# Reports of the Corporate Governance Committee Meeting held at 5.30pm on Tuesday, 9 February 2016.

APOL	OGIES	
ACKN	OWLEDGEMENT OF LAND	
DECL	ARATIONS OF INTEREST	
Pecur	iary Interests	
Non P	ecuniary – Significant Interests	
Non P	ecuniary – Less than Significant Interests	
ITEM	TITLE	PAGE
1.	GOVERNANCE AND RISK	3
1.1	Fit for the Future Update	3
1.2	Amendments to the Local Government Act and Code of Conduct	24
2.	PROPERTY SERVICES	52
2.1	Proposed Compulsory Acquisition of Council land by Transport for NSW at Railway Parade, Glenfield	52
3.	FINANCIAL SERVICES	57
3.1	Revised Rateable Valuation Aggregation (Strata Schemes) Policy	57
3.2	Cost Shifting Survey 2013-2014	61
3.3	Quarterly Budget Review Statement as at 31 December 2015	79
3.4	Investment Report - November and December 2015	94
3.5	Sundry Debtors Report - December 2015	99
3.6	Monthly Rates Summary	105
3.7	General Valuation - base date 2015	110
4.	HUMAN RESOURCES	113
No rep	orts this round	113
5.	INFORMATION MANAGEMENT AND TECHNOLOGY	113
5.1	Online Report - July to December 2015	113
6.	INTERNAL AUDIT	119
No rep	orts this round	119
7.	GENERAL BUSINESS	119
24.	CONFIDENTIAL ITEMS	119
No reports this round		

#### Minutes of the Corporate Governance Committee held on 9 February 2016

Present	Councillor C Mead (Chairperson) Councillor F Borg Councillor G Greiss Councillor R Kolkman Councillor P Lake Director Business Services - Mr M Sewell Director City Works - Mr W Rylands Acting Manager Assets and Supply Services - Mr W Miller Manager Emergency Management and Facility Services - Mr R Blair Manager Executive Services - Mr N Smolonogov Manager Financial Services - Mrs C Mears Manager Governance and Risk - Mrs M Dunlop Manager Human Resources - Mr B Clarence Manager Operational Services - Mr A Davies Manager Property Services - Mr J Milicic
	•

#### Apologies (Mead/Lake)

That the apologies from Councillors Dobson and Chanthivong be received and accepted.

#### CARRIED

#### Acknowledgement of Land

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

#### **DECLARATIONS OF INTEREST**

There were no Declarations of Interest at this meeting.

#### 1. GOVERNANCE AND RISK

#### **1.1** Fit for the Future Update

#### **Reporting Officer**

Manager Governance and Risk

#### Attachments

- 1. Letter from the Hon Paul Toole MP Minister for Local Government regarding the Fit for the Future Reform Program for NSW Councils (contained within this report)
- 2. Fit for the Future Progress Report (contained within this report)

#### Purpose

This report provides an update on the NSW Government's Local Government reform program.

#### History

In September 2014 the Office of Local Government (OLG) announced the Fit for the Future Reform Agenda. The objectives of the Fit for the Future reforms was to ensure councils have the scale and capacity to meet community needs into the future, are financially sound, operating efficiently and are in a strong position to guide community growth and deliver quality services. The Fit for the Future reforms required councils to assess their current and forecast performance and provide a submission to the government by 30 June 2015.

As a Council recommended to stand-alone, Campbelltown was required to develop an improvement proposal to demonstrate how Council currently meets or will improve its financial performance against the financial benchmarks to become fit for the future. The framework templates provided by the OLG, assessed Council's scale and capacity and financial performance using criteria that measured sustainability, efficiency, and infrastructure management.

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 prepared a final report on the assessment of all council proposals for Fit for the Future. The IPART deemed Council as not having met the sustainability criteria as it relates to the operating performance ratio.

In November 2015, Council provided a submission to the government in response to the IPART assessment detailing its financial sustainability and reinforcing Council's capacity to stand-alone.

#### Report

On 18 December 2015, the government announced the next phase of the NSW Local Government reform program including merger proposals for some NSW councils and handed down the Fit for the Future Progress Report (attachment 2).

Following the review of the submissions made by NSW councils in response to the IPART assessment, Campbelltown Council was recommended to 'stand alone' and not identified in any merger proposals.

Council is now required to re-submit a performance improvement proposal for reassessment by May 2016 to obtain 'Fit for the Future' status in order to gain access to the TCorp borrowing facility. The OLG is currently preparing re-assessment guidelines which will be issued to councils in February 2016 and will be complemented by pre-assessment workshops to be held in March and April. Further information will be provided for Council's consideration when it is made available.

The next steps in the reform process announced by the Government also included:

- amalgamation proposals for Greater Sydney proposing 15 new councils, which would reduce the number of metropolitan councils from 43 to 25 and 20 new councils proposed in regional NSW which would bring the total number of regional councils down from 109 to 87
- consultation on proposed amendments to the Local Government Act, including previously announced changes such as two year terms for mayors and new financial intervention powers
- the commencement of the IPART Rating Review process.

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

That the information be noted.

#### Committee's Recommendation: (Borg/Lake)

That the Officer's Recommendation be adopted.

#### Amendment: (Kolkman/Borg)

- 1. That the information be noted.
- 2. That Council continue to liaise with the Office of Local Government to determine the requirements for the resubmission of the Performance Improvement Proposal.

#### CARRIED

#### Council Meeting 16 February 2016 (Mead/Lake)

- 1. That the information be noted.
- 2. That Council continue to liaise with the Office of Local Government to determine the requirements for the resubmission of the Performance Improvement Proposal.

#### **Council Resolution Minute Number 15**

- 1. That the information be noted.
- 2. That Council continue to liaise with the Office of Local Government to determine the requirements for the resubmission of the Performance Improvement Proposal.

## **ATTACHMENT 1**



The Hon Paul Toole MP Minister for Local Government

Clr Paul Hawker Mayor Campbelltown City Council PO Box 57 CAMPBELLTOWN NSW 2560 council@campbelltown.nsw.gov.au paul.hawker@campbelltown.nsw.gov.au

18 December 2015

Dear Clr Hawker

Today the Government has announced merger proposals for NSW councils and new measures to strengthen the system of local government. While your council is not the subject of a merger proposal, the Government's announcement includes a response to the IPART assessment of councils and changes that will impact on all councils.

The Government's position has been informed by four years of consultation involving every council in NSW, independent assessments (including IPART's recent report on the health of councils across NSW), merger preferences submitted by councils to the Government last month, and feedback from communities and stakeholders.

Detailed merger proposals are now being finalised and will be referred to the Chief Executive of the Office of Local Government for examination and report in accordance with the requirements of the *Local Government Act 1993*.

The Chief Executive will delegate this function to other people (Delegates). In examining and reporting on merger proposals the Delegates will conduct a public inquiry (which is a public meeting at which members of the public can express their views on the proposals), call for written submissions, and prepare a report against the criteria in the Act.

The report from the Delegate will go to myself as Minister, and also to the Boundaries Commission for comment. The Boundaries Commission will provide me with their comments that, along with the report from the Delegate, will allow me to complete the process and make a decision on final boundaries.

This process will provide an objective assessment of the merger benefits and impacts, and give the community a chance to have a say before Government makes a final decision.

The Government has announced today that it:

- has commissioned IPART to review the rating system, and has asked IPART to advise on the best way to achieve the policy commitment on freezing rates as part of the rating review. IPART will provide its report to the Government by the end of 2016;
- will commence consultation on proposed amendments to the Local Government Act, including previously announced changes such as two year terms for mayors and new financial intervention powers;
- will provide councils that IPART deemed Not Fit due to not meeting the financial benchmarks with an opportunity to be reassessed in 2016; and
- will provide rural councils with the option of streamlining governance arrangements.

Further details on the Government's announcement and what it means for each council can be found at www.fitforthefuture.nsw.gov.au

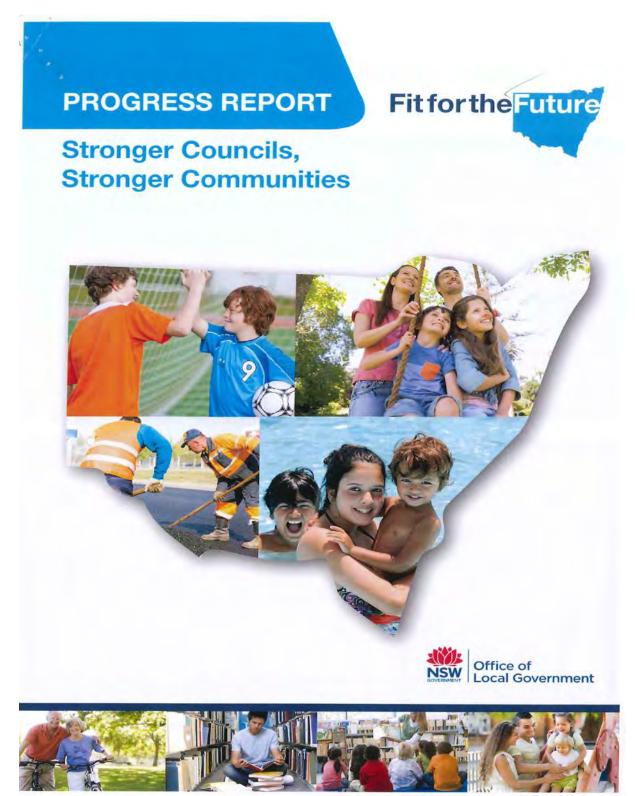
The NSW Government is implementing changes to local councils that will deliver benefits to local communities for generations into the future. On behalf of the Government, I thank you for your input into this process.

Yours sincerely

and Toole

Paul Toole MP Minister

## **ATTACHMENT 2**



#### PROGRESS REPORT **Fit for the Future KEY Established five Joint** Assessed 139 Fit for the Future proposals **Organisation pilot regions ACHIEVEMENTS** A new model for regional Councils assessed collaboration to deliver for operations and regional communities. identified ways to improve them. Commenced review of Established the TCorp **Progressed the Far West** borrowing facility councils' compliance Initiative and regulatory burden

infrastructure loans for financial management.

To help reduce council reporting requirements and red tape.

# that meet the unique

# WHAT'S NEW IN THIS UPDATE

#### Modernising the Local **Government Act**

Consultation on Phase 1 amendments to streamline legislation will begin in

#### **Joint Organisations**

Fast-tracking the involvement of up to two additional regions in early 2016.

#### New financial intervention powers

powers to appoint a financial controller for councils with a high financial sustainability risk

#### Review of the rating system

IPART commissioned to commence a review of the rating system.

#### **Creating new councils**

Proposals to create new and stronger councils in Sydney and regional NSW.

#### **Stronger Communities** Fund

access to the Stronger Communities Fund and funding for merger costs.

#### **Flexibility for Rural Councils**

Tailored support for each to streamline governance.

## **Stronger councils, stronger communities** Creating a new system of local government



All communities across the state deserve high-quality infrastructure and services – now, and for generations to come. That's why the NSW Government is transforming the system of local government to ensure councils have the strength and capacity to deliver this.

Four years of industry and community consultation and independent assessments, including the recent IPART report, has told us the current system is not working as well as it should and that we can no longer sustain 152 councils. The time has come to create a stronger, modern system of local government that removes waste and duplication; a new system that generates savings to be reinvested into services and infrastructure, while stabilising rates.

This document outlines our proposals for new councils and next steps in creating a stronger system of local government – a system that puts ratepayers and communities first.

Our actions will ensure we have stronger, future-focused councils that can respond to the challenges posed by changing populations in metropolitan, regional and rural areas. We want councils that will meet the unique housing, jobs and transport needs of their communities. We've listened to what communities want – quality services, vital infrastructure, value for money and responsible leadership from their local council.

We are pleased that many councils have shown leadership and supported a merger, recognising the benefits this will bring to communities.

Our reforms will generate up to \$2 billion in benefits over the next 20 years - money better invested in new infrastructure and improved services for local communities.

This is a significant opportunity for the local community and ratepayers – and one that they deserve.

Premier of NSW



The NSW Government has been working with local councils since 2011 to achieve our shared vision of strengthening local communities. The Fit for the Future program, launched in September 2014, has seen significant progress in working towards this vision.

Key priorities within the Fit for the Future program have been delivered, including the assessment by IPART of 139 Fit for the Future proposals, the piloting of new models of regional collaboration and commencement of the Far West Initiative.

This progress report outlines what has been achieved and the next steps in the reform.

The next phase of reform builds on the consultation, research and independent reviews conducted since 2011 and focuses on three key programs of reform:

- Creating stronger councils;
- Improving performance and governance of local councils; and
- Strengthening the system of local government.

There is no 'one-size-fits' all approach to local government and we are ready to deliver on the next phase of our plan for stronger councils across Sydney and regional NSW that will help our communities grow and prosper.

I would like to thank councils and communities for their input and co-operation on this critical reform and I look forward to continuing to work with them as we enter the next phase of reform.



Minister for Local Government

# Making Local Government Fit for the Future

The NSW Government is committed to rebuilding NSW – and local councils have a vital role to play in shaping communities and helping them to grow and prosper.

The Fit for the Future Blueprint, launched in September 2014, outlined the NSW Government's plan for local government reform, including key milestones for delivery that have all been achieved. This progress report outlines the next steps of reform, creating stronger councils and stronger communities. It includes new initiatives to create new councils across NSW, supporting "not fit" councils to become "fit" and the opportunity for two more regions of councils to participate in the Joint Organisation program. The reforms will be delivered through three key programs, each working to build stronger councils and stronger communities.

### **Key Reform Programs**



#### Creating stronger councils

#### Improving council performance and governance



#### Strengthening the system of local government

Proposals to create new councils for Sydney and regional NSW

Establish Joint Organisations for regional NSW

Develop whole-ofgovernment solutions for Far West communities Support "not fit" councils to become "fit"

beliver programs to improve council capability with an initial priority on financial sustainability

Support rural councils to deliver the services their communities need

New powers to intervene in financially unsustainable councils

Deliver tools to support improved leadership and governance Create streamlined, modern legislation

Improve financial systems including rating, access to TCorp and Financial Assistance Grants

Develop stronger accountability systems for councils, including Auditor-General oversight and performance improvement tools and frameworks

# CREATING STRONGER

The NSW Government is ready to take the next steps towards creating new and stronger councils to realise the benefits that are available for local communities – \$2 billion in benefits that can be reinvested in better services, more infrastructure or lower rates.

The Fit for the Future program will ensure that every council in NSW can meet the future needs of communities, is financially sound and operating efficiently. Councils will be in a strong position to guide community growth, deliver quality services, infrastructure and provide value for money. The Government's reforms will ensure councils:

- are stronger, future-focused and able to help deliver the housing, jobs and transport that communities need;
- have the capability to be accountable, efficient, and deliver quality services and facilities; and
- can minimise the cost of borrowing and not be burdened by red tape and duplication, so that they can deliver the things communities want.

The Government is offering new councils and their community significant funding, with:

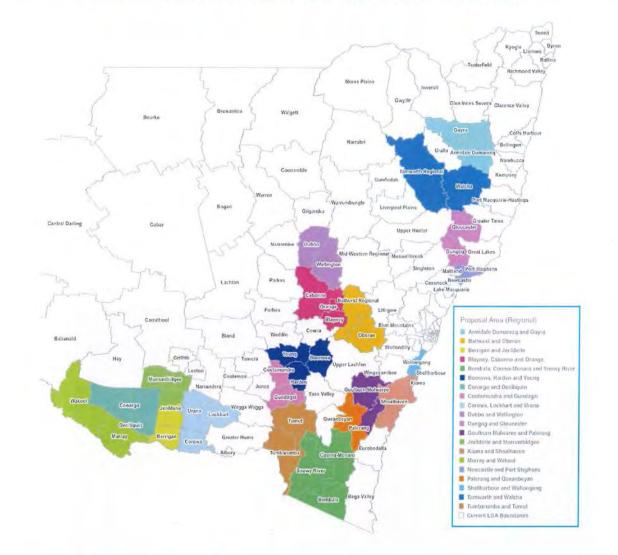
- up to \$15 million from the Stronger Communities Fund providing new councils a head start on services and infrastructure; and
- up to \$10 million to cover the upfront costs of council mergers.

*"\$2 billion in benefits that can be reinvested in better services, more infrastructure or lower rates."* 

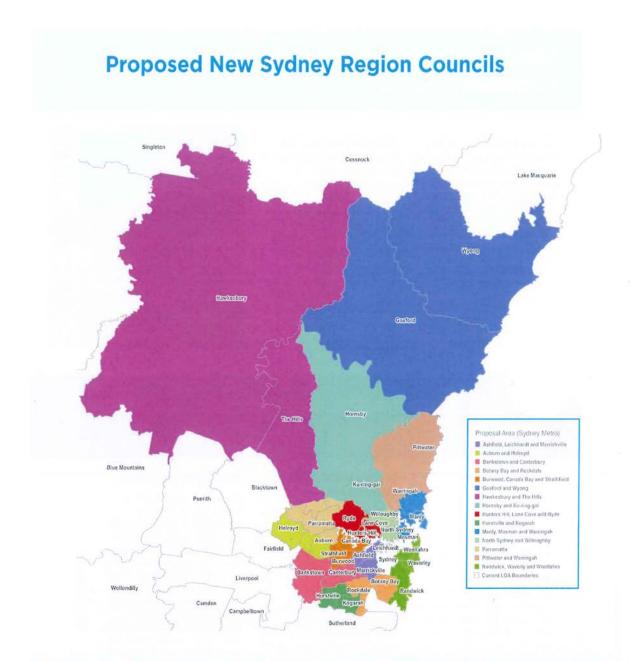


# **CREATING NEW COUNCILS**

## **Proposed New Regional and Rural Councils**



Reducing the number of regional councils from 109 to 87 20 new regional councils will be created by merging 42 councils



Reducing the number of councils in Greater Sydney from 43 to 25 15 new Greater Sydney councils will be created by merging 33 councils

# Stronger councils helping to build tomorrow's Sydney

Sydney is Australia's fastestgrowing capital city. We are leading the way with new enterprise and investment, new suburbs are opening up, new employment precincts are being developed, and new hospitals and schools are on the way to serve our growing population. Over the next 20 years, an additional two million people will call Sydney home and most of them will settle in the city's west.

Our map is based on achieving as much consensus as possible and creating councils of 150,000 or more to deliver efficiencies and reduce red tape, but still ensuring effective local representation.

Sydney will need more homes, more jobs, more services and facilities, and better roads and transport to help people move about. That's why we are proposing to create new councils across Sydney.

The map on page 7 shows our vision for what the new Sydney will be like: stronger councils, offering better services and value for money for our growing communities.



# Stronger councils, stronger regional communities

Regional communities play a vital role in supporting the State's economy, providing the food for growing communities and sustaining our major export industries. The NSW Government has a plan to revitalise regional NSW and provide the infrastructure, jobs and services country communities need and deserve. Our proposal is to create new councils as a key part of that plan.

The map on page 6 shows our vision for creating new councils in regional NSW. Our map is based on high priority mergers, council merger preferences and opportunities to strengthen councils financially and strategically.

We recognise that there is no 'one-size-fits all' solution for regional NSW.

#### Creating new Joint Organisations

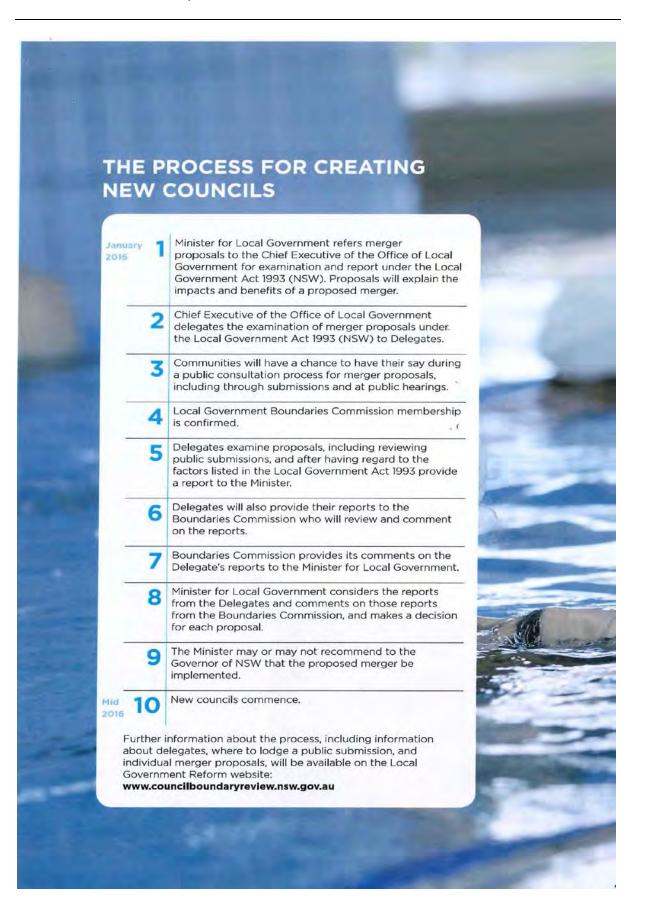
New regional organisations will help councils work with the State Government to deliver the things that matter to regional communities - local jobs, and better transport, services and facilities.

