions with which Council can invest the maximum proportion of funds that may be placed with individual organisations and the types of investments entered into.

### **Scope**

This policy applies to Investment monies built up through:

- General unrestricted reserves created through rate income and other revenue sources exceeding (re)current expenditure, sale of properties and other assets
- Restricted reserves that accrue through contributions under Section 94 of the *EPA Act*
- Internally restricted reserves
- Restricted reserves accruing through special purpose grants, donations etc
- Loan proceeds drawn down awaiting expenditure
- Timing differences within the year between rate receipts and expenditures.

### **Definitions**

|                     |                                  |
|---------------------|----------------------------------|
| Working Funds       | Maturities up to 180 days        |
| Contingent Reserves | Maturities 6 months to 24 months |
| Core Holdings       | Maturities beyond 24 months.     |

### **Legislative Context**

Council's power to invest is derived from Section 625 of the *Local Government Act 1993*, as amended by the *Statute Law (Miscellaneous Provisions) Act 2000* – which limits investments to only those that the Minister approves.

#### *The Local Government Act*

Section 625 (2) of the Act provides that:

“Money may be invested only in a form of investment notified by order of the Minister published in the Gazette”.

Investments previously authorised under the *Trustee Act* are no longer available to Council.

The current Ministerial order – 12 January 2011.

### **Principles**

#### Authority for Investment

Investment of Council funds is limited to those allowed by the most current Ministerial Investment Order that has been issued by the NSW Minister for Local Government in accordance with the following guidelines:

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**Guidelines**

- a) Authorised Investments
- i) Public funds or securities issued by or guaranteed by the Commonwealth, State of the Commonwealth or a Territory
  - ii) Debentures or securities issued by a Council (within the meaning of the *Local Government Act 1993* (NSW))
  - iii) Interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit taking institutions (as defined by the *Banking Act 1959 (Cwlth)*), but excluding subordinated debt obligations
  - iv) Bills of exchange which have maturity dates of not more than 200 days; and if purchased for value confers on the holder in due course the right of recourse against a bank which has been designated as an authorised deposit taking institution by the Australian Prudential Regulation Authority (APRA)
  - v) Deposits with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation.

All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

- b) Council's Own Direct Investments
- Council's policy is to only invest with the four major tier one Australian trading banks and their subsidiaries, as well as other tier two publicly listed Australian banks, in term deposits and senior debt instruments in accordance with the Ministerial order.

Investments in other tier two Australian banks are not to exceed twelve months in duration, be limited to 5% of the portfolio per institution to a maximum of 20% of the portfolio for this group and each institution must have a short term Standard & Poor's rating of not less than A-1 or A-2.

Council may take the opportunity to allocate core funds in longer term investments such as floating rate notes and fixed rate bank bonds. This will depend on the interest rate outlook and be based on Council's cash flow forecast and the need to hold contingent reserves.

**Short Term Rating** (0-365 days) means the institution's capacity to repay debt in the short term. Example of short term paper are:

- i) Commercial Bills
- ii) Certificate of Deposits
- iii) Term Deposits
- iv) Bill Lines and
- v) 11am Deposits etc.

**The Short Term Rating Order** (as defined by S&P Australian Ratings) is:

- A1+ extremely strong degree of safety regarding timely payment
- A1 a strong degree of safety
- A2 a satisfactory capacity for timely payment

**Long Term Paper** is usually Bonds, Government and Semi-Government Securities etc. The rating order is:

- AAA } an extremely strong capacity to repay debt
- AAA- }
  
- AA+ }
- to }
- AA- }

A+ }  
 to } a strong capacity to repay debt  
 A- }

BBB+}  
 to } an adequate capacity to repay debt  
 BBB- }

**Quotations on Investments**

Not less than three quotations shall be obtained from authorised institutions whenever an investment is proposed. The best quote on the day will be successful after allowing for administrative and banking costs, as well as having regard to the limits set above.

**General Policy Guidelines**

**Diversification**

Diversification is used to spread risk through utilisation of maximum percentage investment limits to the following:

- Individual Institutions (varies per credit rating)
- Credit Rating Bands (eg, AAA v A) - these are Standard & Poors Long Term ratings (or Moody's or Fitch equivalents).

