

Reports of the Corporate Governance Committee Meeting held at 5.30pm on Tuesday, 12 July 2016.

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 12 July 2016

Present His Worship the Mayor, Councillor P Hawker
Councillor C Mead (Chairperson)
Councillor F Borg
Councillor A Chanthivong
Councillor S Dobson
Councillor R Kolkman
Councillor P Lake
Acting Director Business Services - Mrs C Mears
Director City Works - Mr W Rylands
Acting Manager Assets and Supply Services - Mr W Miller
Acting Manager Governance and Risk - Mr W Kear
Manager Property Services - Mr J Milicic
Executive Assistant - Mrs K Peters

Apology (Lake/Hawker)

That the apology from Councillor Greiss be received and accepted.

CARRIED

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 Borg - Item 1.2 - 24hr Fight Against Cancer Macarthur - Councillor Borg advised that he is the Chairman of the 24hr Fight Against Cancer Macarthur Inc and that he will leave the room and not take part in debate nor vote on the matter.

Other Disclosures - nil

1. GOVERNANCE AND RISK

1.1 Insurance Renewals 2016-2017

Reporting Officer

Acting Manager Governance and Risk

Attachments

2016-2017 Insurance Register (contained within this report)

Purpose

To inform Council of the 2016-2017 insurance program.

History

Campbelltown City Council is a long-standing member of the Statewide Mutual schemes for NSW local government, established in response to adverse insurance market conditions. Statewide Mutual membership is comprised of 150 local authorities. The chairman and board are elected from the members, with brokerage services provided by Jardine Lloyd Thompson (JLT).

In April 2016, Council commenced the required renewal process for the insurance policies falling due on 30 June 2016.

Report

The insurance program has been renewed for 2016-2017, with receipt of the 2016-2017 Insurance Renewal Report on 21 June 2016. The overall change in premiums and fund contributions from 2015-2016 is approximately \$44,855 or 3.81 per cent, this is within the 2016-2017 budgeted figures for the premiums, as previously adopted by Council. A number of the individual policies are discussed below.

Councillor and Officer liability

In recent years the Councillor and Officer liability risk increased significantly in NSW, principally due to investigations by the Independent Commission Against Corruption (ICAC) and high legal defence costs. Although Campbelltown City Council has not been directly involved in these matters, the associated insurance claims and notifications have historically put pressure on premiums. In the past two years premiums have stabilised with an increase of 1.8 per cent in Council's 2016-2017 premium.

Fidelity Guarantee (Crime)

Statewide Mutual advises that the fidelity guarantee scheme has been re-rated and premiums have remained stable with no change for 2016-2017. The policy has been upgraded to include Cyber Crime claims. This will include any claims resulting in the loss of costs associated with cyber extortion threats, digital asset replacement, security and privacy liability.

Motor Vehicle

The motor vehicle premium has decreased by 3.89 per cent in 2016-2017, mainly due to lower incurred claims costs and a slight decrease in the number of notifiable events. Motor Vehicle risk management will continue to be reviewed in 2016-2017 to improve claims data analysis, information gathering and reporting, and driver awareness and training.

Public Liability and Professional Indemnity

The scheme provides coverage for public liability for personal injury, damage to property, products liability, professional negligence, error or omission and breach of duty of care. Member contributions to the scheme have remained relatively stable with a 1.8 per cent increase for 2016-2017.

Council has participated in the Continuous Improvement Pathway (CIP) program with the development and implementation of a Risk Management Action Plan. Member participation in the CIP contributes to a risk management incentive bonus, a form of adjustment, which is intended to encourage members of the mutual to commit to risk management best practice.

Property (Industrial Special Risk)

Property insurance value reflects the estimated cost of reconstruction and recovery inputs, and is separate to market or fair value. It should be noted that more than half the overall premium increase for 2016-2017 relates to the increased value of Council's assets due to the Renew-Connect-Revitalise program and in turn increased the Insurable Assets schedule, resulting in a 4.27 per cent increase in the insurance premium.

The property mutual funds a coordinated building valuation program encompassing all members. Council's 2016-2017 total insured property value is \$480,875,200. Fund year adjustments are subject to annual changes in reported values and fund performance.

Rebates

The incentive rebate scheme rewards continuous improvement and best practice implementation of risk management initiatives, as shown by the quality and execution of risk management action plans.

During 2015-2016 Council received a total rebate across its insurance portfolio of \$51,381.11. The majority of this rebate was from the Property scheme and while subject to good performance of the entire pool of insured Councils, reflects Council's improved risk management practice over the 2015-2016 period.

Self-Insurance

Financial liabilities may arise from under-excess claims and other risk sources excluded by Council's insurance policies. Council's self-insurance reserve is currently \$5.1m, sufficient to meet known potential liabilities. The reserve may also be used to fund improved enterprise risk management, reducing Council's overall risk exposure, and minimising exposure to insurance cost pressures.

Officer's Recommendation

That the information be noted.

Committee's Recommendation: (Hawker/Kolkman)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

Insurance Register 2016/2017

Coverage	2016/2017		
	Insurer	Excess	Premium (incl. GST)
Professional Indemnity/ Public Liability	Statewide	\$200,000	\$370,308.03
Property	Statewide	\$10,000	\$555,410.86
Motor Vehicle	Statewide	\$10,000	\$73,037.14
Workers Compensation Excess of Loss (XOL)	Liberty International Underwriters	\$1,000,000	\$36,987.50
Casual Hirer's Liability	Statewide	\$2,000	\$11,550.00
Marine Hull	Associated Marine Insurers (Zurich)	\$250	\$677.60
Art Works	Axa Art Ins Ltd	\$2,000	\$11,501.66
Councillors' and Officers' Liability	Zurich	NIL	\$65,039.85
Personal Accident	ACE Insurance	NIL	\$2,620.20
Fidelity Guarantee (Crime)	Statewide	\$100,000	\$29,637.70
Insurance Broker Fee	Jardine Lloyd Thompson	N/A	\$66,127.65
		Total	\$1,240,979.90

1.2 24 Hour Fight Against Cancer Macarthur

Reporting Officer

Acting Manager Governance and Risk

Attachments

Correspondence from the 24 Hour Fight Against Cancer Macarthur Inc (contained within this report)

Purpose

For Council to consider a request for sponsorship toward the 24 Hour Fight Against Cancer Macarthur 2016 event.

History

The 24 Hour Fight Against Cancer Macarthur has been conducted since October 2005. Council has sponsored this event through venue hire and the provision of public liability insurance, with other associated costs also being the responsibility of Council since the inaugural event.

Report

A request for sponsorship has been received by the 24 Hour Fight Against Cancer Macarthur Inc toward this year's event and associated activities, to be conducted at the Campbelltown Athletics Stadium, Leumeah from Saturday 15 October to Sunday 16 October 2016.

The attached correspondence states that more than 1200 local residents participated in last year's event, with fundraising achieving more than \$350,000 towards the charity. Since the inaugural event in 2005, \$3.35m has been raised.

Council has been requested to continue sponsorship for the event through the provision of venue hire, security and other associated costs related to the 24 Hour Fight Against Cancer walk event at Campbelltown Athletics Stadium. Council has also been requested to cover the costs of public liability insurance for a 12 month period on events associated with this fundraising venture. This arrangement is consistent with previous years support for this event.

It is recommended that Council provide sponsorship for public liability insurance and other associated costs incorporating security, cleaning costs and venue hire as requested.

Officer's Recommendation

1. That Council covers the cost of 12 months public liability insurance for 24 Hour Fight Against Cancer Macarthur Inc.
2. That Council covers the cost of venue hire, security and cleaning associated with the 24 Hour Fight Against Cancer Macarthur 2016 walk at the Campbelltown Athletics Stadium.

Having declared an interest in regard to Item 1.2, Councillor Borg left the Room and did not take part in debate nor vote on this item.

Committee's Recommendation: (Kolkman/Hawker)

That the Officer's Recommendation be adopted.

Amendment: (Lake/Mead)

1. That Council covers the cost of public liability insurance for 24 Hour Fight Against Cancer Macarthur Inc event at the Campbelltown Athletics Stadium.
2. That Council covers the cost of venue hire, security and cleaning associated with the 24 Hour Fight Against Cancer Macarthur 2016 walk at the Campbelltown Athletics Stadium.

CARRIED

At the conclusion of the discussion regarding Item 1.2, Councillor Borg returned to the Room for the remainder of the meeting.

Council Meeting 19 July 2016 (Lake/Kolkman)

1. That Council covers the cost of public liability insurance for 24 Hour Fight Against Cancer Macarthur Inc event at the Campbelltown Athletics Stadium.
2. That Council covers the cost of venue hire, security and cleaning associated with the 24 Hour Fight Against Cancer Macarthur 2016 walk at the Campbelltown Athletics Stadium.

Amendment (Borg/Brticevic)

1. That Council covers the cost of 12 months public liability insurance for 24 Hour Fight Against Cancer Macarthur Inc.
 2. That Council covers the cost of venue hire, security and cleaning associated with the 24 Hour Fight Against Cancer Macarthur 2016 walk at the Campbelltown Athletics Stadium.
-

WON and became the Motion

A **Division** was called in regard to the Amendment moved by Councillor Borg, seconded by Councillor Brticevic for Item 1.2 - 24 Hour Fight Against Cancer Macarthur with those voting for the Motion being Councillors Borg, Brticevic, Chanthivong, Dobson, Glynn, Lound, Kolkman and Oates.

Voting against the Amendment were Councillors Greiss, Hawker, Lake, Matheson, Mead, Rowell and Thompson.

Amendment (Hawker/Mead)

1. That Council covers the cost of 12 months public liability insurance for 24 Hour Fight Against Cancer Macarthur Inc.
2. That Council covers the cost of venue hire, security and cleaning associated with the 24 Hour Fight Against Cancer Macarthur 2016 walk at the Campbelltown Athletics Stadium.
3. That Council officers develop a policy for dealing with community requests to this effect to ensure transparency and equity for all groups keeping in mind that Council needs to be mindful of its need to be financially sustainable and fit for the future.

LOST

A **Division** was called in regard to the Amendment moved by Councillor Hawker, seconded by Councillor Mead for Item 1.2 - 24 Hour Fight Against Cancer Macarthur with those voting for the Motion being Councillors Greiss, Hawker, Lake, Matheson, Mead, Rowell and Thompson.

Voting against the Amendment were Councillors Borg, Brticevic, Chanthivong, Dobson, Glynn, Kolkman, Lound and Oates.

Council Minute Resolution Number 117

1. That Council covers the cost of 12 months public liability insurance for 24 Hour Fight Against Cancer Macarthur Inc.
2. That Council covers the cost of venue hire, security and cleaning associated with the 24 Hour Fight Against Cancer Macarthur 2016 walk at the Campbelltown Athletics Stadium.

A **Division** was called in regard to the Resolution for Item 1.2 - 24 Hour Fight Against Cancer Macarthur with those voting for the Motion being Councillors Borg, Brticevic, Chanthivong, Dobson, Glynn, Greiss, Hawker, Kolkman, Lake, Lound, Matheson, Oates, Rowell and Thompson.

Voting against the Resolution was Councillor Mead.

ATTACHMENT 1



Fight Against Cancer Macarthur Inc
PO Box 233N
Campbelltown North NSW 2560

Clr Paul Lake
Mayor
Campbelltown City Council
PO Box 57
CAMPBELLTOWN NSW 2560

JUN29'16 08:07:30 RCOD

Dear Mayor

I write to request that Campbelltown City Council continue their sponsorship of the 24 Fight Against Cancer Macarthur by covering the insurance indemnity for a 12 month period on events associated with this fundraising venture and by providing security and other services at the Campbelltown Athletics Stadium Leumeah from Saturday 15th October to Sunday 16th October 2016.

Over 1200 local residents participated last year during the weekend and their efforts, combined with a number of other high profile fundraising events, raised more than \$350,000 for the Macarthur Cancer Therapy Centre and the Paediatric Ambulatory Care Unit both located in Campbelltown Hospital and the Palliative Care Unit and its Outreach Services at Camden Hospital.

It is my pleasure to inform you that, in addition to other sponsorships, this brings the total raised for local cancer care by the 24 Fight Against Cancer Macarthur to more than \$3.35m in just eleven years. I am sure you agree that this is an outstanding achievement by our local residents and businesses and our totally volunteer committee.

The generous sponsorship of the Campbelltown City Council will be acknowledged on all printed publicity material such as banners, signage, brochures, posters and team booklets and on the event T-shirts. The logo will also be displayed on the Macarthur Cancer Therapy Centre patient transport bus that was purchased through this fundraising.

I look forward to welcoming you at the opening ceremony in October and announcing the details of the continued support of Campbelltown City Council.

Yours sincerely

Clr Fred Borg
Chairperson
26 June 2016

2. PROPERTY SERVICES

No reports this round

3. FINANCIAL SERVICES

3.1 Investment Report - May 2016

Reporting Officer

Manager Financial Services

Attachments

Investment portfolio performance for the month of May 2016 (contained within this report)

Purpose

To provide a report outlining Council's investment portfolio performance for May 2016.