We are providing more than \$5 million in seed funding to help establish this new system and five groups of councils are already enjoying the benefits. Joint Organisations boundaries will be considered once council boundaries are finalised and implemented in regional areas from 2016.

#### The Far West Initative

The recently-appointed Far West Initiative Advisory Committee is working with the councils and communities of Far Western NSW to develop solutions that improve the way all levels of government work together to deliver services to the communities of the region. The initial focus of the Far West Initiative is to strengthen the financial sustainability and strategic capacity of the eight Far West councils.





# PROGRAM 2: IMPROVING PERFORMANCE AND GOVERNANCE

Creating stronger councils is only part of making local government Fit for the Future. The NSW Government is committed to working with councils to deliver programs to improve local services and infrastructure.

The Fit for the Future assessments have shown that some councils are in a strong position, meeting all the Fit for the Future criteria, while others need support to address specific challenges or issues that impact that council's operations.

The NSW Government will work with all councils to improve performance over time. Early priorities will be to:

- Support "not fit" councils to become "fit" at the earliest opportunity;
- Improve the financial sustainability of councils; and
- Support rural councils to implement the required changes they identified to improve their performance.

#### Improving council financial sustainability

There has been widespread recognition amongst councils that the Fit for the Future process has improved council operations. The Office of Local Government will work with councils to share the learnings from this process.

Councils that did not perform well in their Fit for the Future assessment, due to sustainability, efficiency or asset management issues, will be supported to improve. The Office will be working with them individually to identify and implement the changes required to improve their performance, with an initial priority on financial sustainability.

The aim is to see all councils improve their performance over time. Councils will get the help they need to become stronger and provide better outcomes for their communities.

#### Access to the TCorp borrowing facility

Councils that have met performance benchmarks and been deemed "fit" now have access to the new TCorp borrowing facility, reducing the cost of finance for infrastructure projects. Providing more councils with access to the TCorp borrowing facility is a priority for the NSW Government.

#### Opportunity for reassessment

In 2016, councils assessed as "not fit" because they did not meet financial criteria will have the opportunity to revise their Fit for the Future proposals and resubmit them for assessment. The Office of Local Government will work with these councils to support them through this process and, following a "fit" assessment, will then have access to the benefits on offer.

#### New financial intervention powers

For those councils that have demonstrated a consistent, record of poor financial performance, the Government will introduce stronger intervention powers to protect local ratepayers, businesses and communities and get the council back on track.

This will empower the Minister to appoint a financial controller with responsibility for implementing financial controls.



#### Working with rural councils

The NSW Government recognises the unique challenges facing councils and communities in rural areas, and will continue to collaborate with these councils to explore new ways of working that deliver the services their communities need.

Those councils assessed as "fit" as a Rural Council will have access to the benefits on offer to "fit" councils.

Rural councils not part of an amalgamation proposal will have the the opportunity to streamline governance arrangements, if they choose, following legislative change to provide this option.

Rural councils will be supported to improve their capability and performance.

Central to this support is the \$4 million Innovation Fund, providing eligible councils with the opportunity to implement innovative solutions to improve service delivery.

# Strengthening local leadership

Local leaders work hard to act in the best interest of their communities and secure community confidence of their local representatives. Communities expect their local leaders to perform in an honest and professional manner. Local leadership in NSW councils will be strengthened by:

- ensuring elected leaders get the support they need to build leadership skills and learn the regulations and requirements;
- encouraging more people to be involved in standing for local office, especially women and young people, who are currently underrepresented on councils;

- providing more stability in local leadership by clearly defining the roles of councillors and mayors, and extending the minimum mayoral term;
- providing clear guidelines on how councillors should conduct themselves in council meetings and manage any perceived or actual conflicts of interest; and
- tougher measures for local leaders who don't do the right thing. This includes suspension or exclusion from office for councillors who repeatedly engage in misconduct.

To help attract high quality candidates, the Government will review councillor remuneration during 2016.



"The NSW Government will work with all councils to improve performance over time."

# PROGRAM 3: STRENGTHENING THE SYSTEM

The NSW Government is committed to working with councils to strengthen the system of local government. Most importantly, this means strengthening the legislation that governs councils.



# Modernising local government legislation

The NSW Government will introduce more streamlined legislation to implement key reforms recommended by the Independent Panel and Acts Taskforce to enhance our local government system.

Consultation on Phase One of the streamlined legislation will commence in January.

Proposed amendments will focus on reforms that provide much-needed support for councils, allowing them to connect with their communities and build their capability. In particular, the Phase One Bill will:

- Increase the term for mayors elected by councillors from one to a minimum of two years;
- Place external audit of councils under the auspices of the Auditor-General; and
- Ensure all councils have an odd number of members to reduce deadlocks.

Subsequent phases in the legislative reform process will address recommendations arising from reviews being undertaken by IPART about the regulatory burden imposed on councils and the rating system.

In each phase, opportunities will be identified to streamline the shape and structure of the legislation to ensure that our whole system of local government is fit for the future.



#### **Improving financial** systems

The NSW Government is committed to real and substantial reforms and has now engaged IPART to review the rating system. IPART will provide its report to Government by the end of 2016.

The NSW Government will continue to work with the Grants to develop a new way of Commission to redistribute Financial Assistance Grants to those councils most in need. A detailed review of the current allocation methodology has identified the opportunity for significant improvement. The Grants Commission will be supported to implement these improvements for 2016/17 grant allocations.

Work will also continue to develop a streamlined Special Rate Variation process for potential implementation in 2017/18.

#### Improving accountability

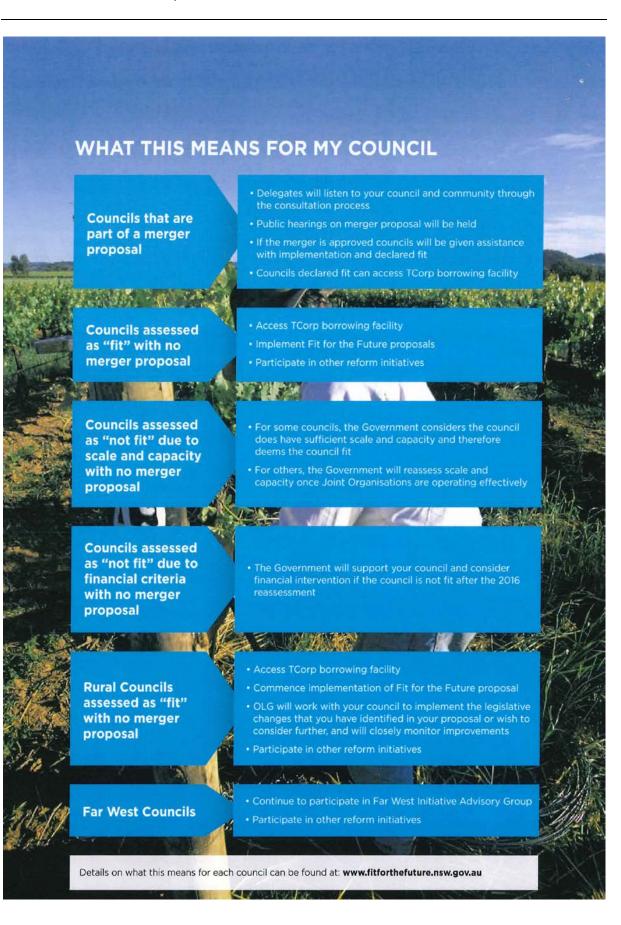
We will also implement a new robust system of council reporting so the community can be fully informed about their council's performance and make comparisons with others.

The NSW Government has been working with councils measuring performance and reporting progress. We have already launched the first stage of this work with the annual Your Council report. Further improvements are planned, including State-wide community satisfaction surveys.

The strategy to improve accountability and performance will include the development of a range of tools and frameworks to support councils, including:

- a performance measurement framework;
- revised Integrated Planning and Reporting guidelines;
- governance and . performance guidelines; and
- stronger council auditing, including a new role for the Auditor-General in monitoring council performance.





#### Corporate Governance Committee Meeting 9 February 2016 1.1 Fit For The Future Update

EXT STE	
EY MILES	
	STONES
December 2015	Government announces next steps on local government reform
	IPART Rating Review process commences
	Fit for the Future Progress Report released
Jan - Mar 2016	Merger proposals assessment and consultation
	Fit councils can access TCorp borrowing facility:
	Expression of interest for Early Starters Joint Organisations
	Innovation Fund call for applications
	Consultation on Phase One Local Government Act amendments and Joint Organisation Framework
	Not Fit councils advised of opportunities to revise proposals
	Early Starter Joint Organisations identified
	Consultation on Phase One Act Amendments and Joint Organisations closes
	Targeted financial sustainability programs     commenced
Apr - June 2016	Round one Innovation Fund grants advised
and the second second	FAGS reallocations consultation with councils
	Far West Initiative Discussion Paper released
	Commence consultation on performance measurement and improvement frameworks
	IPART Regulation Burden report to Government
	"Not fit" councils submit revised FFTF proposals for assessment
	Phase One Act Amendments and Joint     Organisation legislation introduced to Parliament
July - Dec 2016	Phase One Act amendments commence implementation
	Joint Organisations commence roll out
	Revised FFTF proposals assessed
	New councils commence
	Aim for Local Government elections
	IPART Rating Review Report to Government
Jan - July 2017	Preparation for new Integrated Planning and Reporting cycle



#### **1.2** Amendments to the Local Government Act and Code of Conduct

#### **Reporting Officer**

Manager Governance and Risk

#### Attachments

- 1. Circular 15-41 Commencement of the Local Government Amendment (Councillor Misconduct and Poor Performance) 2015 (contained within this report)
- 2. Revised Code of Conduct (contained within this report)

#### Purpose

This report provides an overview of recent amendments to the *Local Government Act* 1993 in relation to misconduct provisions and the update of the Code of Conduct.

#### History

Council at the meeting on 26 February 2013, Council Meeting - Corporate Governance Committee Item 2.6 resolved to adopt the Code of Conduct.

#### Report

The Local Government Amendment (Councillor Misconduct and Poor Performance) Act 2015 was enacted on 13 November 2015 amending the Local Government Act 1993. The amendments were designed to:

- ensure a faster but fair investigation process for Councillor misconduct
- remove impediments to effective action in response to serious corrupt conduct
- maximise the effectiveness of Performance Improvement Orders issued by the Minister for Local Government to a Council
- more effectively address Council maladministration.

#### Key points

As of the commencement date, Councillors who have previously been suspended on two or more occasions will be automatically disqualified from holding office in a Council for five years if they are suspended on a further occasion.

The definition of "misconduct" has been expanded to include acts or omissions by Councillors that are intended to prevent the proper or effective functioning of a council or a committee of a Council (e.g. by disrupting decision making). Penalties for Councillor misconduct include suspension and disqualification from holding office.

Councillors will no longer be permitted to participate in the consideration of the making, amendment, alteration or repeal of an environmental planning instrument applying to the whole or a significant part of their local government area they have pecuniary interests in unless:

- the only interests affected by the changes are the interests they or their relatives have in their principal places of residence and
- they have made a special disclosure of the affected interests.

This amendment is complemented by an amendment to clause 4.29 of the Model Code of Conduct for Local Councils in NSW which also commenced on 13 November 2015. The amendment will mean that councillors with significant non-pecuniary conflicts of interests in the making, amendment, alteration or repeal of an environmental planning instrument applying to the whole or a significant part of their local government area will no longer be permitted to participate in consideration of those matters unless:

- the only interests affected by the changes relate to the interest a person (e.g. a close friend or affiliate of a Councillor) has in their principal place of residence and
- the Councillor has disclosed the affected interests.

The Office of Local Government issued Circular and the revised Model Code of Conduct incorporating the new requirements of the Act on 17 December 2015 mandated all councils update their Codes of Conduct to reflect the new Model Code. The opportunity has also been taken to make minor grammatical and editorial improvements to the Code of Conduct.

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

- 1. That Council note the amendments to the Local Government Act 1993 as a result of the Local Government Amendment (Councillor Misconduct and Poor Performance) Act 2015.
- 2. That Council adopt the revised Code of Conduct.

#### Committee's Recommendation: (Kolkman/Lake)

That the Officer's Recommendation be adopted.

#### CARRIED

#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

## **ATTACHMENT 1**



Circular to Councils

Circular Details	15-41 / 17 December 2015 / A446439	
Previous Circular		
Who should read this	Councillors / General Managers / Complaints Coordinators	
Contact	Council Governance Team / 4428 4100	
Action required	Information	

#### Commencement of the Local Government Amendment (Councillor Misconduct and Poor Performance Act) 2015

#### What's new or changing

• Amendments to the Local Government Act 1993 made by the Local Government Amendment (Councillor Misconduct and Poor Performance) Act 2015 commenced on 13 November 2015.

#### What this will mean for your Council

#### Councillors and General Managers must note the following:

- As of the commencement date, Councillors who have previously been suspended on two or more occasions will be automatically disqualified from holding office in a Council for 5 years if they are suspended on a further occasion. The Office has written directly to Councillors who have been suspended on two or more occasions to inform them of this change.
- The definition of "misconduct" has been expanded to include acts or omissions by Councillors that are intended to prevent the proper or effective functioning of a council or a committee of a Council (e.g. by disrupting decision making). Penalties for Councillor misconduct include suspension and disqualification from holding office.
- Councillors will no longer be permitted to participate in the consideration of the making, amendment, alteration or repeal of an environmental planning instrument applying to the whole or a significant part of their local government area they have pecuniary interests in unless:
  - the only interests affected by the changes are the interests they or their relatives have in their principal places of residence; and
  - o they have made a special disclosure of the affected interests.
- This amendment is complemented by an amendment to clause 4.29 of the *Model Code of Conduct for Local Councils in NSW* which also commenced on 13 November 2015. The amendment will mean that councillors with significant non-pecuniary conflicts of interests in the making, amendment, alteration or repeal of an environmental planning instrument applying to the whole or a significant part of their local government area will no longer be permitted to participate in consideration of those matters unless:

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- the only interests affected by the changes relate to the interest a person (e.g. a close friend or affiliate of a Councillor) has in their principal place of residence; and
- o the Councillor has disclosed the affected interests.

#### Complaints coordinators must note the following:

- Councils must amend their adopted codes of conduct as soon as possible to reflect the amendment to clause 4.29 referred to above. The amended Model Code of Conduct is available on the Office of Local Government's website at www.olg.nsw.gov.au
- Notice is no longer required of a motion to censure a Councillor for misconduct under section 440G. Under the *Procedures for the Administration* of the Model Code of Conduct for Local Councils in NSW, Councils can only formally censure a Councillor for misconduct where this is recommended in a report by an independent investigator. This will be reported to the Council under cover of a staff report by a Council's complaints coordinator.

#### Other key changes

- The amendments are also designed to:
  - ensure a faster but fair investigation process for Councillor misconduct;
  - remove impediments to effective action in response to serious corrupt conduct;
  - maximise the effectiveness of Performance Improvement Orders issued by the Minister for Local Government to a Council; and
  - o more effectively address Council maladministration.

#### Where to go for further information

- For more information on the amendments to the Act, see the attachment to this Circular.
- An updated version of the Model Code of Conduct for Local Councils in NSW has been published on the Office of Local Government's website at www.olg.nsw.gov.au
- Contact the Office's Council Governance Team on 4428 4100.

Tim Hurst Acting Chief Executive Office of Local Government

The amendments to the *Local Government Act 1993* referred to in this Circular are designed to:

More effectively deter and address Councillor misconduct by:

- providing for the automatic disqualification of a Councillor from holding civic office for a period of 5 years where they have been suspended for misconduct on a third occasion;
- expanding the definition of "misconduct" in the Act to include conduct that is intended to prevent the proper or effective functioning of a Council (i.e. through the disruption of Council and Committee meetings).

Streamline the process for dealing with Councillor misconduct to ensure faster but fair outcomes by:

- removing the requirement for notice to be given of a motion at a Council meeting to formally censure a Councillor in recognition that Councils may now only do so on the recommendation of an independent investigator following a formal investigation process;
- removing the mandatory requirement for the Chief Executive of the Office of Local Government to undertake an investigation as a prerequisite to taking disciplinary action for misconduct where the conduct has previously been investigated under a Council's code of conduct and for minor misconduct that requires only a reprimand or counselling, and removing rights of appeal in relation to reprimand and counselling;
- providing that prior to taking disciplinary action against a Councillor, the Chief Executive is to give the Councillor at least 14 days' notice of his or her intention to take disciplinary action, including the disciplinary action that is proposed to be taken and the grounds upon which the proposed disciplinary action is to be taken and to consider any submissions made by the Councillor in relation to the notice;
- expanding the class of persons the Chief Executive may direct to provide written information or a document for the purposes of investigating Councillor misconduct to "any person" but excluding privileged information or documents without the person's consent.

Promote community confidence in Council planning decisions by:

 amending the provision in the Act that allows Councillors to participate in the consideration of changes to a planning instrument applying to the whole or a significant part of a Council's area they have pecuniary interests in by limiting its application to the interests Councillors have in their and related persons' principal places of residence, thereby preventing participation in consideration of such matters by Councillors with other property interests.

Remove impediments to effective action in response to serious corrupt conduct by:

- providing that a former Councillor may be disqualified from holding civic office for serious corrupt conduct;
- providing that where the Minister, on a recommendation by the ICAC, suspends a Councillor from civic office for serious corrupt conduct and the Councillor brings legal proceedings to challenge the ICAC's recommendation, the suspension will continue until the proceedings are concluded and for six months

afterwards to allow time to arrange for their dismissal and disqualification should this be warranted;

Maximise the effectiveness of Performance Improvement Orders issued by the Minister to a Council by:

- reducing the minimum consultation period for a notice of intention to issue a Performance Improvement Order from 21 to 7 days;
- providing that a Council may be required to provide more than one compliance report on its compliance with a Performance Improvement Order, allowing the Minister to vary the terms of an Order on giving 7 days' notice, and allowing other intervention action while the Order is in force;
- deterring non-compliance by individual Councillors with a requirement under a Performance Improvement Order by:
  - empowering the Minister, where he or she is satisfied that a Councillor has failed to comply with such a requirement, to effectively suspend the Councillor until they have complied with the requirement or for a period of up to 3 months (with a possible extension of a further 3 months) (whichever is the lesser); and
  - allow the Minister to request the Chief Executive to refer non-compliance to the NSW Civil and Administrative Tribunal for disciplinary action.

More effectively address Council maladministration by:

 reducing the time in which a Council is required to respond to recommendations made by the Chief Executive arising from the investigation of a council from 40 to 28 days.

## **ATTACHMENT 2**

Cam	obelltown <sub>city council</sub>	POLICY	
Policy Title	Code of Conduct		
Relevant Legislation/ Corporate Plan	Section 440 Local Government Act 1993 Local Government (General) Regulation 2005 Local Government (General) Amendment (Conduct) Regulation 2012		
Responsible Officer	Manager Governance and Risk		

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

#### Objectives

To provide Councillors, members of Staff, Delegates representing the Council and Contractors who provide services to the Council with a common understanding of the Organisation's expectations in regard to ethical conduct.

#### **Policy Statement**

Campbelltown City Council has established a reputation of honesty, fairness and integrity. All of us have a responsibility of maintaining these high standards and our Code of Conduct provides the foundation upon which these standards are built. This document is a very important part of our Council and it applies equally to all Councillors and staff in Campbelltown City Council.

In our work for the Council we will continue to be faced with situations where we need to make difficult decisions as to the most appropriate course of action. Our Code has again been reviewed, with the assistance of our Councillors and a representative group of staff. Our revised Code incorporates the provisions of the Model Code of Conduct for Local Councils in NSW.

The revision of our Code will help to ensure that it remains relevant and continues to assist us make decisions that reflect the high standards expected by our community, and ourselves.

Each of us continues to have a responsibility to foster an ethical and equitable work environment by abiding by the standards set in the Code. This is an expectation we should have of ourselves and of each other.

Lindy Deitz General Manager

#### PART 1: INTRODUCTION

This Model Code of Conduct for Local Councils in NSW ("the Model Code of Conduct") is made for the purposes of section 440 of the *Local Government Act 1993* ("the Act"). Section 440 of the Act requires every council to adopt a code of conduct that incorporates the provisions of the Model Code. For the purposes of section 440 of the Act, the Model Code of Conduct comprises all parts of this document.