These limits are as per the following schedule:

| <b>Credit Rating of Institution<br/>(Standard &amp; Poors)</b>   | <b>Maximum %<br/>of Total<br/>Investments</b> | <b>Maximum %<br/>with one<br/>Institution</b> | <b>Maximum<br/>Term</b> |
|--|---|---|-------------------------|
| AAA<br>An extremely strong capacity to pay   | <b>100%</b>                                   | <b>45%</b>                                    | <b>5 yrs</b>            |
| AA+, AA, AA-<br>A very strong capacity to pay  | <b>100%</b>                                   | <b>45%</b>                                    | <b>5 yrs</b>            |
| A+, A, A-<br>A strong capacity to pay  | <b>60%</b>                                    | <b>20%</b>                                    | <b>1 yr</b>             |
| <b>Standard &amp; Poor's Short<br/>Term Rating</b><br>A-1 strong capacity to pay<br>A-2 satisfactory capacity to pay | <b>20%</b>                                    | <b>5%</b>                                     | <b>1 yr</b>             |

**Authorised Investments**

Major trading banks (MTB's) refer only to ANZ Banking Group Ltd, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation.

Wholly-owned bank subsidiaries of MTB's refer to Bankwest (CBA) and St George Bank (Westpac). Both bank subsidiaries carry the same short and long term credit ratings as their parent (A1+ / AA) but neither is guaranteed by their parent.

Other ADI's refer to those intermediaries listed at any time on APRA's website, <http://www.apra.gov.au/adi/pages/adilist.aspx>. Listed Australian banking entities include Bank of Queensland, Suncorp Metway, Bendigo and Adelaide Bank and Macquarie Bank.

#### **Maturities**

Working funds representing Council's liquidity requirements are managed so as to minimise the use of expensive overdraft to meet Council's day to day trading needs. An amount of at least \$3m or 5% of the value of the total investment portfolio must be accessible within seven days.

Funds may be invested for a period up to five years. Investments exceeding a term of 12 months will only be placed with tier one institutions or wholly owned subsidiaries thereof, provided the institution is authorised under the current Ministerial Investment Order, and the subsidiary's rating from Standard and Poors, Moody's or Fitch is at least equivalent to its parent tier one institution rating.

The maturity allocation of core funds, and whether fixed or floating rates, will be determined by the interest rate outlook and be apportioned based on Council's cash flow forecast in conjunction with Council's Financial Advisor, Spectra Financial Services.

#### **Independent Financial Advice**

New Investment instruments that are promoted by an appropriately rated Financial Institution must be the subject of a review by Council's independent financial advisor. Funds may not be placed in any new financial product before this review has been completed.

#### **Review of Investment Portfolio Performance**

Council is presented with a monthly report on the performance of each fund/product that makes up Council's Investment portfolio. In conjunction with Spectra Financial Services, the Investment Policy will be reviewed at least annually or as required in the event of legislative changes.

#### **Benchmarks**

|                    |                                  |
|--------------------|----------------------------------|
| Cash               | Reserve Bank Cash Reference Rate |
| Direct Investments | Bloomberg 90 Day Bank Bill Index |

#### **Responsibility**

Manager Financial Services, Finance & Tax Accountant, and other authorised signatories.

#### **Effectiveness of this Policy**

This policy will be reviewed annually in accordance with Regulations and Departmental Guidelines to ensure its continuing suitability and effectiveness. Records of reviews shall be maintained.

**END OF POLICY STATEMENT**

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#### **4. HUMAN RESOURCES**

**No reports this round**

#### **5. INFORMATION MANAGEMENT AND TECHNOLOGY**

**No reports this round**

#### **6. GENERAL BUSINESS**

##### **6.1 Easy Care Gardening Volunteer Program**

###### **Committee's Recommendation: (Chanthivong/Kolkman)**

That a report be presented to Council investigating the potential for an Easy Care Gardening Volunteer Program similar to that run by Ryde City Council and the report also include potential funding sources from State and Federal Government.

**CARRIED**

###### **Council Meeting 21 April 2015 (Mead/Hawker)**

That the Committee's Recommendation be adopted.

###### **Council Resolution Minute Number 57**

That the Committee's Recommendation be adopted.

###### **Confidentiality Motion: (Hawker/Greiss)**

That the Committee in accordance with Section 10A of the *Local Government Act 1993*, move to exclude the public from the meeting during discussions on the items in the Confidential Agenda, due to the confidential nature of the business and the Committee's opinion that the public proceedings of the Committee would be prejudicial to the public interest.

**CARRIED**

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## **23. CONFIDENTIAL ITEMS**

### **23.1 Lease of Suite 6 and Suite 7 Milgate Arcade, Queen Street Campbelltown**

#### **Reason for Confidentiality**

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

#### **Motion: (Mead/Kolkman)**

That the Committee in accordance with Section 10 of the *Local Government Act 1993*, move to re-open the meeting to the public.

#### **CARRIED**

There being no further business the meeting closed at 5.46pm.

C Mead  
CHAIRPERSON

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