Report

Council holds a number of reserves in order to fund significant future liabilities or future objectives. These liabilities include insurance claims, employee leave entitlements and asset replacement. In addition, Council is also required to hold funds that under the *Local Government Act 1993*, are not permitted to be used for any other purposes than those originally collected for. These include developer contributions, specific purpose grants, domestic waste management, contributions and stormwater management funds.

Council invests funds 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* requires a monthly investment report be presented to Council.

Council's Investment Portfolio as at 31 May 2016 stood at approximately \$111m. 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 have consistently outperformed the AusBond bank bill index benchmark.

Monthly annualised return	May
Council Managed Funds	3.18%
Benchmark: AusBond Bank Bill Index	2.32%

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.

Rolling year to date return	May
Council Managed Funds	3.16%
Benchmark: AusBond Bank Bill Index	2.25%

Council's portfolio as at 31 May 2016 is diversified with 68% in term deposits of varying lengths of maturity which are managed in accordance with market expectations and Council's investment strategy, 27% in floating rate deposits which gives Council a set margin above either 30 or 90 day bank bills, 4% in fixed rate bonds, 1% in funds in a short term at call account.

Maturity profile	31 May
Short term at call	\$3,030,452
0 – 3 months	\$46,832,088
3 – 6 months	\$27,840,308
6 – 12 months	\$13,033,804
12 months +	\$20,000,000

All investments are placed with approved deposit taking institutions. No funds are placed with any unrated institutions. Any funds placed with institutions that have a BBB long term rating have maturity lengths in the short term of up to 12 months, effectively A-2 rated, in accordance with Council's investment policy.

Credit exposure (S&P Long Term / Short Term Rating)	31 May
Long AAA to AA- / Short A-1	60%
Long A+ to A- / Short A-1	26%
Long BBB+ to BBB- / Short A-2	14%

Economic outlook

The Board of the Reserve Bank of Australia (RBA) elected to maintain the cash rate at its present level of 1.75% at its 7 June meeting. In the accompanying statement, RBA Governor Glenn Stevens said that “holding the stance of policy unchanged at this meeting would be consistent with sustainable growth in the economy and inflation returning to target over time”. After the decision, the Australian dollar jumped in value as a result of investors adjusting their interest rate expectations. A high Australian dollar coupled with weak inflation may result in further easing in coming months.

Summary

Council’s investment portfolio continues to outperform the benchmark of the AusBond 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: (Lake/Kolkman)

That the Officer’s Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer’s Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer’s Recommendation be adopted.

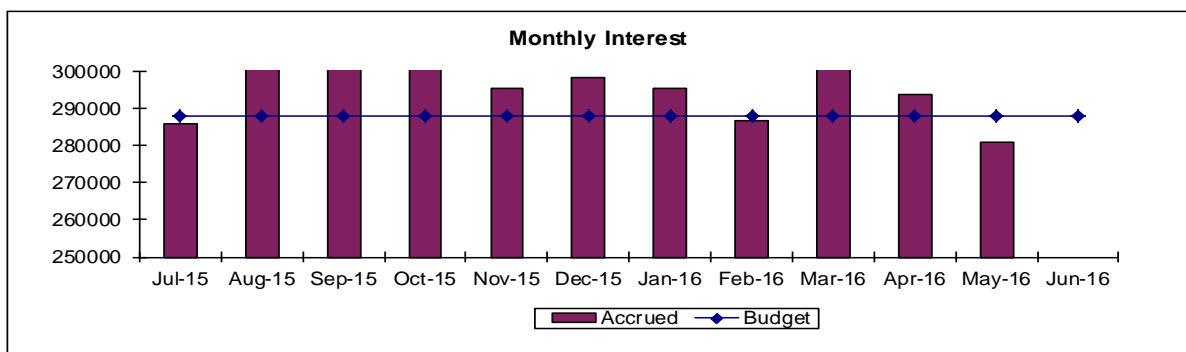
ATTACHMENT 1

CAMPBELLTOWN CITY COUNCIL INVESTMENT PORTFOLIO

May 2016

Benchmark AusBond Bank Bill Index
Portfolio Balance \$110,736,651.89

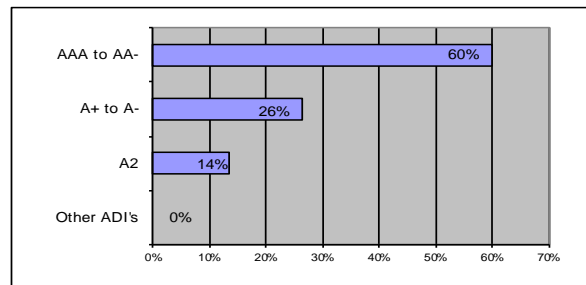
Monthly Performance	Return (mth)	Return (pa)
AusBond Bank Bill Index	0.20%	2.32%
Portfolio - Direct Investments	0.27%	3.18%
Performance to Benchmark	+ 0.07%	+ 0.86%
Short Term Call Account	0.27%	3.13%



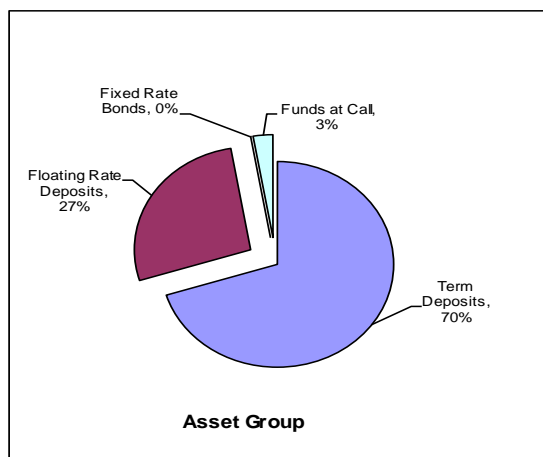
Year to Date Performance Credit Exposure (S&P Long Term Rating)

Rolling 12 Month Period
3.16% Council Managed Funds
2.25% Benchmark

Interest Budget to Actual
Average Budget to Period \$3,165,892
Actual Accrued to Period \$3,270,722



Portfolio Diversity



			%
NAB Funds at Call	\$ 3,030,451.96	AA-	3%
NSW Treasury	\$ 2,810,000.00	AA+	3%
National Australia Bank	\$ 44,284,845.29	AA-	40%
ANZ Bank	\$ -	AA-	0%
Westpac Bank	\$ 3,000,000.00	AA-	3%
Commonwealth Bank	\$ 5,000,000.00	AA-	5%
Bank Western Australia	\$ 8,266,129.89	AA-	7%
AMP Bank	\$ 5,000,000.00	A+	5%
Suncorp Metway	\$ 15,245,545.61	A+	14%
Rural Bank	\$ 4,029,238.36	A-	4%
Bank of Queensland	\$ 5,032,067.12	A-	5%
My State CU	\$ 3,000,000.00	A2	3%
Credit Union Aust	\$ 6,000,000.00	A2	5%
Heritage Bank	\$ 2,000,000.00	A2	2%
ME Bank	\$ 4,038,373.66	A2	4%
	\$ 110,736,651.89		100%

3.2 Monthly Rates Summary - May 2016

Reporting Officer

Manager Financial Services

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 2015-2016 Rates and Charges levy and cash collections for the period ending 31 May 2016.

Report

Rates and charges levied for the period ending 31 May 2016 totalled \$97,618,805 representing 100% of the total annual budget estimate.

For the period ending 31 May 2016, receipts to the value of \$90,675,982 have been received. In percentage terms, 91.2% of all rates and charges due to be paid have been collected. The amount collected in the same period last year was 87.8%.

The second quarterly instalment became due for payment on 31 May 2016. An analysis of payments has revealed that 47% of ratepayers prefer to pay their accounts by BPAY via internet and telephone. Australia Post continues to remain popular with over the counter payments receiving 24% of all payments made.

Continued efforts are made throughout the year to assist ratepayers in making suitable payment arrangements to clear or minimise their debts. At the end of May 306 ratepayers with a total arrears balance of \$405,187 have elected to manage their debts with an arrangement.

Ratepayers who purchased property since the February instalment notices are issued with a 'notice to new owner' letter. During the month, 31 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.

Officer's Recommendation

That the information be noted.

Committee's Recommendation: (Borg/Lake)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

RATES SUMMARY

STATEMENT OF ALL OUTSTANDING RATES AND EXTRA CHARGES

RATE - CHARGE	NET ARREARS 1/7/2015	NET LEVY FOR YEAR	PENSION REBATES	EXTRA CHARGES	TOTAL RECEIVABLE	CASH COLLECTED	NET AMOUNT DUE	POSTPONED RATES & INTEREST	GROSS AMOUNT DUE
RESIDENTIAL	2,443,224.65	54,477,099.03	1,441,251.93	788,878.73	56,267,950.48	50,602,144.95	5,665,805.53	304,775.51	5,970,580.67
BUSINESS	436,057.49	17,751,225.03		73,270.59	18,260,553.11	16,664,348.35	1,596,204.76		1,596,204.76
BUSINESS - IND	100.30	0.00		0.00	100.30	5.17	95.13		95.13
FARMLAND	0.00	597,545.27		3,440.39	600,100.87	587,684.25	12,416.62	151,770.46	164,187.08
MINING	0.00	23,937.48	884.79	0.00	23,937.48	23,937.48	0.00		0.00
LOAN	75,640.51	3,055.29		1,964.64	80,660.44	12,352.70	68,307.74	27,208.58	95,516.32
INFRASTRUCTURE	206,769.81	5,684,030.98		10,604.72	5,901,405.51	5,323,033.01	578,372.50	17,395.60	595,768.10
F5 ACCESS RAMPS	379.22	0.00		0.00	379.22	0.77	378.45		378.45
TOTAL	\$3,142,670.23	\$78,536,893.08	\$1,442,136.72	\$878,159.07	\$81,135,087.41	\$73,213,506.68	\$7,921,580.73	\$501,150.15	\$8,422,730.51
GARBAGE	674,774.34	18,344,278.29	844,597.76	38,286.10	18,212,740.97	16,486,238.12	1,726,502.85		1,726,502.85
STORMWATER	49,776.92	1,042,952.76		463.63	1,093,193.31	976,237.83	116,955.48		116,955.48
GRAND TOTAL	\$3,867,221.49	\$97,924,124.13	\$2,286,734.48	\$916,908.80	\$100,441,021.69	\$90,675,982.63	\$9,765,039.06	\$501,150.15	\$10,266,188.84

Total from Rates Financial Transaction Summary	9,382,934.76
Overpayments	-883,254.08
Difference	0.00

ANALYSIS OF RECOVERY ACTION

Rate accounts greater than 6 months less than 12 months in arrears	545,247.92
Rate accounts greater than 12 months less than 18 months in arrears	112,417.58
Rate accounts greater than 18 months in arrears	16,040.34
TOTAL rates and charges under instruction with Council's agents	\$673,705.84

ATTACHMENT 2

COMPARISON OF BUDGET TO ACTUAL

DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	BALANCE STILL REQD.	% RAISED
RESIDENTIAL	53,878,600	54,278,600	54,477,099	(198,499)	100.37%
BUSINESS	17,935,000	17,585,000	17,751,225	(166,225)	100.95%
FARMLAND	459,900	609,900	617,047	(7,147)	101.17%
MINING	23,900	23,900	23,937	(37)	100.16%
INFRASTRUCTURE	5,631,700	5,631,700	5,684,031	(52,331)	100.93%
SUB TOTAL	77,929,100	78,129,100	78,553,340	(424,240)	100.54%
INTEREST CHARGES	238,000	238,000	230,701	7,299	96.93%
LEGAL COSTS RECOVERED	840,000	840,000	686,208	153,792	81.69%
PENSIONERS - Sec 575	(1,837,700)	(1,837,700)	(1,905,565)	67,865	103.69%
PENSIONERS - Sec 582	(389,800)	(389,800)	(381,170)	(8,630)	0.00%
PENSIONERS SUBSIDY	1,010,735	1,010,735	1,048,061	(37,326)	103.69%
SUB TOTAL	(138,765)	(138,765)	(321,765)	183,000	231.88%
DOMESTIC WASTE CHARGES	17,621,100	17,621,100	17,816,597	(195,497)	101.11%
COMMERCIAL WASTE CHARGES	444,600	444,600	527,681	(83,081)	118.69%
STORMWATER MNGMNT	1,138,000	1,138,000	1,042,953	95,047	91.65%
	19,203,700	19,203,700	19,387,231	(183,531)	100.96%
GRAND TOTALS	96,994,035	97,194,035	97,618,805	(424,770)	100.44%

COLLECTIONS AS A % OF:

	TOTAL RECEIVABLE	TOTAL LEVIED	TOTAL RECEIVABLE	TOTAL LEVIED
RESIDENTIAL	89.93%	92.89%		
BUSINESS	91.26%	93.88%	RATES	93.22%
FARMLAND	97.93%	98.35%	WASTE	89.87%
INFRASTRUCTURE	90.20%	93.65%	STORMWATER	93.60%
ALL RATES	90.24%	93.22%	TOTAL RATES & CHARGES	93.50%

ATTACHMENT 3

RATES STATISTICS

No. of documents issued	July	August	September	October	November	December	January	February	March	April	May	June	May-15
Rate Notices	50,454	56		121			16						41,000
Electronic - DoH	5,427												5,371
Instalment Notices				43,741			42,834			42,422			
Electronic - DoH				5,389			5,417			5,484			
Missed Instalment Notices			8,315			7,866			7,401				
- Pensioners > \$15.00			586			554			498				
Notice to new owner	105	51	41	21	56	49	47	19	26	52	31		48
7-day Letters - Council issued			2,073			2,023			2,060				
- Pensioners > \$500.00			170			181			129				
7-day Letters - Agent Issued			581				633		621				
Statement of Claim	209	29	13	220	18	11	262	40	22	219	22		237
Judgments	16	40	19	12	64	3	11	64	39	19	65		21
Writs	11	29	17	9	11	18	14	11	47	30	39		35
eRates	1,543	1,601	1,611	1,640	1,654	1,660	1,685	1,699	1,701	1,732	1,759		1,370
Arrangements	351	298	373	396	471	355	402	309	401	449	306		458

3.3 Sundry Debtors Report - May 2016

Reporting Officer

Manager Financial Services

Attachments

1. Debtors summary to 31 May 2016 (contained within this report)
2. Ageing of sundry debts to 31 May 2016 (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 31 May 2016.