Councillors, administrators, members of staff of council, independent conduct reviewers, members of council committees including the conduct review committee and delegates of the council must comply with the applicable provisions of council's code of conduct in carrying out their functions as council officials. It is the personal responsibility of council officials to comply with the standards in the code and regularly review their personal circumstances with this in mind.

Failure by a Councillor to comply with the standards of conduct prescribed under this code constitutes misconduct for the purposes of the Act. The Act provides for a range of penalties that may be imposed on Councillors for misconduct, including suspension or disqualification from civic office. A Councillor who has been suspended on three or more occasions for misconduct is automatically disqualified from holding civic office for five years.

Failure by a member of staff to comply with council's code of conduct may give rise to disciplinary action. This Code covers all Councillors and staff of Campbelltown City Council, including trainees, apprentices, and temporary and casual employees. People covered by this Code are referred to, in the Code, as Council officials.

Based on the Model Code, Statements of Business Ethics have been developed for our contractors, consultants and volunteers/work experience staff.

#### PART 2: PURPOSE OF THE CODE OF CONDUCT

The Model Code of Conduct sets the minimum requirements of conduct for council officials in carrying out their functions. The Model Code is prescribed by regulation.

The Model Code of Conduct has been developed to assist council officials to:

- understand the standards of conduct that are expected of them
- enable them to fulfill their statutory duty to act honestly and exercise a reasonable degree of care and diligence (section 439)
- act in a way that enhances public confidence in the integrity of local government.

#### KEY PRINCIPLES

This Code of Conduct is based on a number of key principles. It sets out Standards of Conduct that meets these principles and statutory provisions applicable to Local Government activities. The principles underpin and guide these standards and may be used as an aid in interpreting the substantive provisions of the Code, but do not themselves constitute separate enforceable Standards of Conduct.

#### 2.1 Integrity

You must not place yourself under any financial or other obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

#### 2.2 Leadership

You have a duty to promote and support the key principles by leadership and example and to maintain and strengthen the public's trust and confidence in the integrity of the council. This means promoting public duty to others in the council and outside, by your own ethical behaviour.

#### 2.3 Selflessness

You have a duty to make decisions in the public interest. You must not act in order to gain financial or other benefits for yourself, your family, friends or business interests. This means making decisions because they benefit the public, not because they benefit the decision maker.

#### 2.4 Impartiality

You should make decisions on merit and in accordance with your statutory obligations when carrying out public business. This includes the making of appointments, awarding of contracts or recommending individuals for rewards or benefits. This means fairness to all; impartial assessment; merit selection in recruitment and in purchase and sale of Council's resources; considering only relevant matters.

#### 2.5 Accountability

You are accountable to the public for your decisions and actions and should consider issues on their merits, taking into account the views of others. This means recording reasons for decisions; submitting to scrutiny; keeping proper records; establishing audit trails.

#### 2.6 Openness

You have a duty to be as open as possible about your decisions and actions, giving reasons for decisions and restricting information only when the wider public interest clearly demands. This means recording, giving and revealing reasons for decisions; revealing other avenues available to the client or business; when authorised, offering all information; communicating clearly.

#### 2.7 Honesty

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in such a way that protects the public interest. This means obeying the law; following the letter and spirit of Policies and Procedures; observing the Code of Conduct; fully disclosing actual or potential conflict of interests and exercising any conferred power strictly for the purpose for which the power was conferred.

#### 2.8 Respect

You must treat others with respect at all times. This means not using derogatory terms towards others, observing the rights of other people, treating people with courtesy and recognising the different roles others play in Local Government decision making.

#### 2.9 Safety

You are responsible for your own safety and the safety of people you work with. In turn Campbelltown City Council is responsible for providing a safe work environment and for putting the safety of Councillors, employees and the public first.

#### 2.10 Responsibility to the Community

Our primary obligation is to serve our community. It is our obligation to provide competent and timely delivery of services with due consideration being given to the needs, desires and values of the community, individual persons or groups they belong to.

#### PART 3: GENERAL CONDUCT OBLIGATIONS

#### General conduct

- 3.1 You must not conduct yourself in carrying out your functions in a manner that is likely to bring the Council or holders of Civic Office into disrepute. Specifically, you must not act in a way that:
  - a) contravenes the Act, associated regulations, Council's relevant administrative requirements and policies
  - b) is detrimental to the pursuit of the charter of Council
  - c) is improper or unethical
  - d) is an abuse of power or otherwise amounts to misconduct
  - e) causes, comprises or involves intimidation, harassment or verbal abuse
  - f) causes, comprises or involves discrimination, disadvantage or adverse treatment in relation to employment
  - g) causes, comprises or involves prejudice in the provision of a service to the community (Schedule 6A).
- 3.2 You must act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out your functions under the Act or any other Act. (Section 439).
- 3.3 You must treat others with respect at all times. You must not support or encourage others who breach our Code of Conduct.

#### Fairness and Equity

- 3.4 You must consider issues consistently, promptly and fairly. You must deal with matters in accordance with established procedures, in a non discriminatory manner.
- 3.5 You must take all relevant facts known to you, or that you should be reasonably aware of, into consideration and have regard to the particular merits of each case. You must not take irrelevant matters or circumstances into consideration when making decisions.

#### Harassment and discrimination

3.6 You must not harass, discriminate against, or support others who harass and discriminate against colleagues or members of the public. This includes, but is not limited to harassment and discrimination on the grounds of sex, pregnancy, age, race, responsibilities as a carer, marital status, disability, homosexuality, transgender grounds or if a person has an infectious disease.

This Clause of the Code is supported by Council's Equal Employment Opportunity Policy and Harassment Prevention Policy.

#### **Development decisions**

3.7 You must ensure that development decisions are properly made and that parties involved in the development process are dealt with fairly. You must avoid any occasion for suspicion of improper conduct in the development assessment process. 3.8 In determining development applications, you must ensure that no action, statement or communication between yourself and applicants or objectors conveys any suggestion of willingness to provide improper concessions or preferential treatment.

#### Binding caucus votes

- 3.9 You must not participate in binding caucus votes in relation to matters to be considered at a council or committee meeting.
- 3.10 For the purposes of clause 3.9, a binding caucus vote is a process whereby a group of Councillors are compelled by a threat of disciplinary or other adverse action to comply with a predetermined position on a matter before the council or committee irrespective of the personal views of individual members of the group on the merits of the matter before the council or committee.
- 3.11 Clause 3.9 does not prohibit Councillors from discussing a matter before the council or committee prior to considering the matter in question at a council or committee meeting or from voluntarily holding a shared view with other Councillors on the merits of a matter.
- 3.12 Clause 3.9 does not apply to a decision to elect the Mayor or Deputy Mayor or to nominate a person to be a member of a council committee.

#### Workplace Bullying

- 3.13 You must not bully or support others who engage in such behaviour.
- 3.14 Bullying is repeated unreasonable behaviour directed towards an employee or group of employees that creates a risk to health and safety. Bullying comprises behaviour that intimidates, offends, degrades, insults or humiliates a worker, possibly in front of co-workers, clients or customers and which includes physical or psychological behaviour.
- 3.15 Examples of bullying in the workplace are:
  - Threats to make someone's life difficult
  - Rude belittling or sarcastic comments and publicly belittling someone's opinions, abilities or performance
  - Abusive, belittling or intimidating comments, phone calls, e-mails etc
  - Imposing unreasonable or unrealistic work targets or deadlines
  - Unfair and excessive criticism and work scrutiny
  - Deliberate and unreasonable exclusion of people from work discussions, communication and activities
  - Unreasonable blocking of training and promotional opportunities.

This Clause of the Code is supported by Council's Workplace Bullying Policy.

#### **Child Protection**

3.16 In relation to children, Campbelltown City Council will engage only in practices that are respectful of and provide security to children and in no way degrade, endanger, exploit, intimidate or harm them psychologically or physically.

- 3.17 All employees have a responsibility to report to the General Manager allegations that occur within the workplace and any known convictions.
- 3.18 Reportable conduct includes:
  - Any sexual offence, sexual misconduct committed against, with or in the presence of a child (including a child pornography offence)
  - Any assault, ill treatment or neglect of a child
  - Any behaviour that causes psychological harm to a child.
- 3.19 The General Manager is required to report to the Ombudsman, within 30 days of becoming aware, any reportable allegations or convictions against employees.
- 3.20 Council's Child Protection Policy details the responsibilities of staff working with children as mandatory notifiers.
- This Clause of the Code is supported by Council's Child Protection Policy.

#### **GUIDE TO ETHICAL DECISION MAKING**

- 3.21 If you are unsure about the ethical issues around an action or decision you are about to take, you should consider these five points:
  - Is the decision or conduct lawful?
  - Is the decision or conduct consistent with Council's Policy and with Council's objectives and the Code of Conduct?
  - What will the outcome be for the employee or Councillor, work colleagues, the Council, persons with whom you are associated and any other parties?
  - Do these outcomes raise a conflict of interest or lead to private gain or loss at public expense?
  - Can the decision or conduct be justified in terms of the public interest and would it withstand public scrutiny?

### PART 4: CONFLICT OF INTERESTS

- 4.1 A conflict of interests exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your public duty.
- 4.2 You must avoid or appropriately manage any conflict of interests. The onus is on you to identify a conflict of interests and take the appropriate action to manage the conflict in favour of your public duty.
- 4.3 Any conflict of interests must be managed to uphold the probity of council decision making. When considering whether or not you have a conflict of interests, it is always important to think about how others would view your situation.
- 4.4 Private interests can be of two types: pecuniary or non pecuniary.

#### What is a Pecuniary Interest?

- 4.5 A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person. (Section 442).
- 4.6 A person will also be taken to have a pecuniary interest in a matter if that person's spouse or de facto partner or a relative of the person or a partner or employer of the person, or a company or other body of which the person, or a nominee, partner or employer of the person is a member, has a pecuniary interest in the matter. (Section 443).
- 4.7 Pecuniary interests are regulated by Chapter 14, Part 2 of the Act. The Act requires that:
  - a) Councillors and designated persons lodge an initial and an annual written disclosure of interests that could potentially be in conflict with their public or professional duties (Section 449)
  - b) Councillors and members of Council Committees disclose an interest and the nature of that interest at a meeting, leave the meeting and be out of sight of the meeting and not participate in discussions or voting on the matter (Section 451)
  - c) designated persons immediately declare, in writing, any pecuniary interest. (Section 459).
- 4.8 Designated persons are defined at Section 441 of the Act, and include, but are not limited to, the General Manager and other senior staff of the Council.
- 4.9 Where you are a member of staff of Council, other than a designated person (as defined by Section 441), you must disclose in writing to your Supervisor or the General Manager, the nature of any pecuniary interest you have in a matter you are dealing with as soon as practicable. These disclosures should be recorded in Council's Conflict of Interest Register.

#### What is a Non Pecuniary Conflict of Interest?

- 4.10 Non pecuniary interests are private or personal interests the Council official has that do not amount to a pecuniary interest as defined in the Act. These commonly arise out of family, or personal relationships, or involvement in sporting, social or other cultural groups and associations and may include an interest of a financial nature.
- 4.11 The political views of a Councillor do not constitute a private interest.

#### Managing Non Pecuniary Conflict of Interests

- 4.12 Where you have a non-pecuniary interest that conflicts with your public duty, you must disclose the interest fully and in writing, even if the conflict is not significant. You must do this as soon as practicable. These disclosures should be recorded in Council's Conflict of Interest Register.
- 4.13 If a disclosure is made at a Council or Committee meeting, both the disclosure and the nature of the interest must be recorded in the minutes. This disclosure constitutes disclosure in writing for the purposes of clause 4.12.
- 4.14 How you manage a non-pecuniary conflict of interests will depend on whether or not it is significant.
- 4.15 As a general rule, a non pecuniary conflict of interest will be significant where a matter does not raise a pecuniary interest but it involves:
  - a relationship between a Council Official and another person that is particularly close, for example, parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child of the person or of the person's spouse, current or former spouse or partner, de facto or other person living in the same household
  - other relationships that are particularly close, such as friendships and business relationships. Closeness is defined by the nature of the friendship or business relationship, the frequency of contact and the duration of the friendship or relationship
  - c) an affiliation between the Council Official and an organisation, sporting body, club, corporation or association that is particularly strong.
- 4.16 If you are a Council Official, other than a member of staff of Council, and you have disclosed that a significant non-pecuniary conflict of interests exists, you must manage it in one of two ways:
  - a) remove the source of the conflict, by relinquishing or divesting the interest that creates the conflict, or reallocating the conflicting duties to another Council Official
  - b) have no involvement in the matter, by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in Section 451(2) of the Act apply.
- 4.17 If you determine that a non pecuniary conflict of interests is less than significant and does not require further action, you must provide an explanation of why you consider that the conflict does not require further action in the circumstances.
- 4.18 If you are a member of staff of Council, the decision on which option should be taken to manage a non pecuniary conflict of interests must be made in consultation with your Manager.
- 4.19 Despite clause 4.16(b), a Councillor who has disclosed that a significant non pecuniary conflict of interests exists may participate in a decision to delegate Council's decision making role to Council staff, or appoint another person or body to make the decision in accordance with the law. This applies whether or not Council would be deprived of a quorum if one or more Councillors were to manage their conflict of interests by not voting on a matter in accordance with clause 4.16(b) above.

#### Reportable Political Donations

- 4.20 Councillors should note that matters before Council involving political or campaign donors may give rise to a non pecuniary conflict of interests.
- 4.21 Where a Councillor has received or knowingly benefitted from a reportable political donation:
  - a) made by a major political donor in the previous four years
  - b) where the major political donor has a matter before council

then the Councillor must declare a non-pecuniary conflict of interests, disclose the nature of the interest, and manage the conflict of interests in accordance with clause 4.16(b).

4.22 For the purposes of this Part:

- a) a "reportable political donation" is a "reportable political donation" for the purposes of section 86 of the *Election Funding, Expenditure and Disclosures Act 1981*
- b) a "major political donor" is a "major political donor" for the purposes of section 84 of the *Election Funding, Expenditure and Disclosures Act 1981.*
- 4.23 Councillors should note that political donations below \$1,000, or political donations to a registered political party or group by which a Councillor is endorsed, may still give rise to a non-pecuniary conflict of interests. Councillors should determine whether or not such conflicts are significant and take the appropriate action to manage them.
- 4.24 If a Councillor has received or knowingly benefitted from a reportable political donation of the kind referred to in clause 4.21, that Councillor is not prevented from participating in a decision to delegate council's decision-making role to council staff through the general manager or appointing another person or body to make the decision in accordance with the law (see clause 4.19 above).

#### Loss of quorum as a result of compliance with this Part

- 4.25 Where a majority of Councillors are precluded under this Part from consideration of a matter the council or committee must resolve to delegate consideration of the matter in question to another person.
- 4.26 Where a majority of Councillors are precluded under this Part from consideration of a matter and the matter in question concerns the exercise of a function that may not be delegated under section 377 of the Act, the Councillors may apply in writing to the Chief Executive to be exempted from complying with a requirement under this Part relating to the management of a non-pecuniary conflict of interests.
- 4.27 The Chief Executive will only exempt a Councillor from complying with a requirement under this Part where:
  - a) compliance by Councillors with a requirement under the Part in relation to a matter will result in the loss of a quorum
  - b) the matter relates to the exercise of a function of the council that may not be delegated under section 377 of the Act.
- 4.28 Where the Chief Executive exempts a Councillor from complying with a requirement under this Part, the Councillor must still disclose any interests they have in the matter the exemption applies to in accordance with the requirements of this Part.

- 4.29 A Councillor, who would otherwise be precluded from participating in the consideration of a matter under this Part because they have a non-pecuniary conflict of interests in the matter, is permitted to participate in consideration of the matter, if:
  - a) the matter is a proposal relating to:
    - i) the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or
    - ii) the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and
  - b) the non-pecuniary conflict of interests arises only because of an interest that a person has in that person's principal place of residence, and
  - c) the Councillor declares any interest they have in the matter that would otherwise have precluded their participation in consideration of the matter under this Part.

#### Other Business or Employment

- 4.30 If you are a member of staff of Council considering outside employment or contract work that relates to the business of the Council or that might conflict with your Council duties, you must notify and seek the approval of the General Manager in writing. (Section 353)
- 4.31 As a member of staff, you must ensure that any outside employment or business you engage in will not:
  - a) conflict with your official duties
  - b) involve using confidential information or Council resources obtained through your work with the Council
  - c) require you to work while on Council duty
  - d) discredit or disadvantage the Council.

This Clause of the Code is supported by Council's Secondary Employment Policy.

#### Personal Dealings with Council

4.32 You may have reason to deal with your Council in your personal capacity (for example, as a ratepayer, recipient of a Council service or applicant for a consent granted by Council). You must not expect or request preferential treatment in relation to any matter in which you have a private interest because of your position. You must avoid any action that could lead members of the public to believe that you are seeking preferential treatment.

### PART 5: PERSONAL BENEFIT

For the purposes of this section, a reference to a gift or benefit does not include a political donation or contribution to an election fund that is subject to the provisions of the relevant election funding legislation.

#### Gifts and benefits

- 5.1 You must avoid situations giving rise to the appearance that a person or body, through the provision of gifts, benefits or hospitality of any kind, is attempting to secure favourable treatment from you or from the council.
- 5.2 You must take all reasonable steps to ensure that your immediate family members do not receive gifts or benefits that give rise to the appearance of being an attempt to secure favourable treatment. Immediate family members ordinarily include parents, spouses, children and siblings.

#### Token gifts and benefits

- 5.3 Generally speaking, token gifts and benefits include:
  - a) free or subsidised meals, beverages or refreshments provided in conjunction with:
    - i) the discussion of official business
    - ii) council work related events such as training, education sessions, and workshops
    - iii) conferences
    - iv) council functions or events
    - v) social functions organised by groups, such as council committees and community organisations.
  - b) invitations to and attendance at local social, cultural or sporting events
  - c) gifts of single bottles of reasonably priced alcohol to individual council officials at end of year functions, public occasions or in recognition of work done (such as providing a lecture/training session/address)
  - d) ties, scarves, coasters, tie pins, diaries, chocolates or flowers
  - e) prizes of token value.

### Gifts and benefits of value

5.4 Notwithstanding clause 5.3, gifts and benefits that have more than a token value include, but are not limited to, tickets to major sporting events (such as state or international cricket matches or matches in other national sporting codes (including the NRL, AFL, FFA, NBL)), corporate hospitality at a corporate facility at major sporting events, discounted products for personal use, the frequent use of facilities such as gyms, use of holiday homes, free or discounted travel.

### How are offers of gifts and benefits to be dealt with?

- 5.5 You must not:
  - a) seek or accept a bribe or other improper inducement
  - b) seek gifts or benefits of any kind
  - c) accept any gift or benefit that may create a sense of obligation on your part or may be perceived to be intended or likely to influence you in carrying out your public duty
  - d) accept any gift or benefit of more than token value
  - e) accept an offer of cash or a cash-like gift, regardless of the amount.
- 5.6 For the purposes of clause 5.5(e), a "cash-like gift" includes but is not limited to gift vouchers, credit cards, debit cards with credit on them, prepayments such as phone or internal credit, memberships or entitlements to discounts.
- 5.7 Where you receive a gift or benefit of more than token value that cannot reasonably be refused or returned, this must be disclosed promptly to your supervisor, the Mayor or the general manager. The recipient, supervisor, Mayor or general manager must ensure that any gifts or benefits of more than token value that are received are recorded in a Gifts Register. The gift or benefit must be surrendered to council, unless the nature of the gift or benefit makes this impractical.

### Improper and undue influence

- 5.8 You must not use your position to influence other council officials in the performance of their public or professional duties to obtain a private benefit for yourself or for somebody else. A Councillor will not be in breach of this clause where they seek to influence other council officials through the appropriate exercise of their representative functions.
- 5.9 You must not take advantage (or seek to take advantage) of your status or position with or of functions you perform for council in order to obtain a private benefit for yourself or for any other person or body.

### PART 6: RELATIONSHIP BETWEEN COUNCIL OFFICIALS

#### **Obligations of Councillors and Administrators**

- 6.1 Each council is a body politic. The Councillors or Administrator/s are the governing body of the Council. The governing body has the responsibility of directing and controlling the affairs of the Council in accordance with the Act and is responsible for policy determinations, for example, those relating to workforce policy.
- 6.2 Councillors or Administrators must not:
  - a) direct Council staff other than by giving appropriate direction to the General Manager in the performance of Council's functions by way of Council or Committee Resolution, or by the Mayor or administrator exercising their power under section 226 of the Act (Section 352)
  - b) in any public or private forum, direct or influence or attempt to direct or influence, any other member of the staff of the Council or a delegate of the Council in the exercise of the functions of the member or delegate (Schedule 6A of the Act)
  - c) contact a member of the staff of the Council on Council related business unless in accordance with the Policy and Procedures governing the interaction of Councillors and Council staff that have been authorised by the Council and the General Manager
  - d) contact or issue instructions to any of Council's contractors or tenderers, including Council's legal advisers, unless by the Mayor or administrator exercising their power under Section 226 of the Act. This does not apply to Council's external auditors or the Chair of council's audit committee who, in the course of their work, may be provided with information by individual Councillors reasonably necessary for the external auditor or audit committee to effectively perform their functions.

This Clause of the Code is supported by Council's Councillors Access to Information and Interaction with Staff Policy.

#### **Obligations of Staff**

- 6.3 The General Manager is responsible for the efficient and effective operation of the Council's organisation and for ensuring the implementation of the decisions of the Council without delay.
- 6.4 Members of staff of Council must:
  - a) give their attention to the business of Council while on duty
  - b) ensure that their work is carried out efficiently, economically and effectively
  - c) carry out lawful directions given by any person having authority to give such directions
  - d) give effect to the lawful decisions, Policies, and Procedures of the Council, whether or not the staff member agrees with or approves of them
  - e) ensure that any participation in political activities outside the service of the council does not conflict with the performance of their official duties.

### **Obligations During Meetings**

- 6.5 You must act in accordance with Council's Code of Meeting Practice, if Council has adopted one, and the Local Government (General) Regulation 2005 during Council and Committee meetings.
- 6.6 You must show respect to the chair, other Council Officials and any members of the public present during Council and Committee meetings or other formal proceedings of the Council.

This Clause of the Code is supported by Council's Code of Meeting Practice.

### Inappropriate Interactions

6.7 You must not engage in any of the following inappropriate interactions:

- a) Councillors and administrators approaching staff and staff organisations to discuss individual or operational staff matters other than broader workforce policy issues
- b) Council staff approaching Councillors and administrators to discuss individual or operational staff matters other than broader workforce policy issues
- c) Council staff refusing to give information that is available to other Councillors to a particular Councillor
- d) Councillors and Administrators who have lodged a development application with Council, discussing the matter with Council staff in staff only areas of the Council
- e) Councillors and Administrators being overbearing or threatening to Council staff
- f) Councillors and Administrators making personal attacks on Council staff in a public forum
- g) Councillors and Administrators directing or pressuring Council staff in the performance of their work, or recommendations they should make
- Council staff providing ad hoc advice to Councillors and administrators without recording or documenting the interaction as they would if the advice was provided to a member of the community
- i) Council staff meeting with developers alone AND outside office hours to discuss development applications or proposals
- j) Councillors attending on site inspection meetings with lawyers and/or consultants engaged by Council associated with current or proposed legal proceedings unless permitted to do so by Council's General Manager or, in the case of the Mayor or Administrator, exercising their power under Section 226 of the Act.

This Clause of the Code is supported by Council's Councillors Access to Information and Interaction with Staff Policy.

### PART 7: ACCESS TO INFORMATION AND COUNCIL RESOURCES

#### **Councillor and Administrator Access to Information**

- 7.1 The General Manager and Public Officer are responsible for ensuring that members of the public, Councillors and Administrators can gain access to the documents available under the *Government Information (Public Access) Act 2009.*
- 7.2 The General Manager must provide Councillors and Administrators with information sufficient to enable them to carry out their Civic Office functions.
- 7.3 Members of staff of Council must provide full and timely information to Councillors and administrators sufficient to enable them to carry out their Civic Office functions and in accordance with Council procedures.
- 7.4 Members of staff of Council who provide any information to a particular Councillor in the performance of their civic duties must also make it available to any other Councillor who requests it and in accordance with Council procedures.
- 7.5 Councillors and Administrators who have a private (as distinct from civic) interest in a document of Council have the same rights of access as any member of the public.

#### Councillors and administrators to properly examine and consider information

7.6 Councillors and Administrators must properly examine and consider all the information provided to them relating to matters that they are dealing with to enable them to make a decision on the matter in accordance with Council's charter.

#### Refusal of access to documents

7.7 Where the General Manager and Public Officer determine to refuse access to a document sought by a Councillor or Administrator they must act reasonably. In reaching this decision they must take into account whether or not the document sought is required for the Councillor or Administrator to perform their civic duty (see clause 7.2). The General Manager or Public Officer must state the reasons for the decision if access is refused.

#### **Use of Certain Council Information**

- 7.8 In regard to information obtained in your capacity as a Council official, you must:
  - a) only access Council information needed for Council business
  - b) not use that Council information for private purposes
  - c) not seek or obtain, either directly or indirectly, any financial benefit or other improper advantage for yourself, or any other person or body, from any information to which you have by virtue of your office or position with Council
  - d) only release Council information in accordance with established Council Policies and Procedures and in compliance with relevant legislation.

#### Use and Security of Confidential Information

7.9 You must maintain the integrity and security of confidential documents or information in your possession, or for which you are responsible.

- 7.10 In addition to your general obligations relating to the use of Council information, you must:
  - a) protect confidential information
  - b) only release confidential information if you have authority to do so
  - c) only use confidential information for the purpose it is intended to be used
  - d) not use confidential information gained through your official position for the purpose of securing a private benefit for yourself or for any other person
  - e) not use confidential information with the intention to cause harm or detriment to your council or any other person or body
  - f) not disclose any information discussed during a confidential session of a Council meeting
  - g) dispose of confidential information for example confidential yellow pages of Council Business Papers by destruction.

#### Personal Information

7.11 When dealing with personal information you must comply with:

- a) the Privacy and Personal Information Protection Act 1998
- b) the Health Records and Information Privacy Act 2002
- c) the Information Protection Principles and Health Privacy Principles
- d) Council's privacy management plan
- e) the Privacy Code of Practice for Local Government.

#### Use of Council Resources

- 7.12 You must use Council resources ethically, effectively, efficiently and carefully in the course of your official duties, and must not use them for private purposes (except when supplied as part of a Contract of Employment) unless this use is lawfully authorised and proper payment is made where appropriate.
- 7.13 Union delegates and consultative committee members may have reasonable access to council resources for the purposes of carrying out their industrial responsibilities, including but not limited to:
  - a) the representation of members with respect to disciplinary matters
  - b) the representation of employees with respect to grievances and disputes
  - c) functions associated with the role of the local consultative committee.
- 7.14 You must be scrupulous in your use of council property, including intellectual property, official services and facilities, and must not permit their misuse by any other person or body.

- 7.15 You must avoid any action or situation that could create the appearance that council property, official services or public facilities are being improperly used for your benefit or the benefit of any other person or body.
- 7.16 You must not use council resources, property or facilities for the purpose of assisting your election campaign or the election campaign of others unless the resources, property or facilities are otherwise available for use or hire by the public and any publicly advertised fee is paid for use of the resources, property or facility.
- 7.17 You must not use council letterhead, council crests and other information that could give the appearance it is official council material for:
  - a) the purpose of assisting your election campaign or the election campaign of others
  - b) for other non-official purposes.
- 7.18 You must not convert any property of the council to your own use unless properly authorised.
- 7.19 You must not use council's computer resources to search for, access, download or communicate any material of an offensive, obscene, pornographic, threatening, abusive or defamatory nature.

### **Councillor Access to Council Buildings**

- 7.20 Councillors and Administrators are entitled to have access to the Council Chamber, Committee room, Mayor's office (subject to availability), Councillors' rooms, and public areas of Council's buildings during normal business hours and for meetings. Councillors and Administrators needing access to these facilities at other times must obtain authority from the General Manager.
- 7.21 The use of the Councillors Lounge on Council and Committee nights is restricted to Councillors, Senior Staff and invited guests. Anyone involved with a development application is specifically excluded from entering the Lounge. The use of the Lounge at other times will be at the discretion of and with the approval of the Mayor or General Manager.
- 7.22 Councillors and Administrators must not enter staff only areas of Council buildings without the approval of the General Manager (or delegate) or as provided in the procedures governing the interaction of Councillors and Council staff.
- 7.23 Councillors and Administrators must ensure that when they are within a staff area they avoid giving rise to the appearance that they may improperly influence Council staff decisions.

This Clause of the Code is supported by Council's Councillors Access to Information and Interaction with Staff Policy.

### PART 8: PUBLIC COMMENT

- 8.1 As members of the community you have a right to enter into public debate in your private capacity. However, you must take care not to give the impression that your comments are made on behalf of Campbelltown City Council.
- 8.2 Public comments or statements made on Council's behalf to the media can only be made by the Mayor, General Manager, Director and Manager Communications and Marketing. If members of staff are contacted by the media, they must inform Communications and Marketing and their Director immediately. Further information regarding media liaison is contained in Councils Media Policy.

This Clause of the Code is supported by Council's Media Policy.

### PART 9: MAINTAINING THE INTEGRITY OF THIS CODE

9.1 You must not conduct yourself in a manner that is likely to undermine confidence in the integrity of this code or its administration.

#### Complaints made for an improper purpose

- 9.2 You must not make a complaint or cause a complaint to be made under this code for an improper purpose.
- 9.3 For the purposes of clause 9.2, a complaint is made for an improper purpose where it is trivial, frivolous, vexatious or not made in good faith, or where it otherwise lacks merit and has been made substantially for one or more of the following purposes:
  - a) to intimidate or harass another council official
  - b) to damage another council official's reputation
  - c) to obtain a political advantage
  - d) to influence a council official in the exercise of their official functions or to prevent or disrupt the exercise of those functions
  - e) to influence the council in the exercise of its functions or to prevent or disrupt the exercise of those functions
  - f) to avoid disciplinary action under this code
  - g) to take reprisal action against a person for making a complaint under this code except as may be otherwise specifically permitted under this code
  - to take reprisal action against a person for exercising a function prescribed under the procedures for the administration of this code except as may be otherwise specifically permitted under this code
  - i) to prevent or disrupt the effective administration of this code.

#### **Detrimental action**

- 9.4 You must not take detrimental action or cause detrimental action to be taken against a person substantially in reprisal for a complaint they have made under this code except as may be otherwise specifically permitted under this code.
- 9.5 You must not take detrimental action or cause detrimental action to be taken against a person substantially in reprisal for any function they have exercised under this code except as may be otherwise specifically permitted under this code.
- 9.6 For the purposes of clauses 9.4 and 9.5 detrimental action is an action causing, comprising or involving any of the following:
  - a) injury, damage or loss
  - b) intimidation or harassment
  - c) discrimination, disadvantage or adverse treatment in relation to employment

- d) dismissal from, or prejudice in, employment
- e) disciplinary proceedings.

### Compliance with requirements under this code

- 9.7 You must not engage in conduct that is calculated to impede or disrupt the consideration of a matter under this code.
- 9.8 You must comply with a reasonable and lawful request made by a person exercising a function under this code.
- 9.9 You must comply with a practice ruling made by the Office of Local Government.
- 9.10 Where you are a Councillor or the general manager, you must comply with any council resolution requiring you to take action as a result of a breach of this code.

### Disclosure of information about the consideration of a matter under this code

- 9.11 You must report breaches of this code in accordance with the reporting requirements under this code.
- 9.12 You must not make allegations of suspected breaches of this code at council meetings or in other public forums.
- 9.13 You must not disclose information about the consideration of a matter under this code except for the purposes of seeking legal advice unless the disclosure is otherwise permitted under this code.

### Complaints alleging a breach of this part

- 9.14 Complaints alleging a breach of this Part (Part 8) by a Councillor, the general manager or an administrator are to be made to the Office of Local Government.
- 9.15 Complaints alleging a breach of this Part by other council officials are to be made to the general manager.

### PART 10: DEFINITIONS

In the Model Code of Conduct the following definitions apply:

the Act	the Local Government Act 1993
act of disorder	see the definition in clause 256 of the Local Government (General) Regulation 2005
administrator	an administrator of a council appointed under the Act other than an administrator appointed under section 66
Chief Executive	Chief Executive of the Office of Local Government, Department of Premier and Cabinet
Committee	a council committee
conflict of interests	a conflict of interests exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your public duty
council committee	a committee established by resolution of council
"council committee member"	a person other than a Councillor or member of staff of a council who is a member of a council committee
council official	includes Councillors, members of staff of council, administrators, council committee members, conduct reviewers and delegates of council
Councillor	a person elected or appointed to civic office and includes a Mayor
delegate of council	a person (other than a Councillor or member of staff of a council) or body, and the individual members of that body, to whom a function of the council is delegated
designated person	see the definition in section 441 of the Act
election campaign	includes council, State and Federal election campaigns
personal information	information or an opinion about a person whose identity is apparent, or can be ascertained from the information or opinion
the Regulation	the Local Government (General) Regulation 2005.

The term "you" used in the Model Code of Conduct refers to council officials.

The phrase "this code" used in the Model Code of Conduct refers also to the procedures for the administration of the Model Code of Conduct prescribed under the Local Government (General) Regulation 2005.

### END OF POLICY STATEMENT

2.1 Proposed Compulsory Acquisition Of Council Land By Transport For NSW At Railway Parade, Glenfield

### 2. PROPERTY SERVICES

2.1 Proposed Compulsory Acquisition of Council land by Transport for NSW at Railway Parade, Glenfield

### **Reporting Officer**

Manager Property Services

### Attachments

- 1. Plan outlining area of proposed acquisition (contained within this report)
- 2. Identification map of proposed acquisition area (contained within this report)

### Purpose

To advise Council that Transport for NSW (TfNSW) has issued a 90 day Proposed Acquisition Notice for the compulsory acquisition of a section of Railway Parade, Glenfield.

### History

A report was previously presented to Council in February 2011 regarding the compulsory acquisition of a section of Railway Parade, Glenfield associated with the South West Rail Link/Glenfield South substation.

That section of Railway Parade was subsequently compulsorily acquired by TfNSW at nil compensation on the basis that the compensation was determined by the Valuer Generals office in accordance with the provisions of the *Roads Act 1993*.

### Report

TfNSW has recently completed the South West Rail Link program of works which included a major upgrade of facilities at the Glenfield Transport Interchange (GTI). The upgrade works included a major upgrade to Glenfield Station, construction of a multi-storey commuter car park, construction of additional parking spaces at Seddon Park, upgrade to the bus/rail interchange at Railway Parade, a rail flyover to the north of Glenfield Station and associated rail and road modifications.

As part of the GTI project works and in consultation with Council, Railway Parade at Glenfield was reconfigured. The works, which were completed some time ago, included the widening of the Main Southern Railway corridor onto part of the Railway Parade road reserve.

TfNSW are now seeking to finalise this matter by way of compulsory acquisition of that part of Railway Parade accommodating the Main Southern Railway corridor. The subject land proposed to be compulsorily acquired has an area of approximately 5,795 square metres and is described as Lot 100 in Deposited Plan 1203043.

The section of Railway Parade proposed to be compulsorily acquired has a length of approximately 1,500m and variable width of between approximately one and two metres situated adjacent to the rail corridor between Fawcett Street and Foreman Street, Glenfield.

The proposed acquisition will occur pursuant to the provisions of the Land Acquisition (Just Terms Compensation) Act 1991, the Roads Act 1993 and the Transport Administration Act 1988. TfNSW are seeking that the compulsory acquisition be for nil compensation.

In adopting the provisions of the *Road Act 1993* and the *Transport Administration Act 1988* TfNSW will be relying on a provision where public road can be compulsorily acquired from Council by the Crown at nil compensation.

In effect this replaces the provision under the *Land Acquisition (Just Terms Compensation) Act 1991* where Council would normally be paid a market value for its land and limits compensation to either the cost that Council paid for the acquisition of the land or the cost of Council constructing a new road if required.

Given the compulsory acquisition is required to finalise the major South West Rail Link program which benefits numerous commuters within the Local Government Area, TfNSW consider that the compulsory acquisition of the section of land being Lot 100 DP 1203043, Railway Parade Glenfield should be for nil compensation.

It should be noted that under the Draft Glenfield to Macarthur Urban Renewal Corridor Strategy (GMURCS) published by NSW Planning and Environment, it is identified that infrastructure would need to be upgraded to support the development of the Glenfield Precinct. Railway Parade is identified as a major road in the GMURCS which also identifies the need to improve direct connections with an improved bus network and cycle ways connecting the corridor.

Acquisition of the section of road would constrain Council from further widening Railway Parade by removing the equivalent of one car lane width from the existing road reserve. This would require Council to acquire land on the eastern side of Railway Parade in the future if it is to widen Railway Parade in order to facilitate the development of the Glenfield Precinct to allow for the appropriate road corridor to facilitate connectivity (bus networks/cycle ways) and improved street scape.

On this basis Council will be seeking that the Valuer Generals office in its determination of compensation considers the market value of the land.

It is recommended that Council submit a claim for compensation seeking market value to be determined by the Valuer Generals Office of the land and payment of Councils administration fee in accordance with Councils adopted fees and charges.

2.1 Proposed Compulsory Acquisition Of Council Land By Transport For NSW At Railway Parade, Glenfield

### **Officer's Recommendation**

- 1. That Council note the application for the compulsory acquisition by Transport for NSW of Council land being Lot 100 DP 1203043, Railway Parade Glenfield for nil compensation.
- 2. That Council submit a claim for compensation seeking market value of the land and payment of Councils administration fee.
- 3. That any documentation associated with the compulsory acquisition be executed under the Common Seal of Council, if required.

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

- 1. That Council note the application for the compulsory acquisition by Transport for NSW of Council land being Lot 100 DP 1203043, Railway Parade Glenfield for nil compensation.
- 2. That Council submit a claim for compensation seeking market value of the land and payment of Council's administration fee.
- 3. That any documentation associated with the compulsory acquisition be executed under the Common Seal of Council, if required.

### CARRIED

### Council Meeting 16 February 2016 (Mead/Lake)

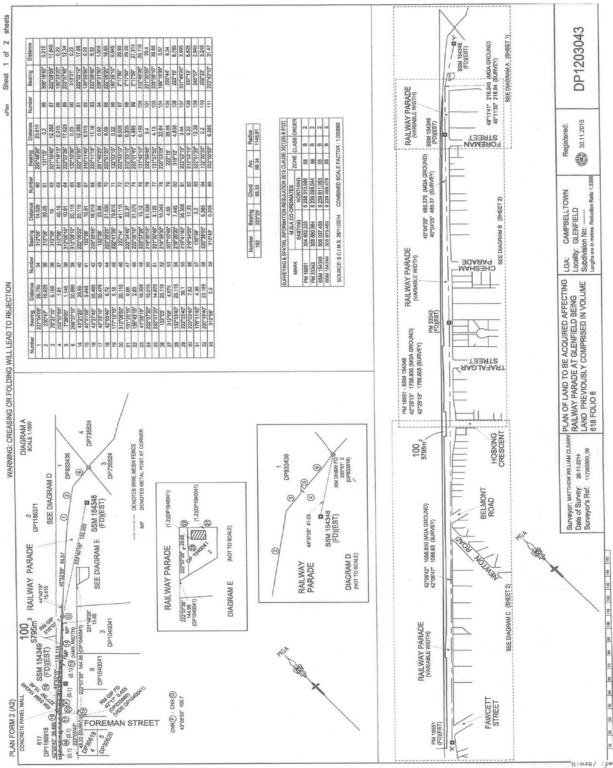
That the Committee's Recommendation be adopted.

### **Council Resolution Minute Number 15**

That the Committee's Recommendation be adopted.

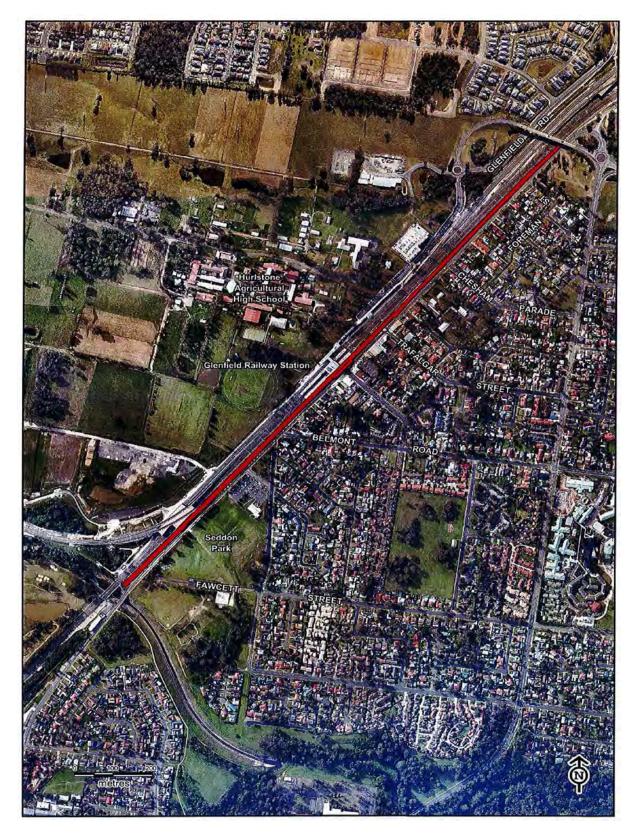
Corporate Governance Committee Meeting 9 February 2016 Page 55 2.1 Proposed Compulsory Acquisition Of Council Land By Transport For NSW At Railway Parade, Glenfield

## **ATTACHMENT 1**



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## **ATTACHMENT 2**



### 3. FINANCIAL SERVICES

### 3.1 Revised Rateable Valuation Aggregation (Strata Schemes) Policy

### **Reporting Officer**

Manager Financial Services

### Attachments

Revised Rateable Valuation Aggregation (Strata Schemes) Policy (contained within this report)

### Purpose

To seek Council's endorsement of the revised Rateable Valuation Aggregation (Strata Schemes) Policy.