Report

Debts outstanding to Council as at 31 May 2016 are \$2,115,237 reflecting an increase of \$723,854 since April 2016. The ratio of outstanding debts to current invoices has decreased from 32.2% in April to the current level of 7.5%. 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 – May 2016

During the month, 1453 invoices were raised totalling \$1,635,500. 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:

Government and other Grants – \$834,428 – The main invoices relate to:

Roads and Maritime Services – Eagle Vale road widening, claim No.7	\$676,377 (paid)
Australian Council for the Arts – Contemporary performance programs	\$83,325
Local Government NSW – Changing facilities grants program – Macquarie Fields Leisure Centre	\$38,500 (paid)
NSW Department of Justice – Rosemeadow sports complex floodlight and fencing upgrade – final payment	\$11,000

Corporate Administration – \$410,285 – The main invoices relate to:

Urban Growth NSW – stormwater water quality provisions in relation to the One Minto development	\$385,000 (paid)
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Land and Building Rentals – \$124,285 – the main invoices relate to:

Aldi Foods Pty Ltd – monthly rental Macquarie Fields	\$25,214
Nuvezo Pty Ltd – rental Dumaresq Street Cinema	\$24,243
Glenquarie Hotel – monthly rental Glenquarie Shopping Centre	\$20,438
Telstra Corporation Limited – land lease Warby Street Campbelltown	\$17,689
Caltex Oil Australia Pty Ltd – monthly rental Macquarie Fields	\$15,974
Mycorp Group Pty Ltd – monthly rental Macquarie Fields	\$13,878

Sportsground and Field Hire – \$45,082 – the main invoices relate to:

Hire of Campbelltown Sports Stadium	\$16,300
Hire of Campbelltown Athletics Centre	\$25,490

Road Restoration - \$40,435 – the main invoices relate to:

Lend Lease – restoration works various locations	\$36,147 (paid)
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Receipts to the value of \$911,645 have been received during the period, the most notable in the following areas:

Government and other Grants	\$334,530
Land and Building	\$140,359
Public Hall Hire	\$80,251
Waste Collection Services	\$77,728
Sportsground and Field Hire	\$68,541
Healthy Lifestyles	\$43,105
Corporate Administration	\$36,346
Shop and Office Rentals	\$35,070

Sundry debts outstanding – 31 May 2016

Debts exceeding 90 days of age totalled \$109,839 as at May 2016. The major invoices relating to this balance include:

Description	Date Invoiced	Balance at 30 May 2016
Debtor 10076852.2 – recovery of costs associated with the repair of damage to “Blairmount” wall from motor vehicle accident 15 November 2015. Seven day letter issued and contact was made with debtor who has lodged a claim with their insurance company. Insurance company has acknowledged the debt and have requested copies of documentation of the invoice which has been sent, now awaiting payment which is expected end June 2016	09/02/16	\$12,570
Debtor 10068316.8 - 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	\$2,900

Casper's Baseball Club - electricity charges. Club is experiencing financial difficulty, however have been making irregular payments to reduce the debt. New electricity charges added to debt	17/12/12 to 17/03/16	\$8,991
Insight Mercantile Pty Ltd - abandoned motor vehicle. Vehicles have now been taken over and sold by the auction house on behalf of the finance company. Council is in discussions with the auction house and insurance company	18/07/14	\$2,799
GE Automotive - abandoned motor vehicle. Vehicles have now been taken over and sold by the auction house on behalf of the finance company. Council is in discussions with the auction house and insurance company	05/07/12	\$5,709
Alphamaga Investments – health licence inspection fees and legal costs. Debtor filed for bankruptcy, can no longer pursue	17/02/14 to 30/11/15	\$1,369
Debtor 10076720.1 – unpaid child care fees for three children's attendance to Amarina Early Learning Centre. Invoice originally disputed from family and community services, dispute resolved and payment expected end June 2016	24/12/16	\$2,225
Debtor 10073212.2 – shop licence inspection fees and legal recovery costs. All legal avenues have been exhausted and to pursue would be uneconomical	24/09/13	\$3,042
Decadance Dance Studio - permanent hall hirer of Ron Moore Community Centre, hire has been cancelled due to defaulting agreement, seven day letter issued February 2016, no response from debtor, matter has been referred to Council's debt recovery agents and a Letter of Demand has been sent March 2016. Debtor failed to respond to demand letter and as a result a Statement of Liquidated Claim has been lodged with the local court. Summons was served May 2016, no contact or payment has been received and judgment to secure debt has been obtained and legal recovery continues	03/11/15	\$2,971

Debt recovery action is undertaken in accordance with Council's Sundry Debtors 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, six 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 agent.

Council's agents were instructed to lodge a warrant of apprehension for unpaid health licence inspection 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: (Lake/Kolkman)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

DEBTORS SUMMARY 1 May 2016 to 31 May 2016

DEBTOR TYPE/DESCRIPTION	ARREARS AT 30/04/2016	RAISED THIS PERIOD	RECEIVED THIS PERIOD	BALANCE AT 31/05/2016	% DEBT RATIO
Corporate Administration	376,892	410,285	36,346	750,831	29.49%
Abandoned Items	6,662	0	0	6,662	0.35%
Education and Care Services	20,890	0	2,180	18,710	0.98%
Community Bus	439	450	590	299	0.01%
Sportsground and Field Hire	96,039	45,082	68,541	72,580	5.46%
Government and other Grants	343,600	834,428	334,530	843,498	12.87%
Public Hall Hire	71,049	36,220	80,251	27,018	1.39%
Health Services	350	0	0	350	0.02%
Land and Building Rentals	76,154	124,285	140,359	60,080	5.63%
Healthy Lifestyles	16,149	30,860	43,105	3,904	0.15%
Library Fines and Costs	642	0	642	0	0.00%
Licence Fees	45,674	31,671	19,193	58,152	1.85%
Pool Hire	18,437	1,766	17,293	2,910	0.39%
Private Works	6,734	0	0	6,734	0.52%
Road and Footpath Restoration	165,863	40,435	29,764	176,533	28.17%
Shop and Office Rentals	25,914	33,342	35,070	24,186	2.17%
Various Sundry Items	89,594	21,568	26,054	85,108	6.42%
Waste Collection Services	68,981	25,109	77,728	16,362	6.17%
	1,391,383	1,635,500	911,645	2,115,237	100%

ATTACHMENT 2

AGEING OF SUNDRY DEBTOR ACCOUNTS - 31 May 2016

Description	Current Charges	Total 30 Days	Total 60 Days	Total 90+ Days	Balance Due
Corporate Administration	414,923	307,118	10,495	18,295	750,831
Abandoned Items	0	0	0	6,662	6,662
Education and Care Services	18,710	0	0	0	18,710
Community Bus	299	0	0	0	299
Sportsground and Field Hire	42,769	28,102	890	818	72,580
Government and other Grants	809,898	5,000	28,600	0	843,498
Public Hall Hire	16,501	2,328	2,971	5,217	27,018
Health Services	0	0	0	350	350
Land and Building Rentals	57,843	1,829	199	209	60,080
Healthy Lifestyles	2,652	537	358	357	3,904
Licence Fees	20,779	1,941	4,260	31,172	58,152
Pool Hire	1,671	0	507	732	2,910
Private Works	1,189	0	0	5,545	6,734
Road and Footpath Restoration	40,435	134,895	0	1,204	176,533
Shop and Office Rentals	24,086	100	0	0	24,186
Various Sundry Items	17,514	26,965	1,352	39,278	85,108
Waste Collection Services	14,212	2,150	0	0	16,362
	1,444,802	510,965	49,632	109,839	2,115,237
Previous Month 90+ days					20,860
					6,662
					0
					0
					2,468
					130,000
					8,654
					350
					611
					207
					20,855
					9,438
					5,545
					15,549
					0
					27,508
					0
					248,705

3.4 Stocktake of Stores and Materials

Reporting Officer

Manager Financial Services

Attachments

List of stores and materials stocktake result (contained within this report)

Purpose

To advise Council of the results of the stores and materials stocktake held at Council's Works Depot General Store on 4 June 2016.

Report

The *Local Government (General) Regulation 2005* requires Council to take all reasonable measures to ensure that the assets of, or under the control of, the Council are properly accounted for.

To assist in the control of Council's stores and material assets, stocktakes are held at least annually and six monthly where timeframes and resources allow. Spot checks are also carried out intermittently throughout the year.

The process involves physical counts of all stock items by Store staff, under the supervision of staff from Financial Services. The results of the count are then compared to the stock item balances contained in Council's financial management information system. A recount of variances is then carried out to confirm the original count. Once all counts are finalised a discrepancy report is produced which details the recommended write off or write on of stock.

Council's total value of stock on hand is approximately \$193,000 and the stocktake carried out on 4 June 2016 resulted in a net write off of \$1,070.57. Subsequent to the physical stock count taking place, further investigation has resulted in two items, that have since been accounted for, that reduce the loss by \$618.81. After accounting for this post stocktake adjustment, the final result is a net write off of \$451.76. This is an excellent result and is largely representative of the manner in which the store is maintained together with the processes around the procurement and issue of inventory items.

Officer's Recommendation

1. That the information be noted.
2. That the necessary adjustments be made in Council's financial management information system.

Committee's Recommendation: (Hawker/Kolkman)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

STOCKTAKE OF STORES AND MATERIALS AT CENTRAL STORE 4 JUNE 2016 LIST OF ADJUSTMENTS

Product Number or Group	Description	Storage units	Book on Hand Quantity	Quantity Counted	Difference	Adjustment Amount
100462	SHARPS / NEEDLE CONTAINER 8 LITRE	EACH	5.0000	4.000	1.000	-22.09
100676	TAPE DUCT / GAFFER 48MM X 25M SILVER	ROLL	50.0000	49.000	1.000	-2.11
101938	HAND SANITISER INSTANT FOAM 250ml (6205)	EACH	24.0000	22.000	2.000	-14.38
101937	HAND SANITISER INSTANT FOAM 1000ml IFSL1	EACH	12.0000	14.000	-2.000	38.10
101474	LITTER STICK 32 INCH	EACH	10.0000	12.000	-2.000	36.48
101871	GLOBE ENERGY SAVER 9W BC N=40W	EACH	30.0000	20.000	10.000	-61.00
100588	PAINT BRUSH OLDFIELDS BUDGET 25MM	EACH	8.0000	9.000	-1.000	2.92
100615	POST STAR FENCE BLACK 1650MM	EACH	82.0000	94.000	-12.000	56.29
101176	SIGN, ROUND-ABOUT, R1-3B,900 HT CLASS 1	EACH	3.0000	5.000	-2.000	81.90
101282	DISINFECTANT - EUCALYPTUS 5 LITRE	DRUM	21.0000	17.000	4.000	-30.40
101175	BARRIER MESH, TAPEX ORANGE 7 KG 50m	ROLL	5.0000	6.000	-1.000	22.50
100727	PEG, HARDWOOD, 600 X 50 X 50 mm	EACH	206.0000	204.000	2.000	-3.46
101251	ENVELOPE PLAINFACE C4 230x325 (250)	BOX	13.0000	11.000	2.000	-60.25
102070	BOLT & NUT HT,HEX HEAD,BL 5 1/2X 7/16,UN	EACH	94.0000	97.000	-3.000	3.37
102112	BOLT& NUT,HT,HEX HEAD,BLACK,4 X 7/16UNF	EACH	50.0000	59.000	-9.000	4.57
102122	BOLT& NUT,HT,HEX HEAD,BLACK 5 X 3/4UNC	EACH	17.0000	16.000	1.000	-1.09
102135	BOLT& NUT,HT,HEX HEAD,BLACK,2 1/2 X 3/4	EACH	6.0000	3.000	3.000	-3.33
102174	BOLT & NUT,HT,HEX HEAD,BLACK,4 X 5/8,UNC	EACH	22.0000	18.000	4.000	-2.78
102186	BOLT & NUT,HT,HEX HEAD,BLACK,5 X 5/8,UNC	EACH	29.0000	30.000	-1.000	0.70
102187	BOLT & NUT,HT,HEX/H BLACK,5 X 7/16,UNC	EACH	105.0000	102.000	3.000	-3.21
103059	BOLT & NUT, HT, HEX, BLACK, 5 X 1/2 UNF	EACH	13.0000	14.000	-1.000	0.80
103061	BOLT & NUT, HT, HEX, BLACK, 1 X 5/8 UNF	EACH	22.0000	28.000	-6.000	3.01
103063	BOLT & NUT, HT, HEX, BLACK, 3 X 5/8 UNF	EACH	42.0000	41.000	1.000	-0.41
103106	BOLT & NUT HT HEX BLK 2 1/2 X 9/16 UNF	EACH	25.0000	23.000	2.000	-1.67
101350	BATTERY 12V (L 230 W 130 H 180 CCA 330	EACH	2.0000	0.000	2.000	-125.27
103271	BATTERY VALVE REGULATED CP1245	EACH	1.0000	2.000	-1.000	27.00
102533	GLOBE 24V/10W BA15S	EACH	19.0000	10.000	9.000	-2.77
102304	FILTER HYDRAULIC - CAT H-5504	EACH	1.0000	0.000	1.000	-15.04
102825	ROLLER SHAFT - KUBOTA K565144173	EACH	1.0000	0.000	1.000	-132.72
103298	SPINDLE KIT FOR F-3690 COMPLETE.	EACH	2.0000	0.000	2.000	-752.09
101994	KUBOTA BLADE BOLT - KUP7653934372/76539-	EACH	8.0000	21.000	-13.000	302.53
101995	KUBOTA WASHER - K565134352	EACH	22.0000	10.000	12.000	-146.18
102020	FILTER - FUEL KUBOTA - 1258143012	EACH	13.0000	10.000	3.000	-21.10
103215	FILTER - OIL KUBOTA - KUPHH15032094	EACH	3.0000	2.000	1.000	-9.82
103217	FILTER - AIR OUTER KUBOTA ZD331	EACH	5.0000	4.000	1.000	-54.59
103218	FILTER - AIR INNER KUBOTA ZD331	EACH	4.0000	3.000	1.000	-72.91

102390	FILTER AIR - A8504 / FA3032	EACH	2.0000	1.000	1.000	-12.79
101517	KEY - TORO DUPSWT1036	EACH	2.0000	1.000	1.000	-0.36
101739	SIDE CHUTE W/PIN - JDPAM128244	EACH	3.0000	2.000	1.000	-161.65
101859	WASHER BLADE BOLT - TOP1030865	EACH	6.0000	0.000	6.000	-16.37
101551	FILTER OIL - 49065-2071	EACH	1.0000	0.000	1.000	-20.86
101554	SHROUD - TORO TOP93983803	EACH	1.0000	0.000	1.000	-59.36
102767	WASHER JOHN DEERE - M123522	EACH	12.0000	13.000	-1.000	13.71
101573	BLADE SLASHER JARRETT	EACH	40.0000	50.000	-10.000	182.19
101939	FILTER AIR - 7-083029-1	EACH	2.0000	1.000	1.000	-21.31
100900	FILTER AIR PRIMARY - AF25962	EACH	1.0000	0.000	1.000	-65.98
100901	FILTER AIR SECONDARY - AF25963	EACH	1.0000	0.000	1.000	-41.57
101860	FLAIL KIT FOR McCONNEL REACH MOWER 92030	KIT	1.0000	2.000	-1.000	25.90
101837	DEFLECTOR X520 - M131928	EACH	6.0000	8.000	-2.000	9.55
100712	WIRE MIG AUSTMIG ES6 0.9MM	ROLL	2.0000	3.000	-1.000	24.50
101896	FILTER FUEL - EF-1003 / ME222135	EACH	2.0000	3.000	-1.000	15.49
101929	BLADES - M128485 (60 inch) - 7-06797	EACH	6.0000	3.000	3.000	-46.50
103296	FILTER OIL 492932S BRIGGS & STRATTON	EACH	1.0000	2.000	-1.000	5.82
100747	BLADE KIT HOWARD	EACH	2.0000	4.000	-2.000	133.28
101568	BELT - HEX TORO TOP938457	EACH	3.0000	2.000	1.000	-104.23
101313	B89 BELT JARRETT WING MOWER TM431R	EACH	12.0000	13.000	-1.000	25.16
101780	FILTER CAB AIR FOAM FOR 703,704,708	EACH	2.0000	3.000	-1.000	10.73
100899	MILK UHT SKIM 1LITRE	EACH	155.0000	153.000	2.000	-2.66
103170	SOY MILK - SO GOOD 1 LITRE	EACH	47.0000	45.000	2.000	-4.76
				Inventory System Generated Gain/(Loss)		-1070.57

Subsequent Adjustments:

103298	SPINDLE KIT FOR F-3690 COMPLETE (KITS PHYSICALLY DESPATCHED, NOT ISSUED FROM INVENTORY SYSTEM)	EACH	0.0000	0.000	0.000	752.09
100747	BLADE KIT HOWARD (COUNTED AS 4 UNITS WHEN KIT HAS 2 PARTS EACH)	EACH	2.0000	2.000	0.000	-133.28
				Adjusted Gain/(Loss)		-451.76

3.5 Fit for the Future Reassessment Proposal

Reporting Officer

Acting Director Business Services

Attachments

Fit for the Future Reassessment Proposal (contained within this report)

Purpose

To present Campbelltown City Council's Fit for the Future Reassessment Proposal to Council for approval to submit to the Office of Local Government (OLG) for assessment.

History

On 10 September 2014, the NSW Government released its "Fit for the Future" response to the Independent Local Government Review Panel's report and in doing so recommended Campbelltown City Council 'stand alone'. The NSW Government required that Council submit an Improvement proposal by 30 June 2015 to demonstrate how it meets the criteria of a "Fit for the Future" council.

Campbelltown City Council's improvement proposal was submitted to the Independent Pricing and Regulatory Tribunal (IPART) on 30 June 2015. IPART assessed Council's submission on behalf of NSW Government and published a report on the assessment of all council Fit for the Future proposals in October 2015. The report identified that Campbelltown City Council was assessed as unfit due to not meeting the financial sustainability criteria.

On the 18 November 2015, Council was provided the opportunity to respond to the IPART report to the Department of Premier and Cabinet. The response addressed and highlighted a number of factors not considered by IPART as part of the original assessment including growth, Council's property portfolio and structural reform.

Report

On 2 May 2016, the Office of Local Government released Reassessment Guidelines for councils deemed 'Not Fit' in the 2015 IPART assessment. Council was advised that this is the first in a series of reassessment processes and it applies only to councils not satisfying the Financial Criteria in the IPART assessment and to councils not currently subject to a merger proposal.

The reassessment process will use the same criteria and benchmarks as IPART's Fit for the Future assessment however will only focus on the benchmarks not previously met along with Improvement Action Plans in place. Council is required to complete a prescribed template, addressing the issues raised by IPART and substantiating how Council can now satisfy the three specified financial criteria.

Following IPART's assessment relating to Council's sustainability benchmarks, a number of areas in Council's original submission have been reviewed including:

- growth – Following the finalisation Council's original Fit for the Future submission the NSW Government identified Glenfield to Macarthur as a Priority Urban Renewal Corridor along with the recent commitment by the State Government in the provision of infrastructure to facilitate the growth of the Greater Macarthur Greenfield land release area
- depreciation – Council has reviewed and refined the methodology used to calculate depreciation to more accurately reflect the consumption and value change of assets over time rather than a basic straight line calculation
- service level reviews – As part of Council's commitment to continuous improvement a number of service level reviews have taken place including the outsourcing of an Occasional Child Care Centre as well as withdrawing from a duplication of Long Day Care in Minto. A large emphasis has been placed on delivering e-services to facilitate efficient customer service
- property development – The most significant opportunity for Council to diversify its revenue base exists within the property portfolio. Specifically, the activation of the Campbelltown CBD and the Farrow Road precinct will generate recurrent revenue and be the foundation of Council becoming increasingly sustainable in the long term.

Council officers have invested significant time in reviewing sustainability improvement opportunities and modeling the financial impact through the Long Term Financial Plan. The outcome demonstrates Campbelltown City Council's strength and effectiveness as a Local Government entity providing services and infrastructure that the Campbelltown Community needs.

Campbelltown City Council's forecast performance against all financial indicators is suitable in meeting all benchmarks set by the NSW Government in order to determine Campbelltown City Council as Fit for the Future.

To assist councils to prepare submissions for reassessment, the OLG facilitated an optional information and support workshop on 7 June 2016. Campbelltown City Council was well represented at the workshop with Council's General Manager, Director Business Services and Manager Financial Services all in attendance.

Originally Council was advised the due date for the reassessment proposal was to be 15 July 2016, however have since been advised that an extension has been granted to all eligible councils until 29 July 2016. The reassessment proposal and supporting documentation is required to be submitted to the OLG via email or hard copy.

Council has been informed the OLG will oversee the reassessment process in consultation with IPART and NSW Treasury Corporation (TCorp). Where Council's revised proposal meets the Fit for the Future benchmarks, Council will be assessed as Fit for the Future and can access the TCorp borrowing facility, following notification of the results.

It is recommended that Council endorse Campbelltown City Council's Reassessment Proposal which has been provided as an attachment to this report.

Officer's Recommendation

That Council endorse the Fit for the Future Reassessment Proposal to be submitted to the Office of Local Government by 29 July 2016.

Committee's Recommendation: (Hawker/Borg)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1



Council Reassessment Proposal

Getting started . . .

Before you commence this template, please check the following:

- The Office considers this proposal should not be an onerous undertaking for Council, and encourages you to keep responses to a maximum of 500 words, ensuring the information is directly relevant to your proposal.
- Proposals should be completed within the template format provided.
- Specific references to the relevant page and/or paragraph of any attachments should also be included in your response.
- Refer to the *Fit for the Future Financial Criteria Reassessment Guidelines* as you complete your proposal template.
- Council is only required to submit for reassessment, those areas that IPART considered 'did not satisfy' the *Fit for the Future* benchmarks.
- Councils in OLG groups 8 – 11, should submit the Own Source Revenue ratio including and excluding Financial Assistance Grants (FAG) allocation.
- Councils in OLG groups 8 – 11, have until 2024/25 to achieve the benchmarks.
- FAG allocations should be calculated on Council's current funding allocation.
- The indicators are to be actual or forecast figures for each year, **not** a 3 year average as previously reported in Council's proposal assessed by IPART.
- Council should also include the Income Statement from its Long Term Financial Plan (LTFP); a hyperlink to your full LTFP; and any other documents relevant to your Council's proposal.
- You are invited to contact the Office, should you wish to further clarify your Council's proposal.
- Council should forward a copy of the Council resolution endorsing the revised proposal when available.
- Actual results for 2015/16 should be included even if they have not been audited at the time of submission. They will be treated as preliminary results.

Campbelltown City Council

Council name:

Date of Council resolution endorsing this submission: 19 July 2016

1.1 Executive Summary

Provide a summary (up to 1000 words) of the key points of your Proposal including current performance, the issues facing your council and your planned improvement strategies following IPART's initial assessment.

As part of the Fit for the Future reform process implemented by the NSW State Government, Campbelltown City Council lodged its original Fit for the Future submission in June 2015. The final report of the IPART assessing Council's submission identified Campbelltown City Council as being not fit.

The IPART assessed Campbelltown City Council's submission as having satisfied the scale and capacity criterion however did not satisfy the financial criteria as it relates to sustainability. In the report, IPART identified Council's forecast negative operating performance ratio and financial assumptions which do not include new capital expenditure despite high population growth as the basis for this decision. The IPART report went on to further state the Operating Performance Ratio is a key measure of financial sustainability that all Fit for the Future councils should meet.

Following IPART's assessment relating to Council's sustainability benchmarks ratios in October 2015, a number of areas of Council's original submission have been reviewed. Areas of improvement include the following:

Growth: The Campbelltown Local Government Area was identified by the NSW Government as a major growth area in the government strategic document "A Plan For Growing Sydney". As part of this strategy and following Council's original Fit for the Future submission, the NSW Government identified Glenfield to Macarthur as a Priority Urban Renewal Corridor. This area is made up of seven urban centres located along the Southern Railway Line stretching some 22km with an approximate width of 1.6km. There has also been a recent commitment by the State Government in the provision of infrastructure to facilitate growth of the Greater Macarthur Urban Release Area. These announcements have the potential of delivering at least 33,000 new dwellings providing opportunities to enhance Council facilities, utilisation rates, increased revenue streams as well as a substantial increase in rate revenue. The infrastructure is planned to be funded through Developer Contributions or Voluntary Planning Agreements. There will be additional costs associated in servicing growth however it is projected the revenue generated should address these costs and strengthen Council's net operating position.