### History

The abovementioned policy was adopted by Council on 12 February 2008 and was reviewed on 16 October 2012. The policy is now due for review in accordance with the Record Management Policy.

### Report

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

The Rateable Valuation Aggregation (Strata Schemes) Policy has been reviewed and found that no changes were required. It is recommended that the policy be adopted and a new review date identified.

### **Officer's Recommendation**

- 1. That the revised Rateable Valuation Aggregation (Strata Schemes) Policy as attached to this report be adopted.
- 2. That the Policy review date be set at 30 March 2018.

### Committee's Recommendation: (Borg/Lake)

That the Officer's Recommendation be adopted.

### CARRIED

### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

## **ATTACHMENT 1**

Camp	belltown city council	POLICY
Policy Title	Rateable Valuation Aggree	gation (Strata Schemes) Policy
Related Documentation	Nil	
Relevant Legislation	Local Government Act 199 Valuation of Land Act 1916 Strata Schemes (Freehold	5
Responsible Officer	Manager Financial Service	S

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

### Objectives

To aggregate valuations on certain parcels for the purposes of rating in order to apply minimum rates fairly and prevent hardship to a rateable person on up to three related assessments.

### **Policy Statement**

That Council aggregate the valuation used in strata schemes for rating purposes on the following basis;

- One car parking lot and one utility/storage lot be aggregated with the occupiable business or residential lot in the strata scheme
- The aggregation to apply from 30 June subsequent to a written application being received
- The aggregation to cease on 30 June subsequent to change in ownership or transfer of unit entitlement
- Aggregation be permitted only where the rateable parcel of land is owned solely by the applicant.

#### Scope

This policy is intended to apply to all ratepayers within the Local Government Area. Its effect is anticipated to have a direct impact on no more than 150 persons or entities at any given time.

Definitions	
Aggregate	To add the predetermined unit entitlement allocated on a strata plan resulting
	in a new entitlement for rating purposes
Unit entitlement	A number representative to the value of an individual lot in the strata scheme

### Legislative Context

The following sections are included and influence this policy.

- Local Government Act 1993 Section 531B and Section 548A
- Valuation of Land Act 1916 Section 7B and Section 14A
- Strata Schemes (Freehold Development) Act 1973 Section 90 and Section 93

#### Principles

The Manager Financial Services will be responsible for administering the principles of this policy by ensuring that appropriate steps are taken to maintain a level of confidentiality with data supplied for the purposes of applying aggregation fairly and equitably.

#### 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:

- Apply maintenance changes to rateable assessments in a timely manner.
- Ensure effective communication is maintained with affected ratepayers.
- Monitor applications degree of compliance with this policy.

### END OF POLICY STATEMENT

### 3.2 Cost Shifting Survey 2013-2014

### **Reporting Officer**

Manager Financial Services

### Attachments

The impact of Cost Shifting on Local Government in NSW (contained within this report)

### Purpose

To advise Council of the results of the 2013-2014 cost shifting survey undertaken by Local Government NSW.

### History

This survey is a continuation of the cost shifting survey undertaken by the *Independent Inquiry into the Financial Sustainability of the NSW Local Government for 2006* and surveys for the financial years 2005-2006 through to 2011-2012 undertaken by Local Government NSW. There were 72 councils that participated in the survey conducted during May to November 2015.

The Local Government NSW survey conducted biennially, seeks to establish the extent of cost shifting by the Australian and NSW Government's onto NSW Local Government. It measures the amount of cost shifting for a representative sample of the 152 general purpose councils in NSW, calculates a cost shifting ratio for each council and estimates the total amount of cost shifting onto the whole of NSW Local Government.

### Report

According to the survey findings, cost shifting by the Australian and NSW Government's onto NSW Local Government in the financial year 2013-2014 is estimated to amount to 6.96% of Local Government's total income before capital amounts or \$670m.

The survey for 2013-2014 continues to include two cost shifting examples introduced in the survey for 2009-2010 which are contained in question 24 (revenue raising restrictions on council managed Crown lands) and question 25 (shortfall in cost recovery for assessing development applications as a result of fee regulation). The above figure is inclusive of these two examples.

This ratio has increased significantly with ratios established for previous financial years. In absolute terms, cost shifting is estimated to have increased from \$380m in 2005-2006 to \$670m in 2013-2014. For metropolitan councils, a ratio of 7.33% resulted for the sample (including examples 24 and 25) compared to 6.82% for 2011-2012. The survey findings found that metropolitan councils are more affected by cost shifting than rural councils. This can be attributed to cost shifting associated with the waste levy (question 21) and the provision of public libraries (question 5).

Campbelltown City Council's total amount of cost shifting in 2013-2014 was \$6.94m equating to 5.52% of total income. Major areas of cost shifting include:

- Contribution to NSW Fire Brigade of \$828,927
- Contribution to Rural Fire Service of \$199,246
- Contribution to NSW State Emergency Service \$191,994
- Pensioner rates rebate of \$817,321
- Public Library operations of \$2,190,000
- Administration of the Companion Animal Act (NSW) 1998 of \$342,000
- Waste Levy of \$904,471
- Processing of Development Applications \$434,577.

The 2013-2014 cost shifting amount has a significant impact on councils' finances. Local Government NSW notes that 'these latest cost-shifting figures come hard on the heels of the IPART announcement of the tiny 1.8% rate cap, and illustrate the ever-increasing financial squeeze on councils in NSW'.

Contributions to the NSW Fire Brigade, NSW Rural Fire Service and NSW State Emergency Service, lack of adequate funding for public libraries and the NSW Government's failure to reimburse for mandatory pensioner rebates for rates are major examples. Councils are also not given sufficient financial resources for their responsibilities to regulate companion animals, manage contaminated land, control noxious weed, manage flood controls, or administer environmental regulation.

It is important to note that the survey excluded any capital expenditure related to the functional areas. Comments were provided by many councils that the inclusion of capital expenditure would significantly increase the amount of cost shifting.

The survey results help quantify the extent of cost shifting onto NSW Local Government and support Local Government's argument for that practice to end.

Local Government NSW now conduct the cost shifting survey biennially, implemented in the 2013-2014 financial year, as opposed to annually as done in past financial years.

### **Officer's Recommendation**

That the information be noted.

### Committee's Recommendation: (Greiss/Mead)

That the Officer's Recommendation be adopted.

### CARRIED

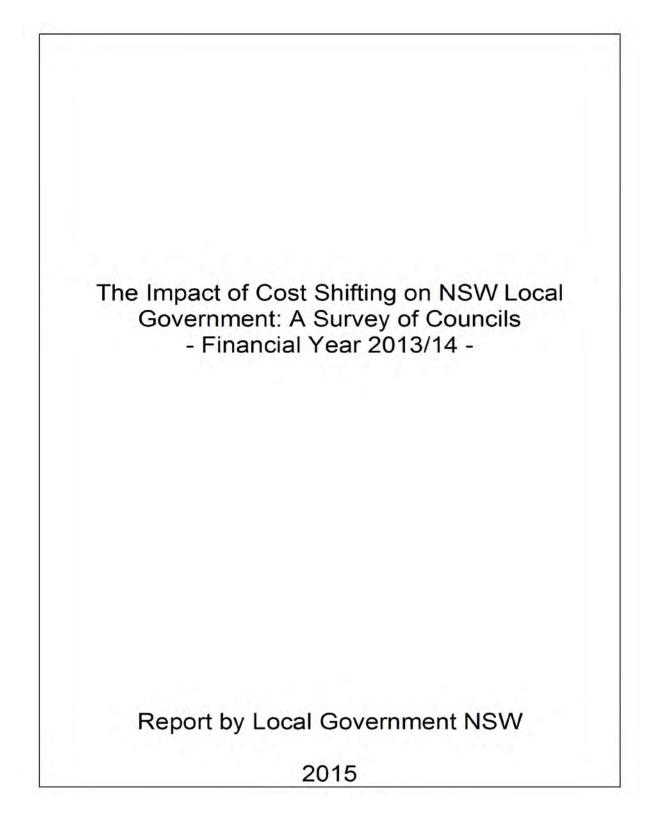
### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

## **ATTACHMENT 1**



Cost shifting by the NSW Government and the Australian Government on to Local Government in NSW in the financial year 2013/14 is estimated to amount to \$670 million or 6.96% of Local Government's total income before capital amounts – about \$88 million higher than the result for 2011/12 of \$582 million.

Since the first cost shifting survey, cost shifting is estimated to have increased significantly from \$380 million in 2005/06 to \$670 million in 2013/14.

The cost shifting ratio has increased significantly from 6.26% of total income before capital amounts for 2011/12 to 6.96% for 2013/14. The increase is mainly driven by significant increases above total sample trend in cost shifting in the metropolitan and urban regional council groupings associated with the functional areas "waste levy" (question 21) and, to a lesser degree, "community and human services" (question 20).

The majority of cost shifting is attributed to the NSW Government; with only a small portion of cost shifting attributed to the Australian Government.

#### INTRODUCTION

The LGNSW cost shifting survey is an annual survey which seeks to establish the extent of cost shifting by the Australian and NSW Governments on to Local Government in NSW. The survey measures the amount of cost shifting for a representative sample of the 152 general purpose councils in NSW, calculates a cost shifting ratio for each council in the sample and for the whole sample and extrapolates, from the sample ratio, an estimate of the amount of cost shifting on to the whole of NSW Local Government.

This report provides the findings of LGNSW's cost shifting survey for the financial year 2013/14. The project was conducted during May to November 2015 and 72 councils were included in the final survey sample. LGNSW would like to thank all councils and the staff involved for their participation.

The survey is based on the work of the *Independent Inquiry into the Financial Sustainability of NSW Local Government* which found that more "hard data" about cost shifting was required and recommended that LGNSW undertake an annual survey of all councils to measure and monitor cost shifting. LGNSW's survey is a continuation of the cost shifting survey for the financial year 2004/05 undertaken by the inquiry in 2006.<sup>1</sup> LGNSW conducted surveys for the subsequent financial years 2005/06, 2006/07, 2007/08, 2008/09, 2009/10, 2010/11 and 2011/12.<sup>2</sup> Since the survey for 2011/12, LGNSW conducts the survey biennially.

The survey results help quantify the extent of cost shifting onto NSW Local Government and support Local Government's argument for that practice to end. It also assists in monitoring compliance with the national *Intergovernmental Agreement Establishing Principles Guiding Intergovernmental Relations on Local Government Matters (2006).* 

#### WHAT IS COST SHIFTING?

Cost shifting describes a situation where the responsibility for, or merely the cost of, providing a certain service, concession, asset, or regulatory function is "shifted" from one sphere of government on to another sphere of government without the provision of corresponding funding or the conferral of corresponding and adequate revenue raising capacity.<sup>3</sup>

<sup>&</sup>lt;sup>1</sup> Independent Inquiry into the Financial Sustainability of NSW Local Government, *Final Report: Findings and Recommendations*, (2006), page 66-72.

<sup>&</sup>lt;sup>2</sup> See for survey reports the LGNSW website at www.lgnsw.org.au/policy/finance/cost-shifting-survey

<sup>&</sup>lt;sup>3</sup> This description does not necessarily address the question of which sphere of government should be assigned a particular expenditure function.

The definition adopted for the survey is based on the definition used in the survey undertaken for the *Independent Inquiry into the Financial Sustainability of NSW Local Government in 2006.*<sup>4</sup> The following cost shifting scenarios are covered:

The cost related to:

- the imposition of responsibility for providing a certain service, asset or regulatory functions upon Local Government by other spheres of government (Australian or State Government) without the provision of corresponding funding or compensation or the conferral of corresponding and adequate revenue raising capacity;
- the transfer of responsibility to Local Government for funding certain services or functions (including concessions and rebates) where the responsibility for the funding of which lies with other spheres of government;<sup>5</sup>
- the situation where Local Government agrees to provide a service/function on behalf of another sphere of government but funding is subsequently reduced or stopped, and Local Government is unable to withdraw because of community demand for the service/function;
- the situation where, for whatever reason, another sphere of government ceases or provides insufficient levels of a service/function it is responsible for and Local Government steps in because of community of demand for the service/function.

#### PARTICIPATION

The survey for 2013/14 was provided online and was accessible to all 152 general purpose councils in NSW during a period of about ten weeks during May, June and July 2015. 81 councils completed the survey.

During August to November 2015, returned surveys were assessed and issues clarified with councils. Nine returned surveys were rejected from the sample. Rejection took place in the following circumstances:

- Returned surveys were incomplete;
- · Doubtful data could not be satisfactorily clarified with council; or
- Cost estimates could not be provided in more than 25 per cent of the 26 functional areas.

Of the 72 councils included in the final sample, 23 are classified metropolitan; 28 urban regional and 21 rural.<sup>6</sup>

#### METHODOLOGY

The survey establishes the following figures:

#### Cost shifting amount for each participating council

The survey establishes the total amount of cost shifting based on the council estimates of the net ongoing cost (excluding capital expenditure) in each of the 26 functional areas identified by the survey. Councils were invited to add further financially significant examples of cost shifting. These additional examples were accepted where they were considered consistent with the survey's

<sup>&</sup>lt;sup>4</sup> Independent Inquiry, op cit, pages 67 to 70; Moege S, *The Impact of Cost Shifting on Local Government in NSW - A Survey of Councils*, (2006).

<sup>&</sup>lt;sup>5</sup> Mere price increases (as long as they are appropriate and apply to all service recipients equally) are not considered cost shifting. In the context of payments to state government agencies, cost shifting can only occur where cost related to a service/function are transferred onto Local Government even though responsibility for funding lies with other spheres of government (e.g. pensioner rate rebates). This is not the case where Local Government pays for a service like all other recipients.
<sup>6</sup> The classification is based on the Australian Classification of Local Government. Metropolitan councils include the sub-classifications

<sup>&</sup>lt;sup>6</sup> The classification is based on the Australian Classification of Local Government. Metropolitan councils include the sub-classifications "capital city" (UCC), "metropolitan developed" (UD...), and "fringe" (UF...) if within the Sydney metropolitan area; urban regional councils include the sub-classifications "regional town/city" and "fringe" if outside the Sydney metropolitan area; rural councils include all rural sub-classifications (R...).

approach towards cost shifting. A list of the 26 functional areas can be found as appendix A to this report.

Two additional cost shifting examples continue being included since the survey for 2009/10:

- Question/example 24 Revenue limitations on crown reserve land under council management Cost in \$ associated with limitations imposed by the State Government on revenue raising ability on council managed crown reserve land or requirements to transfer revenue from council managed crown reserve land to the State Government.
- Question/example 25 Processing of development applications Cost in \$ of processing development applications under the *Environmental Planning and Assessment Act (NSW)* 1979 and associated regulations less any revenue related to this function (e.g. development application fees, state government payments/subsidies).

Net ongoing costs generally refer to the total annual cost of providing the service or function (operational and administrative, excluding capital expenditure) less any annual revenue related to the provision of the service or function, (e.g. grants or subsidies from the NSW or Australian Government, fees or contributions collected by councils).

For consistency purposes, councils were asked to exclude corporate overheads and base their estimate of the direct net ongoing costs only.

In the instance that councils were unable to provide an actual estimate they were given the two following options which both received a cost value of "zero":

- "n/a" (not applicable) if the functional area does not apply; or
- "unable" (unable to reliably estimate) if the functional area applies to council but council is unable to reliably estimate the cost.

#### Cost shifting ratio for each council

As a second step, the survey establishes the cost shifting ratio for each individual council by dividing the cost shifting amount established for the council by the council's total income from operations before capital amounts.<sup>7</sup>

#### Cost shifting ratio for sample

As a third step, the survey establishes the cost shifting ratio for the sample councils by dividing the cost shifting amount established for the sample of councils by the sample's total income from operations before capital amounts.

#### Cost shifting amount for all councils in NSW

Finally, the survey extrapolates the total amount of cost shifting on to NSW Local Government in NSW by applying the established cost shifting ratio for the sample to the total income from operations before capital amounts of all NSW councils.

<sup>7</sup> Total income from continuing operations less grants and contributions provided for capital purposes, less profit from disposal of assets, and less profit from interests in joint ventures & associates as shown in the income statement of council's financial statements.

### FINDINGS FOR INDIVIDUAL COUNCILS

Table 1 below shows the survey findings for individual councils and council groups for the financial year 2013/14.

# Table 1: Proportion of cost shifting in relation to total ordinary revenue for the sample of 72 NSW councils, 2013/14

Council	i les i	Total income	Excluding questions 24 and 25		Including questions 24 and 25	
	ACLG CI.	from operations before capital amounts in \$	Total amount of cost shifting in \$	Proportion of cost shifting in relation to total income	Total amount of cost shifting in \$	Proportion of cost shifting in relation to total income
Metropolitan						
Blacktown City Council	UDV	245,638,000	14,538,942	5.92%	14,710,808	5.99%
Botany Bay City Council	UDM	57,374,000	2,778,240	4.84%	3,550,240	6.19%
Burwood Council	UDM	37,650,000	3,556,644	9.45%	3,992,477	10.60%
Camden Council	UFM	64,851,000	4,013,436	6.19%	4,013,436	6.19%
Campbelltown City Council	UFV	125,630,000	6,503,536	5.18%	6,938,113	5.52%
Canada Bay City Council	UDL	73,931,000	4,768,940	6.45%	5,462,970	7.39%
Hornsby Shire Council	UFV	129,232,000	10,251,003	7.93%	11,077,069	8.57%
Hunters Hill Council	UDS	13,288,000	1,201,895	9.04%	1,669,549	12.56%
Hurstville City Council	UDL	66,162,551	6,328,008	9.56%	6,680,354	10.10%
Kogarah City Council	UDM	46,373,000	3,906,109	8.42%	3,906,109	8.42%
Ku-Ring-Gai Council	UDL	102,429,000	8,649,293	8.44%	8,723,630	8.52%
Leichhardt Municipal Council	UDM	78,845,000	5,644.629	7.16%	6,709,031	8.51%
Liverpool City Council	UFV	142,112,000	10,599,095	7.46%	10,778,487	7.58%
Marrickville Council	UDL	92,481,000	6,096,567	6.59%	7,343,913	7.94%
Mosman Council	UDS	41,359,000	3,355,958	8.11%	3,958,063	9.57%
Penrith City Council	UFV	177,686,000	11,896,258	6.70%	13,601,632	7.65%
Randwick City Council	UDV	128,467,000	9,736,784	7.58%	11,096,125	8.64%
Ryde City Council	UDL	96,058,000	12,219,529	12.72%	13,859,803	14.43%
Strathfield Municipal Council	UDM	30,871,000	2,964,264	9.60%	3,323,622	10.77%
Sutherland Shire Council	UDV	194,669,000	15,521,398	7.97%	15,817,598	8.13%
Sydney City Council	UCC	510,882,010	13,948,718	2.73%	18,465,662	3.61%
Warringah Council	UDV	150,351,000	12,526,447	8.33%	14,003,616	9.31%
Willoughby City Council	UDL	111,397,000	7,316,931	6.57%	9,524,580	8.55%
Summary Metropolitan		2,717,736,561	178,322,624	6.56%	199,206,887	7.33%