Depreciation: Depreciation is a significant item on Council's Income Statement, historically amounting to almost 20% of Council's operating expenses. Consequently depreciation has a large impact on Council's Operating Performance Ratio. Straight line methodology does not truly reflect the reduction in value of an asset over time, rather it's a basic accounting calculation to expense the cost of an asset over accounting periods. To more accurately reflect the consumption and value change of all assets Council has changed the depreciation methodology. This methodology, reviewed and endorsed by Council's auditors, applies depreciation to an asset reflecting the pattern in which the asset's future economic benefits are consumed or lost. This change forecasts to impact Council's Income Statement by over \$2 million per annum resulting in a positive effect on the Operating Performance Ratio, as well as the Building and Infrastructure Asset Renewal Ratio.

Service Level Reviews: As part of a commitment to continuous improvement, Council is constantly reviewing and improving service delivery. A number of service level reviews are currently taking place or have been implemented since Council's original Fit for the Future submission. Council's Education and Care section has recently changed the delivery model by outsourcing the Occasional Care Centre as well as withdrawing from a duplication of long day care in the Minto area. Utilisation rates and cost of the service were the driving catalysts for the withdrawal of these services. This service review has provided initial savings from operating losses annually for the services, new lease income and subsequently following the increased utilisation of nearby Council services to an increased operational result of over \$495k.

Council has implemented a new website which will provide a more robust platform to conduct e-business. Currently Council is looking at a number of services to provide an instant and efficient response to the community on various issues that can be facilitated through technology. The most recent developments relate to waste management, regulatory planning and rating certificates, change of address and booking of Council facilities

Following the delivery of these business improvement projects, Council has been monitoring customer requests highlighting over 10,000 requests lodged online over the last four months. This functionality will reduce Council's operating costs in delivering prompt customer service outcomes.

Council will continue to review service provision to maximise the resources that are available and increase the occupancy of underutilised assets and services. This will achieve increased revenue and reduce operational costs ultimately providing an improved operating performance ratio.

Property Development: The most significant opportunity for Council to diversify its revenue base exists within its current property portfolio. Council has extensive land holdings throughout the Local Government Area with great potential existing in the development of the Campbelltown C.B.D. precinct. The location and potential of these land holdings can play an important part in changing the face of the Campbelltown Business District.

Potentially the recurrent revenue that can be generated by the activation of these precincts will form the foundation of Council becoming increasingly sustainable and less reliant on funding through Government Grants and contributions. It is important to ensure that the revenue gained from the development of these precincts can also provide community benefit via the implementation of quality amenities and green spaces accessible by community members who will occupy apartments within the C.B.D.

In addition to these sites, Council is currently negotiating the sale of a significant land holding within the Campbelltown Local Government Area. This has the potential to provide the funds to reinvest in developing the precincts previously mentioned and consideration of expanding Council's commercial property portfolio. While this development may not be immediate, the return on investing these funds will assist Council's revenue stream, income diversification and reflect in the sustainability performance benchmarks.

In regard to the more traditional statutory land holdings that Council currently has identified as open space, there are a number of opportunities to provide funding through the rationalisation of surplus parcels of land. Council is currently finalising the Open Space, Sport and Recreation and Play Space Strategies in association with specialist independent advisors and incorporating community engagement to guide future use and management action plans of these land holdings.

These initiatives within the property portfolio can provide an ongoing revenue stream that will strengthen all Council ratios in relation to operating performance and ongoing sustainability and importantly provide an improved Community amenity

Sustainability Strategy: Council has implemented Sustainability Working Parties, which relate to Sustainable Catchments, Sustainable Land, Sustainable Facilities and Sustainable Council. There is an ongoing commitment within Council to deliver sustainable outcomes in all Council activities expanding beyond the traditional environmental focus. This will result in increased sustainability through economic and environmental initiatives reducing Council's energy consumption and thus delivering more cost effective service delivery. Council has also implemented a funding strategy to capture savings from sustainability initiatives in order to reinvest in further sustainability projects and supporting the viability of this strategy.

Internal Loan Borrowing: Council has modelled through the long term financial plan a balance between internal and external loan borrowing funding. Currently Council has relatively strong cash reserves funding future liabilities that can provide internal funding for loans and provide a more balanced outcome to Council's cash position, reduced external loan liability, maintain a low debt service ratio, reduced operating performance ratio and more importantly free up resources in the medium term to provide capacity to borrow from external sources for future major infrastructure requirements.

Summary: Council has invested significant time in reviewing sustainability improvement opportunities and modeling the financial impact through the Long Term Financial Plan. The outcome further demonstrates Campbelltown City Council's strength and effectiveness as a Local Government entity providing services and infrastructure that the Campbelltown Community needs.

Campbelltown City Council's forecast performance against all financial indicators is suitable in meeting all benchmarks set by the NSW Government in order to determine Campbelltown City Council as Fit for the Future.

Sustainability

Measure/ benchmark	Actual 2015 / 2016 performance	Achieves FFTF benchmark?	Forecast 2020 / 2021 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even – actual/forecast year only)	TBA (post EOY process)	Yes/No	1.63%	Yes
Own Source Revenue Ratio (Greater than 60% - actual/forecast year only)	TBA (post EOY process)	Yes/No	62.05%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% - actual/forecast year only)	TBA (post EOY process)	Yes/No	102.61%	Yes

What measures has council implemented to achieve the benchmarks following Council's initial proposal?

Depreciation: A comprehensive review of depreciation has been undertaken. Straight line methodology did not truly reflect the reduction in value of assets over time. To more accurately reflect the consumption and value change of all assets Council has changed the depreciation methodology. This methodology, reviewed and endorsed by Council's auditors, applies depreciation to an asset reflecting the pattern in which the asset's future economic benefits are consumed or lost. This change forecasts to impact Council's Income Statement by over \$2 million per annum resulting in a positive effect on the Operating Performance Ratio, as well as the Building and Infrastructure Asset Renewal Ratio.

Service Level Reviews: As part of a commitment to continuous improvement, Council is constantly reviewing and improving service delivery. A number of service level reviews are currently taking place or have been implemented since Council's original Fit for the Future submission. Council's Education and Care section has recently changed the delivery model by outsourcing the Occasional Care Centre as well as withdrawing from a duplication of long day care in the Minto area. Utilisation rates and cost of the service were the driving catalysts for the withdrawal of these services. This service review has provided initial savings from operating losses annually for the services, new lease income and subsequently following the increased utilization of nearby Council services to an increased operational result of over \$495k.

Council will continue to review service provision to maximize the resources that are available and increase the occupancy of underutilised assets and services. This will achieve increased revenue and reduce operational costs ultimately providing an improved operating performance ratio.

Property Development: The most significant opportunity for Council to diversify its revenue base exists within its current property portfolio. Council has extensive land holdings throughout the Local Government Area with great potential existing in the development of the Campbelltown C.B.D. and the Farrow Road precincts. The location and potential of these land holdings can play an important part in changing the face of the Campbelltown Business District.

Potentially the recurrent revenue that can be generated by the activation of these precincts will form the foundation of Council becoming increasingly sustainable and less reliant on funding through Government Grants and contributions. It is important to ensure that the revenue gained from the development of these precincts can also provide community benefit via the implementation of quality amenities and public spaces accessible by community members who will occupy units within the C.B.D.

In addition to these sites, Council is currently negotiating the sale of a significant land holding within the Campbelltown Local Government Area. This has the potential to provide the funds to reinvest in developing the precincts previously mentioned and consideration of expanding Council's commercial property portfolio. While this development may not be immediate, the return on investing these funds will assist Council's revenue stream, income diversification and reflect in the sustainability performance benchmarks.

In regard to the more traditional statutory land holdings that Council currently has identified as open space, there are a number of opportunities to provide funding through the rationalisation of surplus parcels of land. Council is currently finalising the Open Space, Sport and Recreation and Play Space Strategies in association with specialist independent advisors and incorporating community engagement to guide future use and management action plans for these land holdings.

These initiatives within the property portfolio can provide an ongoing revenue stream that will strengthen all Council ratios in relation to operating performance and ongoing sustainability and importantly provide an improved Community amenity as well as contributing towards the shaping of our City.

Sustainability Strategy: Council has implemented Sustainability Working Parties, which relate to Sustainable Catchments, Sustainable Land, Sustainable Facilities and Sustainable Council. There is an ongoing commitment within Council to deliver sustainable outcomes in all Council activities expanding beyond the traditional environmental focus. This will result in increased sustainability through economic and environmental initiatives reducing Council's energy consumption and thus delivering more cost effective service delivery. Council has also implemented a funding strategy to capture savings from sustainability initiatives in order to reinvest in further sustainability projects and supporting the viability of this strategy.

Internal Loan Borrowing: Council has modelled through the long term financial plan, a balance between internal and external loan borrowing funding. Currently Council has relatively strong cash reserves funding future liabilities that can provide internal funding for loans and provide a

more balanced outcome to Council's cash position, reduced external loan liability, maintain a low debt service ratio, reduced operating performance ratio and more importantly free up resources in the medium term to provide capacity to borrow from external sources for future major infrastructure requirements.

If the Fit for the Future benchmarks are not being achieved, please indicate why.

N/A

Infrastructure and Service Management

If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.

Measure/ benchmark	Actual 2015 / 2016 performance	Achieves FFTF benchmark?	Forecast 2020 / 2021 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2% - actual/forecast year only)	N/A			
Asset Maintenance Ratio (Greater than 100% - actual/forecast year only)				
Debt Service Ratio (Greater than 0% and less than or equal to 20% - actual/forecast year only)				

What measures has council implemented to achieve the benchmarks following Council's initial proposal?

N/A

If the Fit for the Future benchmarks are not being achieved, please indicate why.

N/A

Efficiency				
If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.				
Measure/ benchmark	Actual 2015 / 2016 performance	Achieves FFTF benchmark?	Forecast 2020 / 2021 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	N/A			
What measures has council implemented to achieve the benchmarks following Council's initial proposal?				
N/A				
If the Fit for the Future benchmarks are not being achieved, please indicate why.				
N/A				

How will your council become Fit for the Future?

Sustainability

Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2020/21 period, (2025/26 for OLG group 8-11) including the outcomes you expect to achieve.

Property Portfolio Opportunities - Forecast recurrent revenue that can be generated by the activation of the Campbelltown CBD including the Farrow Road precinct. It is important to ensure that the revenue gained from the development of these precincts can also provide community benefit via the implementation of quality amenities and public spaces accessible by community members who will occupy units within the C.B.D. In addition to these sites, Council is currently negotiating the sale of a significant land holding within the Campbelltown Local Government Area. This has the potential to provide the funds to reinvest in developing the precincts previously mentioned and consideration of expanding Council's commercial property portfolio. This strategy has the potential to yield an additional \$5m of operating revenue per annum, net gain on the disposal of assets (amount currently confidential) and an increase in interest on investments in the short term of \$2m per annum.

Depreciation methodology - To more accurately reflect the consumption and value change of all assets Council has changed the depreciation methodology. This methodology, reviewed and endorsed by Council's auditors, applies depreciation to an asset reflecting the pattern in which the asset's future economic benefits are consumed or lost. This change forecasts to impact Council's Income Statement by over \$3.2 million per annum resulting in a positive effect on the Operating Performance Ratio, as well as the Building and Infrastructure Asset Renewal Ratio.

Service Level Reviews - Council's Education and Care section has recently changed the delivery model by outsourcing the Occasional Care Centre as well as withdrawing from a duplication of long day care in the Minto area. Utilisation rates and cost of the service were the driving catalysts for the withdrawal of these services. This service review has provided initial savings from operating losses annually for the services, new lease income and subsequently following the increased utilisation of nearby Council services to an increased operational result of over \$495k. This has achieved increased revenue and reduces operational costs ultimately providing an improved Operating Performance Ratio.

Internal Loan Borrowing – Council has modelled through the long term financial plan a balance between internal and external loan borrowing funding. Currently Council has relatively strong cash reserves funding future liabilities that can provide internal funding for loans and provide a more balanced outcome to Council's cash position, reduced external loan liability, maintain a low debt service ratio, reduced operating performance ratio and more importantly free up resources in the medium term to provide capacity to borrow from external sources for future major infrastructure requirements. The initial outcome of this strategy decreases borrowing costs on Council's Income Statement by over \$160k per annum.

Explain the key assumptions that underpin your strategies and expected outcomes.

[illegible]

The timing of the commencement of the activation of the CBD/Farrow Road precinct is estimated to occur within the 5 year period.

The negotiation for the sale of a significant land holding will be finalised in 2016-2017. Contracts are currently anticipated to exchange in July 2016.

Return on Investments - Interest on investments is calculated at 3% for year 1 and an estimated 25 basis point increase per year for future years up to 3.75%.

Sustainability

Outline your strategies and outcomes in the table below

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. To remain a financially sustainable Council	<p>a) Achieve innovation and performance through an internal business improvement</p> <p>b) Achieve a closer reflection of depreciation with the actual degradation of assets</p> <p>c) Adequately fund future liabilities</p> <p>d) Managing employee leave entitlements</p> <p>e) Good governance</p> <p>f) Prudent investment and loan strategies</p>	<p>a)</p> <ul style="list-style-type: none"> Develop internal business improvement program Quantify savings and include in budget Measure and report business improvement, innovations and cost saving initiatives through the Innovation and Performance Sub Committee twice per year <p>b) Review and refine Council's depreciation methodology to utilise condition/consumption based methodology for</p>	<p>a)</p> <ul style="list-style-type: none"> Improved community outcomes for service delivery Funds released for infrastructure renewals. In 2016-2017 Operational Plan, efficiency gains of more than \$1million per annum to be directly invested in infrastructure renewal and maintenance <p>b) Reduced annual depreciation charge</p> <p>c) Plan for future significant liabilities and meet extraordinary and</p>	<p>a) Improved Operating Performance Ratio and Building and Infrastructure Asset Renewal Ratio via the reclassification of operational service expenditure to capital renewal</p> <p>b) It is anticipated this strategy may significantly improve both the Operating Performance and Building Infrastructure Asset Renewal Ratios via the reduction of depreciation</p> <p>c) May negatively</p>

<p>long and medium life infrastructure assets, rather than straight line method</p> <p>c) Maintenance of adequate internally and externally restricted reserves reported through annual financial statements</p> <p>d) Council's independent auditors endorse annually that Council holds sufficient reserves to appropriately manage employee leave entitlements into the future</p> <p>e)</p> <ul style="list-style-type: none"> Quarterly meetings of the Internal Audit Committee External audits conducted by an independent qualified auditor <p>f) Monthly review and advice provided by an independent financial advisor</p>	<p>one-off budget increases relating to these liabilities</p> <p>d) Adequate leave entitlement reserves</p> <p>e)</p> <ul style="list-style-type: none"> Organisational risks managed and business improvement processes identified Council's financial statements present fairly the organisation's financial position, results of operations and cash flows and in accordance with Accounting Standards and the requirements of the Local Government Act 1993 <p>f) Sound investment returns with minimal risk along with a conservative and opportune borrowing</p>	<p>impacting Operating Performance Ratio due to spikes in expenditure that are funded by reserves</p> <p>d) Impacts Unrestricted Current Ratio positively as reserved increase or negatively as reserved movement decreases through leave reductions, retirement and resignations</p> <p>e) Potential to impact all ratios if governance is not satisfactory</p> <p>f) Potential to impact all ratios</p>
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			strategy	
2. A strong local economy	a) Growing local business	a) <ul style="list-style-type: none"> Partnership with State Government on the agglomeration of industries project Actively participate in the Small Business Friendly Council Program Promote and encourage strategic infrastructure Partnership with the Business Enterprise Centre (BEC) to grow small business Investigate and foster the possibilities of the Campbelltown educational and health services hub Promotion of business centres Coordinate with local chambers of 	a) <ul style="list-style-type: none"> Economic development – attract business to the local area to create jobs Make it easier for business to do business with Council Attract more development and investment in the area Grow the number of small businesses establishing themselves in Campbelltown Improved partnerships with WSU, TAFE and Campbelltown Hospital and the creation of the innovation corridor 	a) <ul style="list-style-type: none"> Potential to impact all ratios

3. Alignment of property portfolio with service delivery objectives		<p>commerce</p> <ul style="list-style-type: none"> • Develop an Economic Development Strategy • Develop a quarterly report on economic statistics for the region 		
	a) Develop a coordinated strategic response to the use of Council owned and controlled property	<p>a)</p> <ul style="list-style-type: none"> • An assessment of how property assets can meet the existing and emerging community needs and infrastructure requirements • Document a Property Strategy to provide an integrated framework for all elements of property ownership: <ul style="list-style-type: none"> – Buying property – Owning property – Managing property – Investing in property – Releasing 	<p>a)</p> <ul style="list-style-type: none"> • Effective allocation of resources available to Council to maximise outcome of service delivery • Income diversification 	<p>a)</p> <ul style="list-style-type: none"> • Potential to impact all ratios

4. To ensure Council's continued operations and service delivery functions are delivered in an efficient and effective manner			property		
	a) Business improvement program b) Strategic service review c) Improved online presence		a) Report six monthly to Innovation and Performance Sub Committee efficiency gains, business improvement and cost savings exceeding \$1million per annum b) Report to Council strategic service delivery review recommendations c) Online strategy delivered and projects scheduled, resources allocated	a)Efficient, innovative and effective service delivery meeting the needs of the community b) Efficient, innovative and effective service delivery meeting the needs of the community c) Efficient, innovative and effective service delivery meeting the needs of the community	a) Potential to impact all ratios b) Potential to impact all ratios c) Potential to impact all ratios

<div>Infrastructure and Service Management</div> <div>If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.</div>	
Summarise your council's key strategies to improve performance against the Infrastructure and Service Management benchmarks in the 2020/21 period, (2025/26 for OLG group 8-11) period, including the outcomes you expect to achieve.	<div>N/A</div>
Explain the key assumptions that underpin your strategies and expected outcomes.	<div>N/A</div>

Infrastructure and Service Management					
If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.					
Outline your strategies and outcomes in the table below.					
Objective	Strategies	Key milestones	Outcome	Impact on other measures	
1.N/A	a) b) c)				

<h1>Efficiency</h1> <p>If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.</p>	<p>Summarise your council's key strategies to improve performance against the Efficiency measures in the 2020/21 period, (2025/26 for OLG group 8-11), including the outcomes you expect to achieve.</p> <p>N/A</p>
<p>Explain the key assumptions that underpin your strategies and expected outcomes.</p>	<p>N/A</p>

Efficiency					
If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.					
Outline your strategies and outcomes in the table below.					
Objective	Strategies	Key milestones	Outcome	Impact on other measures	
1.N/A	a) b) c)				

Improvement Action Plan

Summarise the key improvement actions that will be achieved in the first year of your plan.

Action plan

Actions	Milestones
1. Continue Organisational Structural reform	<ol style="list-style-type: none"> 1. Review staffing levels and structures in group management teams which are tasked to deliver organisational priorities 2. Review roles and responsibilities for key positions structures in group management teams which are tasked to deliver organisational priorities
2. Provide direction on the use and management of Parks and Open Space in the Campbelltown LGA as published in an Open Space Strategy	<ol style="list-style-type: none"> 1. Undertake community consultation 2. Council adopt Open Space Strategy
3. Provide strategic direction for Play Space and Sport and Recreation in the Campbelltown LGA	<ol style="list-style-type: none"> 1. Undertake community consultation 2. Council adopt Play Space and Sport and Recreation Strategy
4. Develop internal business improvement program	<ol style="list-style-type: none"> 1. Continue to implement strategic service review program 2. Integration of business improvement objectives into Section Business Plans 3. Build accountability measures into section business planning and reporting
5. Develop Property Strategy	<ol style="list-style-type: none"> 1. Identifying development and commercial opportunities and recognise return on investment through the implementation of a new property

	strategy
6. Economic Development Strategy	<ol style="list-style-type: none"> 1. Expand Council's strategic alliances 2. Continue to roll out implementation of the NSW Small Business Friendly Councils Program 3. Finalise a Campbelltown Regional City Centre CBD Transformation Plan 4. Delivery of projects identified in the Macarthur Destination Management Plan
7. Deliver Sustainability Strategy	<ol style="list-style-type: none"> 1. Implementation of major energy efficiency upgrades at the Campbelltown Arts Centre 2. Implement, measure and report cost savings associated with Innovation and Performance Improvement projects
8. Internal Borrowing Strategy	<ol style="list-style-type: none"> 1. Implement the 2016-2017 Internal Borrowing Program
<p>Outline the process that underpinned the development of your Action Plan.</p> <p>Councillor and Senior Management Team Strategic Planning Days were held to identify Council's priorities and strategies for the elected Council term. These strategies were further investigated and incorporated into the Integrated Planning and Reporting process, specifically in the 2016-2017 Operational Plan. Council conducts an extensive budgeting and section business planning process to detail the required actions and programs in order to deliver on Council's Delivery Program, and ultimately, the Community Strategic Plan. Community consultation activities were conducted as part of the annual Operational Plan and budget process.</p>	

Other actions considered

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

N/A

How will your plan improve performance? (Ratios to be calculated as a single year, not 3 year averages)

Expected improvement in performance

Measure/ benchmark	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 (Group 8-11 Councils only)	2022/23 (Group 8-11 Councils only)	2023/24 (Group 8-11 Councils only)	2024/25 (Group 8-11 Councils only)	2025/26 (Group 8-11 Councils only)	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break- even)	TBA (post EOY process)	0.27%	0.73%	1.62%	1.45%	1.63%						Yes
Own Source Revenue Ratio (Greater than 60%)	TBA (post EOY process)	61.05%	65.14%	63.39%	60.11%	62.05%						Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100%)	TBA (post EOY process)	100.20%	105.69%	100.01%	101.30%	102.61%						Yes
Infrastructure Backlog Ratio (Less than 2%)	TBA (post EOY process)	1.77%	1.47%	1.19%	0.91%	0.64%						Yes
Asset Maintenance Ratio (Greater than 100%)	TBA (post EOY process)	100%	100%	100%	100%	100%						Yes

Measure/ benchmark	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 (Group 8-11 Councils only)	2022/23 (Group 8-11 Councils only)	2023/24 (Group 8-11 Councils only)	2024/25 (Group 8-11 Councils only)	2025/26 (Group 8-11 Councils only)	Achieves FFTF benchmark?
Debt Service Ratio (Greater than 0% and less than or equal to 20%)	TBA (post EOY process)	2.64%	2.92%	2.52%	2.24%	1.82%						Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	TBA (post EOY process)	875.58	858.77	849.17	852.72	848.49						Yes

Include Council's Income Statement from its Long Term Financial Plan, as well as a hyper link to Council's full Long Term Financial Plan. Also provide a link to Council's original FFTF submission to IPART and any other documents relevant to Council's proposal.

Campbelltown City Council's Long Term Financial Plan can be accessed on the right hand side of the screen via the link below:

<http://www.campbelltown.nsw.gov.au/RCC/CouncilandCouncilors/FinancialInformation>

Campbelltown City Council's original Fit for the Future submission can be accessed via the link below:

http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Council_Portal/Applications/FFTF_2015/Campbelltown_City_Council?ot=LG_FFTF_Proposal



Income Statement
Long Term Financial Plan 10 Year Model

	Year Ended									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Income from continuing operations										
Rates and Annual Charges	97,890	100,958	104,071	107,494	111,280	115,207	119,281	123,504	127,886	132,428
User Charges and Fees	15,724	17,149	18,441	19,962	21,308	21,757	22,220	22,697	23,188	23,695
Grants and contributions for operation purposes	24,746	22,591	22,622	22,657	22,853	23,049	23,249	23,457	23,703	23,963
Capital Grants, Subsidies & Contributions	21,324	45,673	53,929	68,948	64,855	37,380	37,388	29,161	29,170	29,179
Interest and Investment Revenue	5,215	5,522	6,072	6,489	6,643	6,805	6,974	7,151	7,336	7,529
Net Gain from Disposal of Assets	32,215	0	0	0	0	0	0	0	0	0
Other Revenues	3,880	3,917	3,982	4,072	4,174	4,278	4,385	4,495	4,607	4,722
Total Income from continuing operations	200,994	195,810	209,117	229,622	231,113	208,476	213,497	210,464	215,890	221,516
Expenses from continuing operations										
Employee Costs	61,643	64,163	66,223	69,792	71,537	73,326	75,159	77,038	78,964	80,938
Materials and Contracts	26,058	25,296	25,698	26,128	26,929	27,754	28,606	29,484	30,388	31,321
Borrowing Costs	1,122	960	812	681	432	304	189	85	33	0
Depreciation	22,903	23,606	24,356	25,194	26,204	27,081	27,977	28,850	29,744	30,663
Other Expenses	35,240	35,009	35,579	36,543	38,452	39,031	40,346	41,711	43,886	44,601
Total Operating Expenses	146,966	149,034	152,668	158,338	163,554	167,496	172,277	177,168	183,015	187,523
Operating result from continuing operations	54,028	46,776	56,449	71,284	67,559	40,980	41,220	33,296	32,875	33,993
Net operating result for the year before grants and contributions provided for capital purposes	32,704	1,103	2,520	2,336	2,704	3,600	3,832	4,135	3,705	4,814

Expected improvement in performance

If, after implementing your plan, your council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

N/A

Putting your plan into action

How will your council implement your Improvement Action Plan?