Council	0	Total income	Excluding quest	ions 24 and 25	Including questions 24 and 25	
	ACLG CI.	from operations before capital amounts in \$	Total amount of cost shifting in \$	Proportion of cost shifting in relation to total income	Total amount of cost shifting in \$	Proportion of cost shifting in relation to total income
Urban Regional						
Albury City Council	URM	101,888,000	3,185,765	3.13%	3,185,765	3.13%
Ballina Shire Council	URM	69,263,000	2,589,819	3.74%	3,222,719	4.65%
Bathurst Regional Council	URM	73,452,000	2,358,400	3.21%	2,499,323	3.40%
Blue Mountains City Council	UFL	92,791,000	6,575,228	7.09%	8,006,171	8.63%
Broken Hill City Council	URS	29,713,000	1,493,497	5.03%	1,565,497	5.27%
Cessnock City Council	URM	64,836,000	9,066,043	13.98%	10,421,225	16.07%
Clarence Valley Council	URM	107,354,000	6,179,511	5.76%	7,027,918	6.55%
Coffs Harbour City Council	URL	135,882,000	4,694,898	3.46%	5,138,088	3.78%
Dubbo City Council	URM	86,739,000	2,998,761	3.46%	3,497,385	4.03%
Greater Taree Clty Council	URM	52,287,000	4,821,110	9.22%	4,974,131	9.51%
Hawkesbury City Council	UFM	64,461,000	5,793,527	8.99%	5,801,133	9.00%
Kempsey Shire Council	URS	53,466,000	4,750,151	8.88%	5,382,264	10.07%
Kiama Municipal Council	URS	48,796,000	1,677,954	3.44%	1,783,529	3.66%
Lake Macquarie City Council	URV	191,840,000	17,287,044	9.01%	17,756,696	9.26%
Lismore City Council	URM	90,709,000	5,660,587	6.24%	6,065,931	6.69%
Maitland City Council	URL	72,914,000	10,583,628	14.52%	10,583,628	14.52%
Newcastle City Council	URV	223,591,000	14,926,574	6.68%	14,984,219	6.70%
Orange City Council	URM	80,783,000	3,066,875	3.80%	4,171,992	5.16%
Port Macquarie-Hastings Council	URL	133,186,000	6,871,727	5.16%	6,871,727	5.16%
Queanbeyan City Council	URM	68,418,000	2,073,623	3.03%	2,269,427	3.32%
Shellharbour City Council	URM	69,303,000	8,061,667	11.63%	8,174,270	11.79%
Shoalhaven City Council	URL	187,946,000	13,281,172	7.07%	14,442,457	7.68%
Tamworth Regional Council	URM	121,288,000	2,980,213	2.46%	2,980,213	2.46%
Wagga Wagga City Council	URM	103,135,436	2,984,319	2.89%	3,570,319	3.46%
Wingecarribee Shire Council	URM	81,639,000	3,614,528	4.43%	3,614,528	4.43%
Wollondilly Shire Council	UFM	42,220,000	2,899,511	6.87%	3,360,592	7.96%
Wollongong City Council	URV	224,312,000	24,479,720	10.91%	27,507,015	12.26%

Council	and the second	Total income	Excluding quest	ions 24 and 25	Including questions 24 and 25	
	ACLG CI.	from operations before capital amounts in \$	Total amount of cost shifting in \$	Proportion of cost shifting in relation to total income	Total amount of cost shifting in \$	Proportion of cost shifting in relation to total income
Wyong Shire Council	UFV	227,450,000	16,501,202	7.25%	17,554,554	7.72%
Summary Urban Regional		2,899,662,436	191,457,054	6.60%	206,412,716	7.12%
Rural						
Cabonne Shire Council	RAV	32,638,000	1,219,763	3.74%	1,219,763	3.74%
Carrathool Shire Council	RAM	13,641,000	476,096	3.49%	522,244	3.83%
Cobar Shire Council	RTL	23,628,000	844,439	3.57%	1,022,973	4.33%
Coonamble Shire Council	RAM	16,417,000	463,782	2.83%	479,599	2.92%
Cowra Shire Council	RAV	27,628,000	780,483	2.82%	942,221	3.419
Dungog Shire Council	RAL	11,739,000	662,652	5.64%	947,179	8.07%
Forbes Shire Council	RAL	30,471,000	913,290	3.00%	974,790	3.20%
Gilgandra Shire Council	RAM	24,243,000	639,605	2.64%	639,605	2.64%
Gunnedah Shire Council	RAV	34,477,000	610,348	1.77%	996,799	2.89%
Inverell Shire Council	RAV	32,174,000	2,089,612	6.49%	2,377,925	7.39%
Leeton Shire Council	RAV	21,762,000	745,299	3.42%	745,299	3.42%
Lockhart Shire Council	RAM	9,451,000	317,445	3.36%	317,445	3.36%
Murrumbidgee Shire Council	RAM	5,991,000	162,171	2.71%	162,171	2.719
Narrabri Shire Council	RAV	43,906,000	1,063,215	2.42%	1,063,215	2.42%
Narromine Shire Council	RAL	15,884,000	671,634	4.23%	671,634	4.23%
Temora Shire Council	RAL	15,196,000	778,818	5.13%	831,515	5.47%
Tumut Shire Council	RAV	28,072,000	1,210,140	4.31%	1,210,140	4.319
Upper Hunter Shire Council	RAV	34,721,000	1,745,679	5.03%	1,783,464	5.14%
Upper Lachlan Shire Council	RAL	22,339,000	876,390	3.92%	884,390	3.96%
Walgett Shire Council	RAL	28,223,000	807,822	2.86%	807,822	2.86%
Warren Shire Council	RAM	10,937,000	515,061	4.71%	577,828	5.28%
Summary Rural		483,538,000	17,593,744	3.64%	19,178,021	3.97%
Total sample		6,100,936,997	387,373,421	6.35%	424,797,623	6.96%

#### GENERAL FINDINGS AND DISCUSSION

#### Survey ratio - baseline (questions 1 to 23)

The cost shifting ratio for the complete survey sample is 6.35% of total income before capital amounts. This ratio is significantly higher than ratios established for previous financial years:

- 5.60% for 2011/12;
- 5.70% for 2010/11;
- 5.72% for 2009/10 and 2008/09;
- 5.92% for 2007/08;
- 5.95% for 2006/07; and
- 5.84% for 2005/06.

#### Survey ratio - baseline plus additional questions 24 and 25

Including the new examples contained in questions 24 and 25, the ratio increases to 6.96% of total income before capital amounts. This ratio is significantly higher than the equivalent ratios established for previous financial years:

- 6.26% for 2011/12
- 6.34% for 2010/11; and
- 6.35% for 2009/10.

Question 25 alone adds \$36,504,423 to the sample cost shifting amount.

#### Cost shifting ratios of different council groups

The findings for each of the three groups of councils (metropolitan, urban regional and rural) are as follows:

With respect to metropolitan councils, the cost shifting ratio for 2013/14 is:

- Survey baseline: 6.56% compared to 5.98% in 2011/12, 6.20% in 2010/11, 6.30% for 2009/10, 6.21% for 2008/09, 6.62% for 2007/08, 6.3% for 2006/07 and 6.1% for 2005/06; and
- Survey baseline plus additional questions 24 and 25: 7.33% compared to 6.82% in 2011/12; 6.96% in 2010/11 and 6.98% for 2009/10.

With respect to urban regional councils, the cost shifting ratio for 2013/14 is:

- Survey baseline: 6.60% compared to 5.63% in 2011/12, 5.49% in 2010/11, 5.47% for 2009/10, 5.44% for 2008/09, 5.63% for 2007/08, 6.0% for 2006/07 and 5.9% for 2005/06; and
- Survey baseline plus additional questions 24 and 25: 7.12% compared to 6.18% in 2011/12, 6.06% in 2010/11 and 6.09% for 2009/10.

With respect to rural councils, the cost shifting ratio for 2013/14 is:

- Survey baseline: 3.64% compared to 3.56% in 2011/12, 3.88% in 2010/11, 4.04% for 2009/10, 4.11% for 2008/09, 4.22% for 2007/08, 4.5% for 2006/07 and 4.5% for 2005/06; and
- Survey baseline plus additional questions 24 and 25: 3.97% compared to 3.95% in 2011/12, 4.23% in 2010/11 and 4.45% for 2009/10.

#### Total cost shifting amounts

By applying the established cost shifting ratio of 6.35% to the figure of total income from operations before capital for 2013/14 for all NSW councils (\$9,617,445,003),<sup>8</sup> the amount of cost shifting onto Local Government in NSW (i.e. all 152 general purpose councils) is calculated to amount to \$610,650,884. Including the new examples contained in questions 24 and 25, the amount of cost shifting onto Local Government in NSW (i.e. all 152 general purpose councils) is calculated as being \$669,654,954 (ratio of 6.96%).

#### Discussion

<sup>&</sup>lt;sup>8</sup> The NSW Office of Local Government provided data on the total income from continuing operations before grants and contributions provided for capital purposes, gains from asset sales, and gains from interests in joint ventures as shown in the statement of financial performance of all 152 NSW general purpose councils for the financial year 2013/14 on 24 November 2015.

The significant increase in the cost shifting ratio from 5.60% for 2011/12 to 6.35% of total income before capital amounts (survey baseline) or 6.26% for 2011/12 to 6.96% (survey baseline plus additional questions 24 and 25) is mainly driven by significant increases above total sample trend in cost shifting in the metropolitan and urban regional council groupings associated with the waste levy (question 21) and, to a lesser degree, community and human services (question 20). Accordingly, as above findings show, cost shifting ratios have increased in the metropolitan and urban regional groupings and remained relatively stable in the rural grouping.

The group comparison also shows that metropolitan and urban regional councils suffer more from cost shifting than rural councils. This can be explained by a number of factors including the greater exposure of urban regional councils and metropolitan councils to cost shifting associated with the waste levy (question 21), the provision of public libraries (question 5), and, to a lesser degree, pensioner rate rebates (question 3) and the development application process (question 25).

The table in appendix B shows the cost shifting ratio for each council group in the sample for each individual question.

Only a small portion of cost shifting can be attributed to the Australian Government (0.23% of total cost shifting or just over \$ 994,088 for immigration and citizenship ceremonies (question 12); about 0.29% of total cost shifting or just over \$1,221,311 for half of the funding shortfall in the flood mitigation program (question 16) and an unidentified proportion of the funding shortfall in community and human services which represent 3.2% of total cost shifting or just over \$13,542,593 (question 20)).<sup>9</sup> The remainder is attributed to the NSW Government.

#### Comparison with previous surveys

Table 2 outlines the results of the surveys undertaken so far by LGNSW.

Financial size (no. year of councils)	Total income	Ratio and total amount of cost shifting				
	from operations before capital amounts for all NSW councils	Survey baseline (questions 1 to 23)	Baseline plus 2008 election cost shift	Baseline plus questions 24 and 25	Baseline plus questions 24 and 25 and 2008 election cost shift	
2013/14	72	\$9,617,445,003	6.35% \$610,650,884	n/a*	6.96% \$669,654,954	n/a*
2011/12	73	\$9,268,064,244	5.60% \$519,236,368	5.63% \$521,498,905	6.26% \$579,981,213	6.28% \$582,243,750
2010/11	76	\$8,723,492,462	5.70% \$497,038,850	5.72% \$499,301,387	6.34% \$553,033,109	6.37% \$555,295,646
2009/10	84	\$8,209,306,141	5.72% \$469,191,741	5.74% \$471,454,278	6.35% \$521,626,171	6.38% \$523,888,708
2008/09	69	\$7,664,066,547	5.72% \$438,007,674	5.74% \$440,270,211	n/a**	n/a**
2007/08	65	\$7,280,361,566	5.92% \$431,284,746	n/a*	n/a**	n/a**
2006/07	84	\$6,928,487,164	5.95% \$412,244,986	n/a*	n/a**	n/a**
2005/06	84	\$6,502,482,000	5.84% \$379,744,949	n/a*	n/a**	n/a**

Table 2: Ratio and total amount of cost shifting onto NSW Local Government

\*Cost shifting associated with the 2008 Local Government election is distributed among the relevant financial years 08/09, 09/10, 10/11 and 11/12.

\*\*Questions 24 and 25 were included for the first time in the survey for 09/10.

<sup>9</sup> Calculation based on baseline plus questions 24 and 25 scenario.

As table 2 shows, in absolute terms, cost shifting on to NSW Local Government is estimated to have increased significantly from approximately \$380 million in 2005/06, \$412 million in 2006/07, \$431 million in 2007/08, \$440 million in 2008/09, \$471 million (\$524 million including the new questions 24 and 25) in 2009/10, \$499 million (\$555 million including the new questions 24 and 25) in 2010/11 and \$521 million (\$582 million including the new questions 24 and 25) in 2011/12 to approximately \$611 million (\$670 million including the new questions 24 and 25) in 2013/14.

#### Others

Finally, the cost shifting ratio and amount established by the survey can be regarded as conservative for several reasons:

- Although councils were encouraged to add financially significant examples, councils basically worked within the 26 functional areas identified in the survey.
- The survey asked councils to exclude corporate overheads from the individual cost estimates for each cost shifting area. The addition of corporate overheads could increase costs by around 10% based on the average corporate overheads ratio established by the Independent Inquiry into the Financial Sustainability of NSW Local Government in a separate survey.<sup>10</sup>
- If councils were not able to reliably estimate the cost of individual areas of cost shifting these
  areas got a zero costing.<sup>11</sup>
- Lastly, and importantly, the survey, for most functional areas questioned, excluded any capital
  expenditure related to the functional areas and comments were provided by many councils that
  the inclusion of capital expenditure would significantly increase the amount of cost shifting.

<sup>&</sup>lt;sup>10</sup> DG & AB Maxwell, Corporate Overheads of Local Government, (2006), page 14; Local Government Inquiry, Interim Report: Findings and Options, table 10.2, page 201.
<sup>11</sup> Unless returned surveys were rejected because cost estimates could not be provided in more than 25 per cent of the 26 functional

<sup>&</sup>lt;sup>11</sup> Unless returned surveys were rejected because cost estimates could not be provided in more than 25 per cent of the 26 functional areas.

#### **APPENDIX A - LIST OF THE 26 FUNCTIONAL AREAS**

- Contribution to Fire and Rescue NSW. Please only include the relevant amount of the emergency service levy invoice from the Ministry for Police and Emergency Services.
- Contribution to NSW Rural Fire Service. Please only include the relevant amount of the emergency service levy invoice from the Ministry for Police and Emergency Services.
- 2a. Contribution to NSW State Emergency Service. Please only include the relevant amount of the emergency service levy invoice from the Ministry for Police and Emergency Services.
- 3. Pensioners rates rebates.

Net cost in \$ incurred due to mandatory pensioners rebates for rates and charges (total amount of mandatory concession minus state reimbursement). Please do not include in your calculation rebates for water supply and sewerage charges as these charges are subject to a separate fund and cost can be recovered across all users.

NSW is the only state that requires councils to fund approximately half the cost of mandatory pensioner concessions (ss575-584 of the Local Government Act (NSW) 1993).

 Voluntary conservation agreements Net cost in \$ incurred due to rate exemptions as a result of voluntary conservation agreements.

Pursuant to section 555 of the *Local Government Act (NSW) 1993*, land (or the proportion of the landholding) that is subject to a voluntary conservation agreement between the landowner and the relevant NSW Minister (environment portfolio) under section 69 of the *National Parks and Wildlife Act (NSW) 1974* is exempt from all council rates.

5. Public library operations.

Cost in \$ representing the proportion of operational expenditure that was not funded by the State Government but would have been funded had the original funding arrangement of a State Government subsidy of half the amount expended by council on the operation of libraries been applied (i.e. shortfall between actual State Government subsidies (prescribed amount pursuant to s13(4)(b) Library Act (NSW) 1939 and the regulation) and the subsidy council would have been eligible for pursuant to s13(4)(a) Library Act (NSW) 1939 (the original funding arrangement of a state subsidy of half the amount expended by council on the operation of the operation of libraries from rate income).

Do not include capital expenditure. Do not enter the total operational expenditure for libraries. Please explain if your figure is larger than half the expenses from continuing operations for public libraries in special schedule 1 of your financial statements.

6. Shortfall in cost recovery for regulation of on-site sewerage facilities. Cost in \$ of services/functions less any revenue related to them (fees, state government payments/subsidies). Please only include necessary costs that cannot be recovered as a result of regulatory constraints. Do not include capital expenditure.

Councils are required to regulate the installation, approve and monitor the operation and keep a register of all on-site sewage management systems (Local Government Act (NSW) 1993).

 Shortfall in cost recovery for regulatory functions/services under the Companion Animal Act (NSW) 1998. Cost in \$ of services/functions less any revenue related to them (fees, state government payments/subsidies). Do not include capital expenditure.

Councils' role was expanded from a pure enforcement role to a regulatory body with functions including preparation of companion animal management plan, operation of lifetime registration system, separation of cats and dogs, maintaining facilities, enforcement, and the collection of fees for the Department of Local Government which returns only a small proportion of those fees to Local Government.

 Shortfall in cost recovery for regulatory functions/services under the Contaminated Land Management Act (NSW) 1997. Cost in \$ of services/functions less any revenue related to them (fees, state government payments/subsidies). Do not include capital expenditure.

Councils are required to respond to contaminated land issues, undertake the administration, registration and mapping of contaminated sites not regulated by the NSW Environment Protection Authority, develop policies, and consider contamination in land-use planning processes.

 Shortfall in cost recovery for functions under the Protection of the Environment Operations Act (NSW) 1997.
 Cost in \$ of regulatory services/functions less any revenue related to them (fees, state government payments/subsidies).

Councils are required to administer the licensing system and enforce protective regulation (issuing of environmental notices, prosecution of environmental offences, undertaking of environmental audits) in relation to all non-scheduled activities not regulated by the NSW Environment Protection Authority.

10. Shortfall in cost recovery for functions as control authority for noxious weed. Cost in \$ of regulatory services/functions less any revenue related to them (fees, state government payments/subsidies; e.g. grants from the NSW Department of Primary Industries) or cost in \$ of net contributions to other authorities for reasonably necessary regulation of noxious weeds on land other than council land and council managed Crown land. Do not include cost of other environmental weeds control or general bushland care. Do not include capital expenditure.

Councils are required to regulate and control noxious weeds pursuant to the Noxious Weeds Act (NSW) 1993 and s183 of the Local Government Act (NSW) 1993.

11. Functions under the Rural Fires Act (NSW) 1997.

Cost in \$ of services/functions less any revenue related to them (fees, state government payments/subsidies). Do not include capital expenditure. Please do not include the contributions to the Rural Fire Service and NSW Fire Brigade covered in questions 1 and 2.

Councils are required to administer and remedy complaints about fire hazards on council property, and to map and administer bushfire prone land (e.g. asset protection work, fire trails). Please include net cost of assistance provided to the Rural Fire Service to fight bushfires declared under s44 of the Rural Fires Act (NSW) 1997 on any land within the council area.

- Immigration services and citizenship ceremonies. Cost in \$ of providing these services less any revenue related to them (fees, state government payments/subsidies).
- 13. Shortfall in cost recovery for administering food safety regulation. Cost in \$ of services/functions less any revenue related to them (fees, state government)

payments/subsidies). Please only include necessary costs that cannot be recovered as a result of regulatory constraints.

Councils are required to undertake registration and inspection of food and food premises under the Food Act (NSW) 2003.

14. Provision of educational services.

Net cost in \$ of providing educational services due to the State Government's withdrawal from providing educational services that should be state government responsibility (e.g. sporting facilities used by public schools, education programs, classes for disadvantages children in youth centres, but not child care as such). Do not include capital expenditure.

Please do not include council education programs the state government would not be responsible for (e.g. waste and sustainability education).

Where facilities are used by other governments (e.g. public schools) please estimate the proportion of operation and maintenance cost allocated to the use by the other level of government (not the total cost of operating the facility).

15. Crime prevention/policing.

Net cost in \$ of crime prevention/policing services in public spaces necessary because of insufficient services by other levels of government (e.g. CCTV surveillance, security patrols, crime prevention programs).

Please note that this only applies to crime prevention or policing activities that should have been undertaken by the state government (e.g. police). It should not include council activities to protect community from other risks (e.g. surfer and swimmer injuries (beach patrols), safety at council events, or security of council facilities). Do not include capital expenditure.

16. Flood Mitigation program.

Cost in \$ representing the proportion of expenditure that was not funded by other levels of government but would have been funded had the original funding arrangement been applied (originally the Australian Government and State Government provided 80% of the required funds; whereas now the Australian Government provides one third and the State Government is required to provide another one third, and the rest has to be made up by council). Please estimate shortfall in actual funding from other levels of government in comparison with what council would have obtained under the original funding arrangement.

Please only include activities that are eligible for or receive funding from other levels of government under the flood mitigation program. Please include in your calculation funding for infrastructure projects.

- 17. Transfer of responsibilities for roads under RMS road reclassification reviews. Net cost (only operational) in \$ associated with all roads inherited due to reclassification of regionally important roads as local roads or state-important roads as regional or even local roads (since the significant reclassifications in the early 1990s). This is supposed to measure the ongoing maintenance cost associated with all roads so transferred since the 1990s – not about the cost associated with transfers in any one year. Please deduct any compensation associated with a reclassification.
- 18. Medical services.

Net cost in \$ of providing medical services necessary because of insufficient services by other levels of government (e.g. retaining general practitioners, nurses and dentists; aboriginal and other medical services required by the community). Do not include capital expenditure.

#### 19. Road safety.

Net cost in \$ of road safety officer/road safety program necessary due to the NSW Government's (RMS) withdrawal of funding or cost of net contribution to other authorities that provide such officer/program. Do not include capital expenditure.