Council's Delivery Program and Operational Plan translates the strategic goals articulated in the Community Strategic Plan into specific actions which detail Council's four year commitment to the community. Progress is monitored through the Integrated Planning and Reporting framework which allows actions to be assigned to a responsible officer, with an associated target date and requirement for progress comments to be provided on a quarterly basis. A summary report on performance, together with details of progress in relation to priority actions, is reported to Council each quarter. Progress in relation to actions in the Annual Operational Plan is also reported in each Annual Report. The actions in the Action Plan will be added to the annual Operational Plan commencing in 2016-2017. Quarterly reports on progress in relation to the Action Plan will be prepared and reported to Council as priority actions. In this way, progress can be monitored and implementation ensured. Council's "Fit for the Future" Improvement Action Plan will be championed by the Director Business Services and managed and monitored by the Executive Team. Accountability will be achieved via section business plans and reported quarterly to Council and the community, thereby ensuring transparency and good governance. The Resourcing Strategy (Long Term Financial Plan, Asset Management Plan and Workforce Plan) are formally updated on an annual basis and adopted by Council each year in June as part of the Budget process.

3.6 Revised Policy - Sundry Debtor Recovery Procedures Policy

Reporting Officer

Manager Financial Services

Attachments

Revised Sundry Debtor Recovery Procedures Policy (contained within this report)

Purpose

To seek Council's endorsement of the revised Sundry Debtor Recovery Procedure Policy.

History

The abovementioned policy was adopted by Council on 10 July 1990 and was last reviewed on 11 February 2014. The policy is now due for review in accordance with the Records Management Policy.

Report

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

The Sundry Debtor Recovery Procedures Policy has been reviewed and found that minor changes were required as highlighted in the attachment to reflect new staff establishment titles. It is recommended that the policy be adopted and a new review date set.

Officer's Recommendation

1. That the revised Sundry Debtor Recovery Procedures Policy as attached to this report be adopted.
2. That the Policy review date be set at 30 June 2019.

Committee's Recommendation: (Lake/Kolkman)

That the Officer's Recommendation be adopted.

CARRIED


Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

 campbelltown city council		POLICY
Policy Title	Sundry Debtor Recovery Procedures	
Relevant Legislation/ Corporate Plan	<i>Local Government Act 1993</i> <i>Local Government (General) Regulation 2005</i> <i>Civil Procedure Act 2001</i> <i>Corporations Act 2001</i>	
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 ensure the efficient and prompt recovery of all outstanding sundry debtor accounts.

Policy Statement

1. Issue of Original Account

- a) Debtor accounts are due and payable one month after the issue of the original invoice. A debtor may approach Council and seek an arrangement to finalise the account if they are experiencing financial difficulties. It must be stressed that recovery action will only apply to debtors who have failed to make satisfactory arrangements to finalise their outstanding account or those who default on an arrangement.
- b) If at the end of the month in which the debt was raised the amount remains unpaid, a statement will be issued followed by subsequent statements each calendar month thereafter.

2. Statements issued with debts aged 30 days shall incorporate a reminder message, prompting account holders to contact and discuss the matter with Council's Revenue staff.

3.
 - a) Statements issued with debts aged 60 days will incur an additional administration charge or interest charges as determined from year to year in Council's Fees and Charges document and as stated in the Operational Plan.
 - b) Every effort shall be made to contact debtors by telephone or mail during the month debts are aged to 60 days. In the event that a suitable arrangement or payment is not made, a seven day letter is to be issued indicating referral of the matter to Council's agent for legal recovery action.
 - c) Legal recovery action to commence 10 days following the issue of a final letter of demand by Council's agents.

4. Additional action in respect of Companies

Where companies continue to default after Judgment is obtained, it is considered that steps for the winding up of companies under Section 459 of the *Corporations Act 2001* should be contemplated and the matter reported to Council. At this stage the matter be placed in the hands of Council's recovery agents.

5. Lease or Hire of Ovals by Sporting Clubs, Associations, 530A Committees and the like

All outstanding matters to be referred to the Executive Manager Sport, Recreation and Leisure Facilities once they reach Step 2. The Executive Manager Sport, Recreation and Leisure Facilities (or delegate) is to negotiate with officials of the responsible association to determine an appropriate payment resolution. Such matters shall also be referred to the Manager Financial Services for endorsement.

Accounts shall continue to progress to Step 3a while negotiations to resolve payment are being undertaken. Matters shall progress further once approved by the Executive Manager Sport, Recreation and Leisure Facilities and Manager Financial Services.

Cancellation of lease or re-allocation of a ground should be considered as a last resort and will require a resolution of Council if a formal lease or licence exists.

6. Property Rentals

All outstanding matters to be referred to the Manager Property Services once they reach Step 2 for appropriate action in accordance with the lease provisions. Such matters shall also be referred to the Manager Financial Services for endorsement.

Accounts shall continue to progress to Step 3a while negotiations to resolve payment are being undertaken. Penalty interest charges may be payable as part of the lease provisions and these will continue to accrue until a satisfactory outcome is resolved. Matters shall progress further once approved by the Manager Property Services and Manager Financial Services.

7. Hire of Halls

Monies should be paid prior to use, except in the case of permanent bookings.

Recovery action will be taken up to and including Step 3.

Where successful contact with a permanent hirer cannot be established it may be prudent to consider the denial of further access to Council's facility via the posting of a security guard on the day of hire, and the changing of alarm access codes. This step to be authorised by the Director City Governance, with any costs recovered from the debtor.

Legislative Context

Local Government Act 1993; Local Government (General) Regulations 2005 (Clause 201-213); Civil Procedures Act 2005 (Sections 1-154); Corporations Act 2001 (Section 459).

Responsibility

The Manager Financial Services may delegate responsibility to the Revenue Accountant to ensure proper procedural documentation is maintained at a level satisfactory to Council, relevant legislation and financial audit.

Effectiveness of this Policy

Key Performance Indicators:

Improvements in monthly debt recovery ratio - performance management ratio adapted from LGMA Health Check. The calculation ratio is invoices greater than 60 days divided by the total invoices raised.

END OF POLICY STATEMENT

3.7 Debtors - Write off of bad debts 2015-2016

Reporting Officer

Manager Financial Services

Attachments

Total debts recommended for write off (contained within this report)

Purpose

To provide a report outlining the amount in debts determined uneconomical to recover.

Report

As part of Council's annual interim audit, debts totalling \$15,655.17 were presented and examined by Council's external Auditors, Intentus Chartered Accountants. The Auditors expressed an opinion that further action by Council is unlikely to realise recovery of costs and will only incur further fees which will subsequently require write off.

The debts submitted have undergone extensive recovery procedures with every avenue available to Council being explored and eventually exhausted, prior to being referred to the auditors for consideration.

The list of debts are summarised as follows:

Four debtors totalling \$432.50 relate to Learn to Swim Fees from 2013 and 2014. The debtors were living in rental properties at the time, and are no longer at these addresses. Efforts to locate these individuals has not been successful.

Two debts relate to fees for abandoned motor vehicles which were impounded by Council and sold at auction. However, the vehicles were registered on the Personal Properties Security Register (PPSR) by the relevant finance companies, and as such, proceeds from the sale of these vehicles was remitted to them by the auctioneer. Council has no further avenues through which it would be economical to pursue the recovery of these amounts totalling \$8,508.30.

One debt of \$3,601.27 relates to damage to a Council vehicle following an accident. The employee contributed to partially offset the debt however the difference is now recommended for write off following cessation of employment.

Two debts relate to stall holder fees and one debt relates to ground hire of a Council facility totalling \$558. In all three instances, Council staff have not been able to locate the individual who made the original booking.

One debt for food premise licence fees and recovery costs totalling \$1,369.80 that commenced in February 2014. Council has been advised that the company is in liquidation and there is unlikely to be any dividend payable to creditors.

One debt also for food premise licence fees and recovery costs totalling \$1,185.30. Council and its debt recovery agent have been unable to locate the debtor since October 2014.

In many of these cases, the debtors are no longer contactable, rendering recovery of the debt unattainable or at significant costs that may, in future, also not be recoverable. It should be noted, Council's authorisation to write off bad debts does not prevent recovery of the debt in future, should circumstances change. Once written off, debtors are noted as bad debtors within Council's corporate systems ensuring they are easily identifiable, should the individual or company attempt to transact with Council in the future.

In accordance with accounting standards, Council is required to create a provision for doubtful debts and review that provision at the end of each financial year. For the financial year ending 30 June 2016, the provision balance remains at \$15,655.17.

Officer's Recommendation

That the sundry debtors as listed in the attachment totalling \$15,655.17 be written off as uneconomical to recover.

Committee's Recommendation: (Borg/Lake)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

Sundry Debtor Write-off June 2016

<u>Account</u>	<u>Comments</u>	<u>Total Due</u>
100766062	Council vehicle repairs.	\$3,601.27
100745017	Abandoned motor vehicle costs. Insurance company secured disposal income through Personal Properties Security Register. Legally unable to recover.	\$2,783.00
100720465	Abandoned motor vehicle costs. Insurance company secured disposal income through Personal Properties Security Register. Legally unable to recover.	\$5,593.30
100717784	Food premises shop licence inspection fees - debtor has filed for bankruptcy.	\$1,358.80
100709303	Food premises shop licence inspection fees - matter referred to local court, unable to locate debtor.	\$1,168.80
4 Various	Invoices raised for learn to swim classes. Debtors have not responded to requests for payment and attempts to locate have been unsuccessful.	\$284.00
100686377	Sportground hire: Milton Park. Unable to locate hirer, uneconomical to pursue.	\$215.00
100751437	Australia Day stall holder fee. Unable to locate, uneconomical to pursue.	\$100.00
100748995	Fishers Ghost stall holder fee. Unable to locate, uneconomical to pursue.	\$100.00
	Monthly administration fee associated with the above debts.	\$451.00

\$15,655.17

4. HUMAN RESOURCES

No reports this round

5. INFORMATION MANAGEMENT AND TECHNOLOGY

No reports this round

6. INTERNAL AUDIT

6.1 Audit Committee Update

Reporting Officer

Internal Auditor

Attachments

Audit Committee meeting minutes of 14 June 2016 (contained within this report)

Purpose

To provide an update on the outcomes from the 14 June 2016 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 two recommendations with respect to the independent members of the Audit Committee that require an individual resolution of Council.

Audit Committee meeting minutes – 14 June 2016

The minutes of the Audit Committee meeting held 14 June 2016 are attached and the following were considered:

4.1 Report on Internal Audit Progress (including completion of Plan and other audit activities)

That the Committee note the Report on Internal Audit Progress (including completion of Plan and other audit activities).

4.2 Report on Follow up of Implementation of Internal Audit Recommendations

That the Committee notes the Report on Follow up of Implementation of Internal Audit recommendations and considers approval of the extension of target implementation dates as requested.

4.3 Report on Risk Management and Fraud Prevention

That the Committee notes the Report on Risk Management and Fraud Prevention.

4.4 Internal Audit Report on Review of Contract Management

That the Committee notes the Internal Audit Report on Contract Management.

4.5 Draft 2016-2019 Strategic Internal Audit Plan

That the Audit Committee approve the 2016 – 2019 Strategic Internal Audit Plan.

4.6 Draft Internal Audit and Audit Committee Annual Report 2016 - 2019

That the Audit Committee approves:

1. The draft Audit Committee and Internal Audit Annual Report including QAIP self-assessment for the year ended 30 June 2016.
2. That the Independent Chair of the Audit Committee be delegated to approve the final Audit Committee and Internal Audit Annual Report for submission to the Corporate Governance Committee.

5.1 Briefing on Restructure and Associated Change Management

That the Committee notes the information.

5.2 Consideration to Extend Independent Audit Committee Members Tenure

1. That Council consider extending the tenure of the current Audit Committee independent members for a period of 12 months effective 10 September 2016.
2. That Council advertise for an Expression of Interest for a further independent Audit Committee member.

Officer's Recommendation

1. That Council adopt the Audit Committee meeting minutes of 14 June 2016.
2. That Council consider extending the tenure of the current Audit Committee independent members for a period of 12 months effective 10 September 2016.
3. That Council advertise for an Expression of Interest for a further independent Audit Committee member.

Committee's Recommendation: (Hawker/Mead)

That the Officer's Recommendation be adopted.

CARRIED

Council Meeting 19 July 2016 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Minute Resolution Number 117

That the Officer's Recommendation be adopted.

ATTACHMENT 1

Minutes of the Audit Committee Meeting

Held Tuesday 14 June 2016 in Committee Room 3

Meeting Commenced: 4.37pm

1. Attendance and Apologies

Attendance: Bruce Hanrahan - Chairperson
Robert Rofe - Independent member
Councillor Paul Hawker - Mayor
Councillor Clinton Mead

Also in Attendance: Lindy Deitz - General Manager
Michael Sewell - Director Business Services
Deborah Goodyer - Internal Auditor
Warren Kear - Risk Coordinator
Wayne Miller – Acting Manager Assets & Supply
Kate Stares - Coordinator Procurement and Contracts
Timothy Green - Contracts Officer
Jane Worden - Executive Support

Apologies: Councillor Alana Matheson

Sub Committee's Recommendation: (Hanrahan/Rofe)

That the above apologies be accepted.

CARRIED

2. Declarations of Interest

There were no Declarations of Interest made at this meeting.

3. Minutes to the 15 March 2016 Audit Committee meeting

Reporting Officer

Director Business Services

Purpose

To confirm the minutes of the 15 March 2016 Audit Committee meeting.