20. Community and human services.

Net cost in \$ of all programs necessary to the community where other levels of government have initiated the program and initially provided adequate funds but now provide inadequate funds or have withdrawn completely; e.g. State Government contribution do not increase in line with these actual costs (e.g. employment cost); i.e. the shortfall between adequate and actual funding for such programs that were initiated by other levels of government. Do not include capital expenditure.

Community and human services include children service program, aged and disabled care programs, community development/liaison programs, youth development programs, aboriginal community programs, cultural development programs etc.

21. Waste levy.

Cost in \$ of paying levy to the State Government dependant on the amount of waste produced by council less any amounts recovered through meeting waste performance criteria (section 88 of the Protection of the Environment Operations Act (NSW) 1997 and Protection of the Environment Operations (Waste) Regulations (NSW) 2005).

The waste levy applies to the Sydney metropolitan area; the Illawarra, Hunter and Central Coast area (extended regulated area); and the area including the Blue Mountains, Wollondilly and local government areas along the coast north of Port Stephens to the Queensland border (regional regulated area).

Please provide estimate of net costs with respect to the 2013/14-scheme with a levy of \$107.80 per tonne (Sydney metro), \$107.80 (extended regulated area), and \$53.70 (regional regulated area).

22. Sewerage treatment system license fee. Cost in \$ of license fee, load based and administrative, to be paid to State Government in relation to sewer effluent discharge.

Councils are required to pay this fee as polluter under the Protection of the Environment Operations Act (NSW) 1997.

23. Waste management site license fee. Cost in \$ of license fee (administrative fee, no load based fee) to be paid to State Government.

Councils are required to pay this fee council as polluter under the Protection of the Environment Operations Act (NSW) 1997.

24. Taking away of revenue from crown reserve land under council management Cost in \$ associated with the NSW Government taking over allowable revenue raising activities on council managed crown reserve land or with requirements to transfer revenue from council managed crown reserve land to the NSW Government Please note that this does not represent the total net cost of managing (maintaining) crown lands.

Please do not include in your calculations transfers associated with the caravan park levy.

Under the Crown Land Act (NSW) 1989, councils have full responsibility to maintain crown reserves under council management and are expected to subsidise shortfalls in maintenance cost from general revenue. This is considered appropriate as the benefits

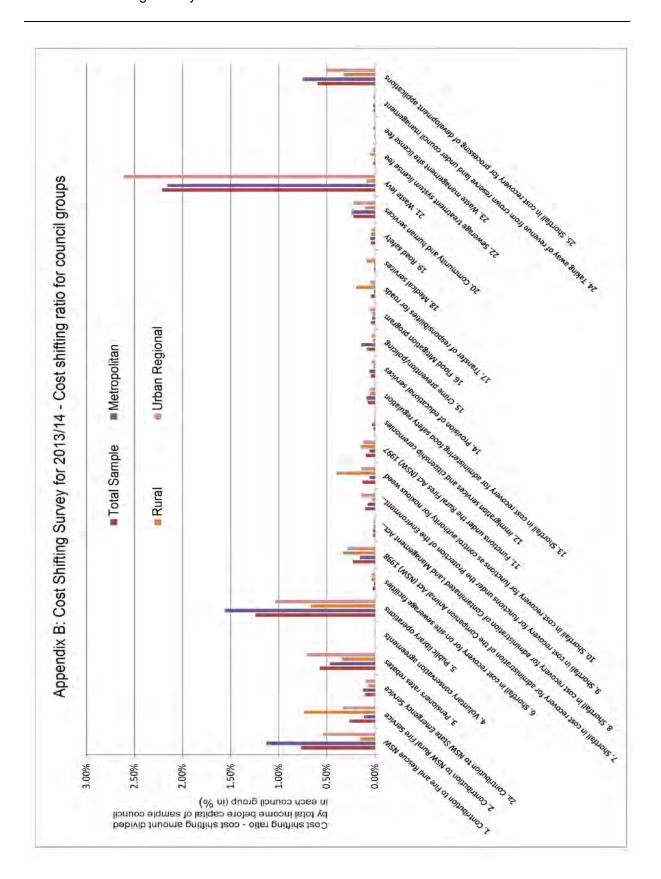
from crown reserves under council management generally accrue to the local community. However, as a result, councils should also be entitled to any current or potential revenue from crown reserves that is required to cover maintenance and improvement cost (e.g. revenue from refreshment facilities, telecommunication facilities). Any action by the State Government to limit revenue raising capacity or require the transfer revenue to the State Government are considered cost shifting.

Please do not include in your calculation any surplus revenue over and above the total amount of maintenance and improvement cost for all of your crown reserve land.

25. Shortfall in cost recovery for processing of development applications

Cost in \$ of processing development applications under the Environmental Planning and Assessment Act (NSW) 1979 and associated regulations less any revenue related to this function (e.g. development application fees, state government payments/subsidies).

Please estimate the amount of costs of processing development applications that cannot be recovered through development application fees or any other related income. Please include costs associated with services by other agencies (e.g. initial fire safety reports from the NSW Fire Brigades, s144 of the Environmental Planning and Assessment Regulation (NSW) 2000).



#### 3.3 Quarterly Budget Review Statement as at 31 December 2015

#### **Reporting Officer**

Manager Financial Services

#### Attachments

Quarterly Budget Review Statement for the period 1 October 2015 to 31 December 2015 (contained within this report)

#### Purpose

A quarterly financial review has been conducted on the original income and expenditure estimates presented in the 2015-2016 budget. The adjustments relating to the review of the original budget allocations are presented for Council's consideration.

#### Introduction

The current planning and reporting framework for NSW Local Government has a greater focus on financial sustainability. In an effort to achieve consistency in reporting between councils, the Office of Local Government introduced a set of minimum requirements and predefined templates to assist councils in meeting their legislative obligations. Collectively, these documents are known as the quarterly budget review statement (QBRS). The latest QBRS under the reporting framework is attached.

#### Report

In accordance with Clause 203 of the *Local Government (General) Regulations 2005*, the Responsible Accounting Officer is required to prepare a quarterly budget review of income and expenditure estimates and submit a report to Council. The QBRS must also include an opinion of the Responsible Accounting Officer concerning the financial position of Council. This report provides an overview of the results of the financial review for the quarter ended 30 December 2015.

In June 2015, Council adopted a balanced budget for 2015-2016. There is no proposed change to the budget result in this review.

The recommended movements relating to income and expenditure are summarised in the attachment and details of significant items greater than \$20,000 are listed in the body of this report for Council's consideration.

In the October to December quarter, Council considered a number of reports that either required an adjustment to budget estimates or requested that consideration be given to funding programs. The recommendations from these reports have been included in this review.

The following items are detailed with corresponding adjustments recommended following the completion of the quarterly financial review:

#### Executive Services - \$46,500 increase in expenditure

Council is a member of a number of advisory and industry organisations and groups. In this financial year additional contributions and membership fees have been incurred. These have been a contribution to the NGAA Fund our Future campaign and a membership to the NSW Business Chamber for Western Sydney First. Funding for this adjustment has been provided for by savings in other areas.

#### Planning Directorate - \$40,000 increase in expenditure

During the current financial year the Planning and Environment Division has been operating with a number of staff acting in higher grade positions due to vacancies and the finalisation of the organisational restructure, as well as the establishment of the Director of Strategy position which was not included in the original budget. This adjustment is required to fund the salary costs anticipated this financial year and can be funded from additional planning income received.

#### Animal Management - \$110,000 increase in expenditure

During the process of upgrading the operation of the Animal Care Facility (ACF), in accordance with Council's resolution of 21 April 2015, four additional temporary positions have been allocated to facilitate interim service level improvements whilst Council revisits the feasibility of contracting out the operation of the ACF.

#### On-Street Parking - \$55,000 increase in income

Income from the parking surveillance program has been supplemented due to the engagement of an additional two parking rangers in 2015. These additional funds have been utilised to offset various adjustments throughout the budget.

#### Building Certification/Development Assessment Unit - \$213,000 increase in income

There has been a continued significant increase in development activity resulting in a marked increase in the number of planning and building developments in the Local Government Area this financial year. This has led to in an increase in the funds received from development applications, damage inspection fees and construction certificates. These additional funds have been utilised to offset various adjustments throughout the budget.

#### Flying Fox Camp Plan of Management - \$45,000 increase in expenditure

Council at its meeting of 14 July 2015 resolved to make representations to governments to secure funding to prepare a Flying Fox Camp Management Plan for the Campbelltown Local Government Area. Council was unsuccessful in securing funding and as per the resolution, funds have been allocated in this financial review to enable Council to proceed with the Plan. This increase in expenditure has been offset by additional planning income received.

#### Strategic Planning - \$67,000 increase in income

There have been a number of planning proposals lodged with Council which have required rezoning application fees. The high volume of proposals was not factored into the original budget calculations resulting in this additional income.

#### Christmas Decorations - \$26,600 increase in expenditure

Council at its meeting of 15 December 2015 resolved to utilise the income that is received as a dividend from the Southern Phone Company to purchase additional Christmas decorations. This adjustment provides for the required purchases.

#### Customer Service - \$106,700 increase in expenditure

As part of the ongoing service review of Customer Service, the General Manager has approved the appointment of two temporary staff for up to six months in the Customer Service Section. In addition to this, a position has been transferred from the Education and Care Section to Customer Service. This adjustment reflects the transfer of costs from Education and Care and also additional funding to employ the new staff.

#### City Services Directorate - \$140,000 increase in expenditure

During the current financial year, the City Services Division has been operating with a number of staff acting in higher grade positions due to vacancies, along with the previous director being on long term leave and subsequent termination payment, as well as the employment of additional staff for special projects which were not included in the original budget. This adjustment is required to fund the salary costs anticipated this financial year and has been funded from salary savings in Assets, Supply and Building Services.

#### **General Operations - Tree Care - \$250,000 increase in expenditure**

The demand for tree maintenance and removal continues to grow. This adjustment is required to fund continuing operations. The additional expense can be funded from increased income received from road and footpath restoration works, mainly as a result of increased activity due the installation of the NBN in the Campbelltown area.

#### Campbelltown Golf Course - \$35,000 increase in expenditure

As per a previous report submitted to Council, funding has been provided to enable the landscaping works requested at the Campbelltown Golf Course. The expenditure can be offset by additional income received from ground leases for the telecommunications towers.

#### Summary

As reported to Council in previous years, the financial objective has been to budget a surplus to improve Council's liquidity ratio. The liquidity ratio has improved to a satisfactory level and as such, a balanced budget is proposed for the 2015-2016 financial year.

As per the Responsible Accounting Officer's statement, the 2015-2016 results continue to support Council's sound financial position in the short to medium term. During 2015-2016, Council will further refine its financial strategy in line with the development of the 10 year Long Term Financial Plan, required by the Integrated Planning and Reporting Framework and determine the most appropriate and financially responsible action for future periods.

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

That the adjustments recommended in the Quarterly Budget Review Statement be adopted.

#### Committee's Recommendation: (Greiss/Lake)

That the Officer's Recommendation be adopted.

#### CARRIED

#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

## **ATTACHMENT 1**

Campbelltown City Council

#### **Quarterly Budget Review Statement**

for the period 01/10/15 to 31/12/15

#### **Report by Responsible Accounting Officer**

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

It is my opinion that the Quarterly Budget Review Statement for Campbelltown City Council for the quarter ended 31/12/15 indicates that Council's projected financial position at 30/6/16 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:

Corinne Mears

Corinne Mears Responsible Accounting Officer date: 27.1.16

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Quarterly Budget Review Statement for the period 01/10/15 to 31/12/15

Income & Expenses Budget Review Statement

	Original		Appro	Approved Changes	ges		Revised	Variations		Projected	Actual
(\$000's)	Budget 2015/16	Carry Forwards	Other than by QBRS	Sep OBRS	Dec OBRS	Mar OBRS	Budget 2015/16	for this Dec Qtr	Notes	Year End Result	YTD
Income											
Rates and Annual Charges	94,933		)	200	•	4	95,133	ą		95,133	95,386
User Charges and Fees	11,102		1	41			11,144	455	F	11,599	7,282
Interest and Investment Revenues	3,693		i	•	•		3,693	1		3,693	973
Other Revenues	4,926		(30)	962	•		5,858	41	2	5,899	5,493
Grants & Contributions - Operating	26,358	'	1,460	(101)	•		27,717	242	•	27,960	19,594
Grants & Contributions - Capital	2,453	15,391	(477)				17,367			17,367	3,628
Total Income from Continuing Operations	143,465	15,391	925	1,102	•	•	160,913	738		161,651	132,356
Expenses											
Employee Costs	62,373	313	232	28		1	62,946	62	4	63,008	33,517
Borrowing Costs	1,458		•		•		1,458	•		1,458	569
Materials & Contracts	23,927	2,862	(1,142)	14	'		25,662	363	s	26,025	10,554
Depreciation	25,918			•	•	•	25,918	'		25,918	3,726
Legal Costs	1,151	•	4	13		r	1,164	10	0	1,174	394
Consultants	951	1,143	403	65	.1	•	2,562	87	2	2,649	734
Other Expenses	31,956	435	191	130	•	4	32,712	203	.0	32,915	17,317
Total Expenses from Continuing Operations	147,734	4,753	(315)	250	•	•	152,422	725		153,147	66,811
Net Operating Result from Continuing Operation	(4,269)	10,638	1,270	852	•	1	8,491	14		8,504	65,545
Discontinued Operations - Surplus/(Deficit)			.t			÷		4		ţ	
Net Operating Result from All Operations	(4,269)	10,638	1,270	852	•	•	8,491	14		8,504	65,545
	1002 31			ł						1000 01	

Campbelltown City Council

#### **Quarterly Budget Review Statement**

for the period 01/10/15 to 31/12/15

#### Income & Expenses Budget Review Statement Recommended changes to revised budget

Budget Variations being recommended include the following material items:

#### Notes Details Increase in income from learn to swim program, footpath and road reinstatements and ground lease 1 rentals. 2 Increase in income from additional parking fine income due to increased surveillance activity. Increase in income received from development application fees, engineering inspection fees and 3 rezoning application fees. Variations in employee costs due to staff vacancies, HGP and acting roles, which in some case have 4 been transferred to fund contracted staff or consultants, and funding for additional temporary staff. Additional contractor costs allocated to fund tree program and to fund increase in the volume of road 5 and footpath restorations due to the NBN rollout in the Campbelltown area. 6 Additional funds allocated to legal advice for Human Resources. Additional consulting services required to finalise the consolidated LEP and to prepare a flying fox plan 7 of management. The movements in Other Expenses are mainly attributable to additional corporate memberships, 8 increases in advertising requirements, utilisation of hired personnel and increased catering costs.

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for the period 01/10/15 to 31/12/15 Quarterly Budget Review Statement

# Capital Budget Review Statement

Budget review for the quarter ended 31 December 2015

	Oliginal		Appro	Approved Changes	es		Revised	Variations		Projected	Actual
(\$000's)	Budget 2015/16	Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS	Budget 2015/16	for this Dec Qtr	Notes	Year End Result	YTD figures
Capital Expenditure New Assets											
- Plant & Equipment	1	1		•	•	•	'	1		'	
- Land & Buildings	332	1,468	1		•	•	1,800			1,800	
- Other		1	ı	1	1		•			1	
Renewal Assets (Replacement)											
- Plant & Equipment	3,977	24	1	•	a.	9	4,001	146	ł.	4,147	
- Office Equipment/Furniture & Fittings	142	156	309	80	•	1	615	(2)	2	610	
- Land & Buildings	4,630	6,116	464	20	•		11,280	(115)	9	11,165	
- Roads, Bridges, Footpaths	13,345	17,241	544	(21)	ł	r	31,079	(11)	4	31,068	
- Stormwater/Drainage	100	242	122			,	464			464	
- Other Assets	300		1	1			300			300	
Loan Repayments (Principal)	4,092		1	1		i	4,092	1		4,092	
Total Capital Expenditure	26,918	25,247	1,439	27	6	÷	53,631	15	_	53,646	_
Capital Funding											
Rates & Other Untied Funding	19,727		1,876	27	4	1	21,630	15	ın	21,645	
Capital Grants & Contributions	2,453	15,391	(477)	•	•	'	17,367	•		17,367	
Reserves:											
- External Resrtictions/Reserves	•	2,266	39	•	•		2,305	(C		2,305	
- Internal Restrictions/Reserves	2,656	7,590	-	•		,	10,247			10,247	
New Loans	•	'	4	1	4		•			1	
Receipts from Sale of Assets											
- Plant & Equipment	2,076			•		•	2,076			2,076	
- Office Equipment/Furniture & Fittings	4	•		1	•	1	4	1		à	
- Land & Buildings		'	,	1	1	r	1	r		1	
- Other Assets	9	'	-1		•	•	9			9	
Total Capital Funding	010 20	76 247	1 420	20			52 624	15		ED CAC	10440

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/12/15 and should be read in conjuction with the total QBRS report

Net Capital Funding - Surplus/(Deficit)

#### Campbelltown City Council

#### **Quarterly Budget Review Statement**

for the period 01/10/15 to 31/12/15

#### Capital Budget Review Statement Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
1	Purchase of replacement van for the Animal Care facility, additional swimming pool equipment and the purchase of a waste display trailer.
2	Purchase of minor equipment and the transfer of funds to the plant and equipment category.
3	Funds transferred from capital budget to fund operational expenditure at the Animal Care Facility and Educational Cycleway.
4	Funds transferred from capital budget to fund operational expenditure on the footpath reconstruction program.
5	Increase in untied funds utilised to fund capital works.

Budget review for the quarter ended 31 December 2015 Cash & Investments - Council Consolidated	2015								
	Opening	Moven	Movement in Reserves	rves	Current	Projected	Proj	Projected	Actual
(\$.000\$)	Balance 2015/16	Income/ Expenses	Transfers to/from	Works in Kind	Balance 2015/16	Movement Dec Otr	Notes Yea	Year End Balance	YTD
Externally Restricted <sup>(1)</sup>									2
Special Rates	1	1	1	1	•			,	1
Stormwater Managemnt	322	1	(165)	,	156	,		156	156
Specific Purpose Grants	3,443	j	(439)	1	3,004	(1,500)		1,504	3,004
Specific Purpose Contributions	3,921		(6)	.1	3,912			3,912	3,912
Developer Contributions - S94	9,609	1,452	(278)	1	10,783	1		10,783	10,783
Developer Contributions - Other	1,047	146		1	1,193			1,193	1,193
Domestic Waste Management	3,347	1	1		3,347			3,347	3,347
Self Insurance Workers Compensation Claims	4,210	1	1	1	4,210	,		4,210	4,210
Total Externally Restricted	25,899	1,598	(892)	•	26,605	(1,500)		25,105	26,605
(1) Funds that must be spent for a specific purpose									
Internally Restricted <sup>(2)</sup>									
Property Development	12,818	1	(2)		12,814	500		13,314	12,814
Committed Works	5,087	1	(1,334)	1	3,753	(2,500)		1,253	3,753
Childcare	1	,	1	1	1	1		3	1
Self Insurance Workers Compensation Claims	1,330	•	1	9	1,330	1		1,330	1,330
Replacement of Plant and Vehicles	2,747	i	(362)	T	2,353	(200)		2,153	2,353
Committed Works funded by Loans	2,985	1	(569)		2,416	(200)		1,916	2,416
Employee Leave Entitlements	10,577	i	1	1	10,577	(009)		9,977	10,577
Environmental Sustainability	426	i	53	1	478			478	478
Asset Replacement	4,844	•	374		5,218	(200)		4,718	5,218
Infrastructure Replacement Fund	20,017	,	J	ì	20,017			20,017	20,017
Olympic Ambassador	100	1	2	1	105	1		105	105
Insurance Claims - Excess	4,706	1	725	4	5,431	1		5,431	5,431
Local Government Elections	439	'	200	i	639	1		639	639
Other	127	0	t	1	127	*		127	127
Total Internally Restricted	66,205	0	(946)		65,259	(3,800)		61,459	65,259
(2) Funds that Council has earmarked for a specific purpose								-	
Unrestricted (ie. available after the above Restrictions)	13,439	(1,598)	1,837		13,679	*		23,767	23,767

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/12/15 and should be read in conjuction with the total QBRS report

Corporate Governance Committee Meeting 9 February 2016 3.3 Quarterly Budget Review Statement As At 31 December 2015

#### Campbelltown City Council

#### **Quarterly Budget Review Statement**

for the period 01/10/15 to 31/12/15

**Cash & Investments Budget Review Statement** 

#### Comment on Cash & Investments Position

The recommended variartions and projected position will not impact on Council's management plan.

#### Investments

Investments have been invested in accordance with Council's Investment Policy.