Report

The minutes of the previous Audit Committee meeting held on 15 March 2016 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.

Sub Committee's Recommendation: (Rofe/Hawker)

That the Audit Committee meeting minutes of 15 March 2016 be approved.

CARRIED

4. Reports

4.1 Report on Internal Audit Progress (including completion of Plan and other audit activities)

Reporting Officer

Internal Auditor

Purpose

To provide an update to the Audit Committee on internal audit activities including the current status of work undertaken in accordance with the approved Strategic Audit Plan 2015-2016 and Budget Vs Actual Audit days.

History

The Audit Committee approved the rolling 2015-2018 Strategic Audit Plan in June 2015. Work commenced on the annual audit plan for 2015-2016 in July 2015. Other activities traditionally undertaken by the internal auditor include assistance with compliance audits, adhoc advice on policy, risk and probity, and special audit, project groups or investigation requests.

Report

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

The scheduled Contract management audit was completed during the third quarter and the report is attached. The proposed action plan to address audit recommendation is provided as a separate attachment to the report. Fieldwork has been completed for the Child Protection review and the Accounts Receivable & debt recovery review is in progress.

In March 2016, a request was made to review concerns over anomalies in staff borrowing practices and possible stock losses. A preliminary review was undertaken and the General Manager approved an investigation into alleged breaches of borrowing and collection policy and procedure. A draft investigation report has been completed and recommendations for improvement in controls and consideration of disciplinary action have been made.

During the 4th quarter, Internal Audit has completed a self-assessment of the Internal Audit function in accordance with the Quality Assurance and Improvement program and IIA Standards for Professional Practice of Internal Audit.

Officer's Recommendation

That the Committee note the Report on Internal Audit Progress (including completion of Plan and other audit activities).

Sub Committee's Recommendation: (Hawker/Rofe)

That the information be noted.

CARRIED

4.2 Report on Follow up of Implementation of Internal Audit recommendations

Reporting Officer

Internal Auditor

Purpose

To report on progress towards implementing the recommendations from previous internal audits which are outstanding.

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 report detailing the individual issues identified, their implications; recommendations for improvement; management agreed actions with target dates for implementation; and the staff member assigned responsibility for implementation.

Report

The attached report on Follow Up is Management's update on implementation of recommendations made in internal audits performed to date. It includes a summary table of audits with outstanding actions, showing the total number of recommendations made, those fully implemented and those outstanding. Detailed schedules of progress on outstanding recommendations are included providing reason(s) for any non-implementation within agreed timeframes, as well as requests for revision of the target dates.

This report includes progress towards implementation of recommendations made in audits reported from June 2015 through to March 2016 Audit Committees where there are actions outstanding. These include:

- Asset Management – Plant and Equipment,
- Beverage and snack management processes
- Planning Reform Fund annual compliance review and certification
- Policy Management & Gap Analysis, and
- Grant Application Governance Arrangements.

Recommendations for improvement related to Policy Management and Grant Application Governance are not past target implementation dates at the time of reporting. Formal follow up activities to monitor implementation of audit recommendations which exceed the due dates is undertaken as required.

Officer's Recommendation

That the Committee notes the Report on Follow up of Implementation of Internal Audit recommendations and considers approval of extension of target implementation dates as requested.

Sub Committee Note: The Audit Committee requested that the Follow up of Implementation of Internal Audit recommendations report be amended to reflect all changes to target implementation dates moving forward.

Sub Committee's Recommendation: (Rofe/Hanrahan)

1. That the information be noted.
2. That the Audit Committee approves the extension of target implementation dates as requested within this report.

CARRIED

4.3 Report on Risk Management and Fraud Prevention.

Reporting Officer

Internal Auditor

Purpose

To report on internal audit activities in assessing and improving Council's risk management, fraud and corruption prevention frameworks, systems and controls.

History

Internal audit activity has previously included assessment and management of risks (including fraud) specifically related to individual audit projects rather than by dedicated report.

The following elements of risk management are required to be assessed and monitored by Internal Audit:

- review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
- review the impact of the risk management framework on its control environment and insurance arrangements.
- review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

Internal Audit is also responsible for evaluating the potential for occurrence of fraud, and how Council manages fraud risk.

Report

Since the March 2016 Audit Committee meeting, Internal Audit has reviewed and assessed:

- Council's Contract Management framework and systems across all stages of the contract management lifecycle with particular emphasis on risks associated with ongoing contractor management.
 - child Protection
 - accounts Receivable and Debt Recovery
-

- risk of fraud and corruption with respect to allegations of breach of library services borrowing policy and procedure
- probity arrangements for procurement and divestment projects where there is potential for conflict of interest.

Overall, internal audit activities have increasingly focused on ensuring that business processes integrate risk management and fraud prevention into their processes and recommendations for improvement are made in internal audit reports.

Additionally, Council's Risk management Coordinator has established key elements of an Enterprise Risk Management (ERM) framework in line with AS/NZ ISO31000:2009 – Risk including an Authorised Statement, Strategy and Implementation plan.

Internal Audit continues to work with the Risk Management Coordinator (RMC) to integrate the principles and procedures of the developing ERM framework into internal audit activities.

The RMC has provided an update on Risk Management for the Committee's information.

Officer's Recommendation

That the Committee notes the report on Risk Management and Fraud Prevention.

Sub Committee's Recommendation: (Hanrahan/Rofe)

That the information be noted.

CARRIED

4.4 Internal Audit Report on Review of Contract Management

Reporting Officer

Internal Auditor

Purpose

The Internal Audit Report details findings and recommendations from the Review of Contract Management which was undertaken in accordance with the 2015/2016 approved Internal Audit Plan.

History

The 2015/2016 Internal Audit Plan was approved at the June 2015 Audit Committee meeting and included the audit of Contract Management.

Report

Attached is the Internal Audit Report outlining the findings from the review of Contract Management.

The audit was undertaken to assess the key processes and controls around the Contract Management. The audit specifically assessed:

- establishing contracts including registering contracts.
 - on-going, or day-to day management of the contract and contractors work
-

- evaluation of the overall performance of the contract to enable effective succession planning/transition at the conclusion of the contract.

The audit found that although there is sound control over the initial establishment stage of contract management, there are deficiencies in systems, policies and procedures, and that contract managers across council do not have sufficient understanding of the issues and responsibilities for day-to-day contractor management.

The overall rating given to this audit is that there is **High** exposure. Of the nine recommendations made, seven were considered to place Council in a higher than acceptable area of exposure.

A proposed action plan for implementing all recommendations has been developed and endorsed by Council's Executive.

Officer's Recommendation

That the Committee notes the Internal Audit Report on Contract Management.

Sub Committee's Recommendation: (Hanrahan/Rofe)

That the information be noted.

CARRIED

4.5 Draft 2016-2019 Strategic Internal Audit Plan

Reporting Officer

Internal Auditor

Purpose

The draft 2016-2019 Strategic Internal Audit Plan outlines the planned focus for the internal audit function over the next three years and includes a rolling program of audits to be conducted over the period.

History

The Audit Committee approved the 2015-2016 Strategic Internal Audit Plan at its June 2015 meeting. The plan incorporated a three year rolling program of audits and was redeveloped to incorporate changes in Internal Audit methodology, and the risks and priorities impacting Council since the previous plan was developed.

The assessment of changes in risks and priorities included risk identification meetings held with the Executive, completion of risk assessments across the audit universe, identification of other assurance processes scheduled and the consideration of industry wide risks.

Report

The draft 2016-2019 Strategic Internal Audit Plan is a three year rolling plan that has been revised after consultation with management and Council's Risk Management Coordinator. Given that Council is currently experiencing a period of significant change relating to organisational restructure and local government reform, the plan has been amended to reflect a focus on assurance over high risk areas associated with change management.

The following audits have been established for the first year of the Plan as a result of this process:

- recruitment and selection
- business Continuity & Disaster Recovery Planning
- section 149 certificate Quality assurance and data integrity
- ethical Conduct and organisational culture
- restructure Change management (risk assessment & assurance)
- project Management working group assurance activities, and
- contract Management project assurance review.

The Plan proposes the Ethical Conduct and Culture review as a matter of priority, with consideration given to co-sourcing the review to gain optimum engagement across all levels of the organisation.

The second and third years of the Plan have also been amended to reflect the rescheduling and to accommodate any risks or areas of priority which have been raised through consultation.

Officer's Recommendation

That the 2016-2019 Strategic Internal Audit Plan be approved.

Sub Committee's Recommendation: (Hawker/Rofe)

That the Audit Committee approve the 2016-2019 Strategic Internal Audit Plan.

CARRIED

4.6 Draft Internal Audit and Audit Committee Annual Report 2015-2016

Reporting Officer

Internal Auditor

Purpose

To provide the Audit Committee with the draft Annual Report on the activities of Internal Audit and the Committee during the year to facilitate reporting to Council annually as required by the Audit Committee Charter.

History

The Audit Committee's Charter requires that by the first meeting after 30 June each year, Internal Audit, via the General Manager, will provide a performance report of:

- the performance of Internal Audit for the financial year, and
- the approved Internal Audit Plan of work for the previous year showing the current status of each audit.

The Charter requires this performance report to be included with the Committee's annual report to Council. The Internal Audit function must also comply with the International Standards for the Professional Practice of Internal Auditing (Institute of Internal Audit), and periodically assess Internal Audit performance against the standards.

Report

The attached report is the Draft Audit Committee and Internal Audit Annual Report required by the Audit Committee Charter. This report covers the activities of Internal Audit and the Audit Committee for the year ended 30 June 2015. The report outlines some of the key achievements during the year, including internal audit reports completed and reviewed by the Committee, and updating of the three year rolling Strategic Audit Plan.

It also covers:

- Audit Committee attendance
- cost of internal audit related activities
- performance against approved Audit Plan
- Audit Committee coverage against roles and responsibilities in the Charter, and
- self-assessment of Internal Audit against the IIA standards via the Quality Assurance and Improvement Program (QAIP).

Minor amendments to the report will be required to incorporate 'actual' audit days and costs for the year ended 30 June 2015.

It is proposed that the Director Business Services submit the final Annual report to the Independent Chair of the Audit Committee for review and approval, with the changes being reported to the next Audit Committee meeting.

Officer's Recommendation

That the Committee approves:

1. The draft Audit Committee and Internal Audit Annual Report – including QAIP self-assessment - for the year ended 30 June 2016.
2. That the Independent Chair of the Audit Committee be delegated to approve the final Audit Committee and Internal Audit Annual Report for submission to the Corporate Governance Committee.

Sub Committee's Recommendation: (Rofe/Hawker)

That the Audit Committee approves:

1. The draft Audit Committee and Internal Audit Annual Report – including QAIP self-assessment - for the year ended 30 June 2016.
2. That the Independent Chair of the Audit Committee be delegated to approve the final Audit Committee and Internal Audit Annual Report for submission to the Corporate Governance Committee.

CARRIED

5. General Business

5.1 Briefing on Restructure and Associated Change Management

Council's General Manager addressed the Audit Committee in relation to the progress of Council's restructure and associated change management. The General Manager tabled an organisational structure chart and briefed the Committee in relation to new organisational positions and functions.

The Committee noted that the consultation period with Unions and Associations has concluded and that Council can now proceed with the implementation of the new structure.

The General Manager advised the Audit Committee that recruitment for the City Lifestyle and City Development Director roles was currently underway with three executive management positions to be advertised in the near future. It was noted that a project plan has been developed for the roll out of other positions within the new organisational structure.

The General Manager noted that the challenge now facing the organisation is that of change management and a shift in the organisation's culture. It was noted that Council's Executive Group are undertaking some team culture work which will flow down through the organisation. The General Manager also advised the Audit Committee that there will be some significant service reviews undertaken to determine if we can more effectively deliver services to the community.

Sub Committee's Recommendation: (Rofe/Hanrahan)

That the information be noted.

CARRIED

5.2 Consideration to Extend Independent Audit Committee Members Tenure

Council's Internal Auditor noted that given the significant change that Council is experiencing due to restructure, Local Government reform, and upcoming elections, ensuring the continuation of Audit Committee coverage and governance is important over the next six months. Council's Internal Auditor therefore recommended that the tenure of the independent members be extended in order to schedule the next meeting of the Audit Committee in October 2016 or shortly thereafter. In the meantime, expression of interest documents for the appointment of three independent members can be developed to establish a new Audit Committee subsequent to the 2016 Local Government elections.

Sub Committee's Recommendation: (Hawker/Mead)

1. That Council consider extending the tenure of the current Audit Committee independent members for a period of 12 months effective 10 September 2016.
2. That Council advertise for an Expression of Interest for a further independent Audit Committee member.

CARRIED

Bruce Hanrahan
Chairperson

Meeting Concluded: 5.30pm

7. GENERAL BUSINESS

Nil.

Confidentiality Motion: (Borg/Lake)

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

24. CONFIDENTIAL ITEMS

24.1 Lease - 12 Browne 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.

24.2 EOI Cafe Opportunities at HJ Daley Library

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: (Lake/Mead)

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 5.59pm.

C Mead
CHAIRPERSON