#### Cash

The Cash at Bank figure included in the Cash & Investment Statement totals \$115,631,382

This Cash at Bank amount has been reconciled to Council's physical Bank Statements. The date of completion of this bank reconciliation is 31/12/15

#### **Reconciliation Status**

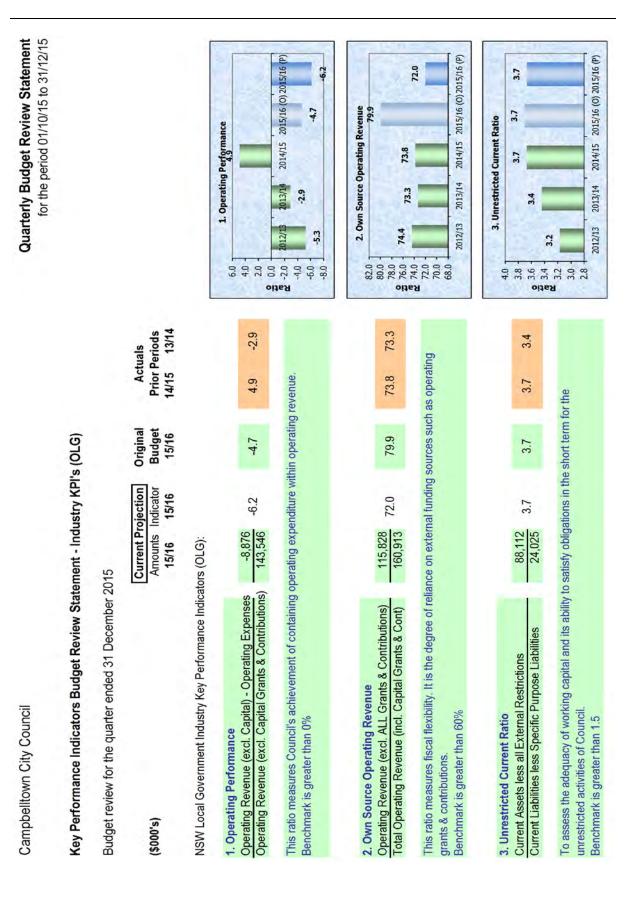
The YTD Cash & Investment figure reconciles to the actua	I balances held as follows:	\$ 000's
Cash at Bank (as per bank statements) Inevstments on Hand		5,531,040 112,818,561
less: Unpresented Cheques add: Undeposited Funds	(Timing Difference) (Timing Difference)	(36,943) 266,344
less: Identified Deposits (not yet accounted in Ledger) add: Identified Outflows (not yet accounted in Ledger)	(Require Actioning) (Require Actioning)	(2,951,271) 3,651
less: Unidentified Deposits (not yet actioned) add: Unidentified Outflows (not yet actioned)	(Require Investigation) (Require Investigation)	1
Reconciled Cash at Bank & Investments		115,631,382
Balance as per Review Statement:		115,631,382
Difference:		-

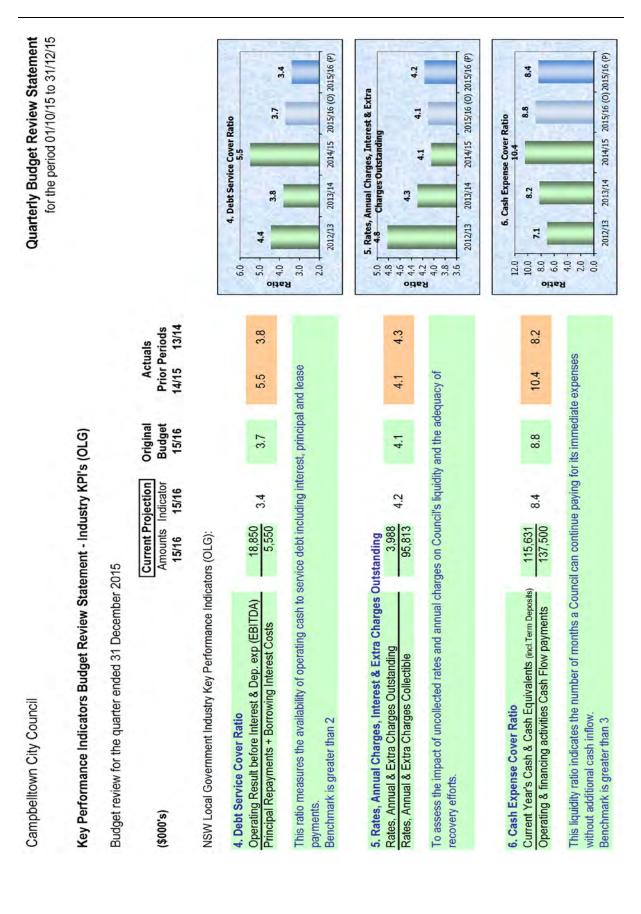
#### Recommended changes to revised budget

Budget Variations being recommended include the following material items:

#### Notes Details

N/A





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Quarterly Budget Review Statement for the period 01/10/15 to 31/12/15

# **Contracts Budget Review Statement**

		Procurement Process	Start	Duration Budgeted	sudgeted	Notes
Contractor	Contract detail & purpose	Undertaken	Date	of Contract	(NIN)	
EXPENDITURE \$50,000 - \$150,000						
Toolijooa Pty Ltd	Q15/14 Aquatic Weed Mapping	Public Quotation	12/10/15	2 years with 1 x 12 month option for extension	۲	
Samson Hygiene Services Pty Ltd	Q15/20 Servicing of Sanitary and Nappy Units	Public Quotation	06/11/15	1 year with 2 x 12 month options for extension	7	2
Strategic Leisure Pty Ltd	Q15/22 Development of a Sport and Recreational Strategy	Public Quotation	28/10/15	Until completion	7	
Perma-Liner Industries Australia Pty Ltd	Q15/25 Storm Water Joint Sealing Maintenance Program	Public Quotation	20/11/15	Until completion	۲	2
EXPENDITURE \$150,000 - \$300,000						
Mobile Stage Truck Pty Ltd	T15/25 Audio, Visual and Staging Requirements	Public Tender	18/11/15	1 year with 2 x 12 month options for extension	7	
Creative Recreation Solutions Moduplay Group Pry Ltd Forpark Australia Ply Ltd	Q15/24 Design and Install Playspaces	LGP	27/10/15	Until completion	*	e
Shore Contracting Pty Ltd	Q15/27 Kerb and Gutter Reconstruction Program	Public Quotation	14/12/15	Until completion	7	
EXPENDITURE > \$300,000						
Ascending Tree Services Pty Ltd BJ'S Tipper Hire Pty Ltd Treeserve Pty Ltd	T 15/26 Tree Pruning and Arboricultural Services	Public Tender	03/12/15	2 years with 2 x 12 month options for extension	~	-
Picton Power Lines Pty Ltd	T15/18 Street Lighting on Eagle Vale Drive	Public Tender	17/12/15	Until completion	۲	

Minimum reporting level is 1% of estimated income from continuing operations of Council or \$50,000 - whatever is the lesser.
 Contracts listed are thoseentered into during the guarter being reported and exclude contractors on Council's Preferred Supplier list.
 Contracts for employment are not required to be included.

Corporate Governance Committee Meeting 9 February 2016 3.3 Quarterly Budget Review Statement As At 31 December 2015

#### Campbelltown City Council **Quarterly Budget Review Statement** for the period 01/10/15 to 31/12/15 **Contracts Budget Review Statement Comments & Explanations relating to Contractors Listing** Notes Details Contract price is per service, distributed amongst the panel therefore contract value is an estimation 1 only. 2 Contract price is per services only therefore contract value is an estimation only. 3 Contract price is per service, distributed amongst the panel. Campbelltown City Council **Quarterly Budget Review Statement** for the period 01/10/15 to 31/12/15 **Consultancy & Legal Expenses Budget Review Statement**

**Consultancy & Legal Expenses Overview** 

Expense	YTD Expenditure (Actual Dollars)	Bugeted (Y/N)
Consultancies	734,389	Y
Legal Fees	393,732	Y

#### Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a concultant from other contractors.

#### Comments

Expenditure included in the above YTD figure but not budgeted includes:

#### Details

#### N/A

#### 3.4 Investment Report - November and December 2015

#### **Reporting Officer**

Manager Financial Services

#### Attachments

- 1. Investment portfolio performance for the month of November 2015 (contained within this report)
- 2. Investment portfolio performance for the month of December 2015 (contained within this report)

#### Purpose

To provide a report outlining Council's investment portfolio performance for November and December 2015.

#### 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* require a monthly investment report be presented to Council.

Council's Investment Portfolio as at 31 December 2015 stood at approximately \$113m. 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	November	December
Council Managed Funds	3.22%	3.09%
Benchmark: AusBond Bank Bill Index	2.09%	2.15%

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	November	December
Council Managed Funds	3.39%	3.34%
Benchmark: AusBond Bank Bill Index	2.36%	2.28%

Council's portfolio as at 31 December 2015 is diversified with 73% in term deposits of varying lengths of maturity which are managed in accordance with market expectations and Council's investment strategy, 22% 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 December
Short term at call	\$1,019,470
0 – 3 months	\$60,878,160
3 – 6 months	\$18,712,671
6 – 12 months	\$27,208,260
12 months +	\$5,000,000

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

Credit exposure	31 December
AAA to AA-	60%
A+ to A-	34%
BBB+ to BBB-	6%
Other approved deposit taking institutions	0%

#### **Economic outlook**

The Board of the Reserve Bank of Australia (RBA) left the cash rate unchanged at the present level of 2% at its 1 December 2015 meeting, which was as anticipated by most market economists.

The statement of monetary policy accompanying the decision indicated that available information suggested moderate expansion in the economy, with business sentiment surveys being favourable of gradual improvement in conditions. Inflation has remained low and is forecast to remain consistent with the target for the next one to two years.

Whilst the Board members observed that the inflationary outlook may provide scope for further easing of interest rates in the future, it was judged that at present no change to monetary policy was appropriate at this point in time and that any improvement in economic conditions would be assessed in future decisions.

#### 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: (Kolkman/Mead)

That the Officer's Recommendation be adopted.

#### CARRIED

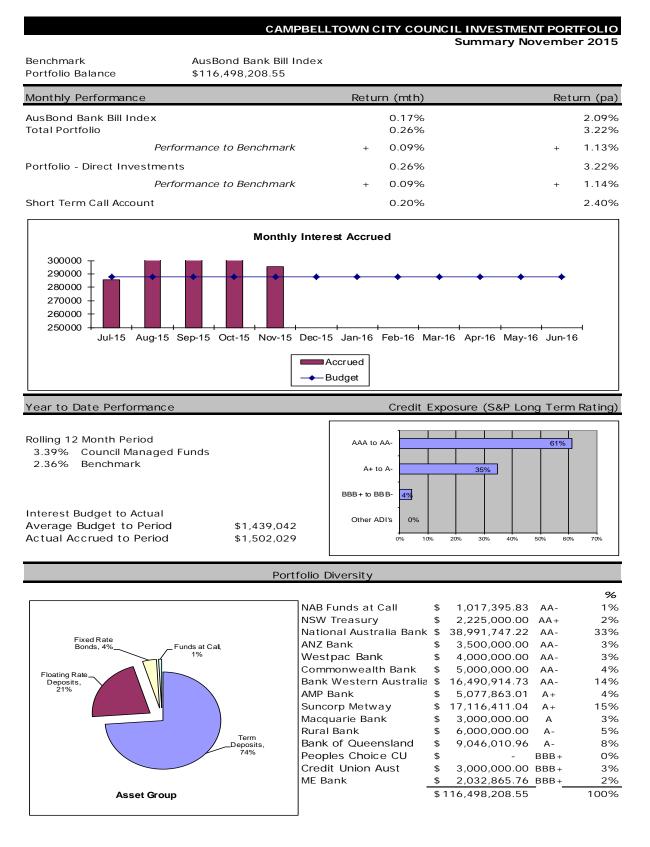
#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

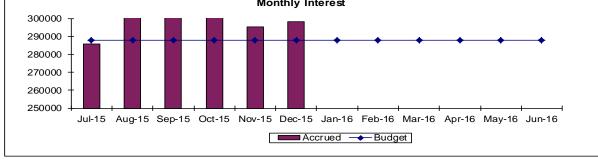
# **ATTACHMENT 1**

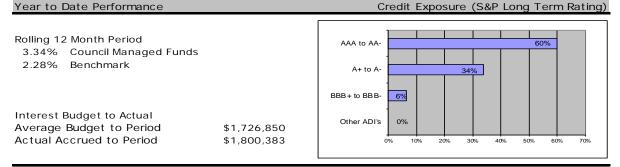


# **ATTACHMENT 2**

#### CAMPBELLTOWN CITY COUNCIL INVESTMENT PORTFOLIO

				Summary D	ecemb	er 2015
Benchmark Portfolio Balance	AusBond Bank Bill Index \$112,818,560.72					
Monthly Performance		Retu	rn (mth)		Ret	urn (pa)
AusBond Bank Bill Inde Total Portfolio	ex		0.18% 0.26%			2.15% 3.09%
	Performance to Benchmark	+	0.08%		+	0.94%
Portfolio - Direct Inves	tments		0.26%			3.09%
	Performance to Benchmark	+	0.08%		+	0.95%
Short Term Call Accour	nt		0.20%			2.40%
	Monthly	Interest				





#### Portfolio Diversity

		_			%
		NAB Funds at Call	\$ 1,019,469.64	AA-	1%
		NSW Treasury	\$ 2,810,000.00	AA+	2%
Fixed Rate		National Australia Bank	\$ 38,991,747.22	AA-	35%
Bonds, 4%	Funds at Call, 1%	ANZ Bank	\$ 3,500,000.00	AA-	3%
	Ń	Westpac Bank	\$ 4,000,000.00	AA-	4%
Floating Rate		Commonwealth Bank	\$ 5,000,000.00	AA-	4%
Deposits, 22%		Bank Western Australia	\$ 12,277,754.82	AA-	11%
		AMP Bank	\$ 5,077,863.01	A+	5%
		Suncorp Metway	\$ 15,062,849.31	A+	13%
		Macquarie Bank	\$ 3,000,000.00	А	3%
	Term	Rural Bank	\$ 6,000,000.00	A-	5%
	73%	Bank of Queensland	\$ 9,046,010.96	A-	8%
		Credit Union Aust	\$ 3,000,000.00	BBB+	3%
		ME Bank	\$ 4,032,865.76	BBB+	4%
Asset Gr	oup		\$ 112,818,560.72		100%

#### 3.5 Sundry Debtors Report - December 2015

#### **Reporting Officer**

Manager Financial Services

#### Attachments

- 1. Debtors summary to 31 December 2015 (contained within this report)
- 2. Ageing of sundry debts to 31 December 2015 (contained within this report)

#### Purpose

To provide a report detailing the amount outstanding by type and age for sundry and miscellaneous debts for the period ending 31 December 2015.

#### Report

Debts outstanding to Council as at 31 December 2015 are \$2,114,272 reflecting an increase of \$612,418 since November 2015. The ratio of outstanding debts to current invoices has decreased from 29.3% in October to the current level of 11.3%. 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 – December 2015

During the month, 1138 invoices were raised totalling \$985,686. 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 Grant -\$367,846 – The main invoices relate to:

Crime Prevention and Federal Offenders Branch - Safer Street Programme - Campbelltown City Council - CCTV for Campbelltown and Ingleburn CBD's Project Grant	\$130,000
Australia Council For The Arts – 2016 Campbelltown Arts Centre Live Art Program SWARM and 2016 - Aboriginal Musicians Strategy	\$100,364 (paid)
NSW Environmental Trust - Bush Connect Grants Program - O'Hares Creek Catchment	\$67,482
Thyne Reid Foundation Grant - Little Orange Artist Studio Year 1 (2016)	\$50,000 (paid)
Department of Infrastructure and Regional Development - Milestone 4 payment - Campbelltown City Rugby League Club Amenities Upgrade Project	\$20,000

Land and Building Rentals – \$124,884 – the main invoices relate to:

Aldi Foods Pty Ltd - monthly rental Macquarie Fields	\$25,214
Nuvezo Pty Ltd - monthly rental Campbelltown	\$24,243
Glenquarie Hotel Pty Ltd - monthly rental Macquarie Fields	\$20,438
Caltex Oil Australia Pty Ltd - monthly rental Macquarie Fields	\$15,974
Mycorp Group Pty Ltd - monthly rental Macquarie Fields	\$13,878

Footpath and Road Restoration – \$107,749 – the main invoices relate to:

Silcar Pty Ltd and Theiss Services – road restoration various locations within	\$107,749
Campbelltown Local Government Area	(paid)

Pool Hire - \$94,344 – the main invoices relate to:

St Catherine of Sienna Primary School - Learn to Swim Program	\$51,000
John Edmondson High School – Learn to Swim Program	\$12,650
Macarthur Adventist primary School – Learn to Swim Program	\$10,761

Receipts to the value of \$971,945 have been received during the period, the most notable in the following areas:

Government and other Grants	\$355,898
Corporate Administration	\$192,689
Land and Building Rentals	\$109,307
Road and Restorations	\$61,845
Pool Hire	\$46,905

#### Sundry debts outstanding – 31 December 2015

Debts exceeding 90 days of age totalled \$193,784 as at 31 December 2015. The major invoices relating to this balance include:

Description	Date	Balance at
	Invoiced	31 December 2015
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	\$5,200
Casper's Baseball Club - electricity charges. Club is experiencing financial difficulty, however have been making irregular payments to reduce the debt. Council continues to meet with club and Macarthur Baseball to resolve debt	17/12/12 to 17/06/15	\$6,946
Insight Mercantile Pty Ltd - abandoned motor vehicle, unable to locate owner of the vehicle. Vehicle held at auction house preparing for sale. Auction house is obtaining legal advice in regard to encumbrance laws delaying sale of vehicles	18/07/14	\$2,799
GE Automotive - abandoned motor vehicle, unable to locate owner of the vehicle. Vehicle held at auction house preparing for sale. Auction house is obtaining legal advice in regard to encumbrance laws delaying sale of vehicles	05/07/12	\$5,709

Debtor 10074366.5 - motor vehicle accident at the Animal	05/06/14	\$1,981
Care Facility. Insurance company has agreed to pay debt		
and legal costs. Payment expected end January 2016		
Master Woodturning - land value associated with walkway	20/11/14	\$54,129
closure adjoining 37 Lancaster Street, Ingleburn. Payment		
is being held in trust by Council's solicitor and will be		
released to Council once plans have been registered with		
the Land Titles Office		
Bastow Civil Constructions - road restoration - various	19/08/15	\$13,058
locations The Parkway Bradbury		
Campbelltown City Kangaroos RLFC - various invoices	30/08/15	\$5,826
relating to hire of Campbelltown Football Stadium, field hire		
and electricity charges. Seven day letter has been issued		
and contact made with the club who advised that payment		
would be made, expected end of January 2016		
Debtor 10074441.6 – child care fees – contact made with	07/05/15	\$1,826
Family and Community Services, change of office and		
caseworker has delayed payment but is expected to be		
finalised by end of January 2016		
Debtor 10075795.4 – road restoration - 13 Bensbach Road	31/07/15	\$2,600
Glenfield – seven day letter has been issued, no contact		
from debtor, will escalate to Council's debt recovery agents		
in January 2016		
Debtor 10073212.2 – shop licence inspection fees and legal	24/09/13	\$3,042
recovery costs, examination order filed by Council's debt		
recovery agents. Attended court and arrangement made by		
debtor \$200 per fortnight. Defaulted on arrangement, bank		
garnishee ordered December 2015		

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

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

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

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

During the month eight 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 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/Mead)

That the Officer's Recommendation be adopted.

#### CARRIED

#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

DEBTOR TYPE/DESCRIPTION	ARREARS AT 30/11/2015	RAISED THIS PERIOD	RECEIVED THIS PERIOD	BALANCE AT 31/12/2015	% DEBT RATIO
Corporate Administration	218,645	24,173	192,689	50,128	29.49%
Abandoned Items	6,662	0	0	6,662	0.35%
Education and Care Services	18,710	0	0	18,710	0.98%
Community Bus	359	0	270	89	0.01%
Sportsground and Field Hire	26,113	24,136	19,336	30,913	5.46%
Government and other Grants	1,438,541	367,846	355,898	1,450,488	12.87%
Public Hall Hire	17,825	33,465	28,936	22,354	1.39%
Health Services	350	0	0	350	0.02%
Land and Building Rentals	44,098	124,884	109,307	59,675	5.63%
Healthy Lifestyles	2,595	38,048	31,709	8,934	0.15%
Library Fines and Costs	0	0	0	0	0.00%
Licence Fees	36,803	21,204	15,832	42,175	1.85%
Pool Hire	13,267	94,344	46,905	60,705	0.39%
Private Works	9,434	0	450	8,984	0.52%
Road and Footpath Restoration	107,039	107,749	61,845	152,943	28.17%
Shop and Office Rentals	24,048	25,737	30,579	19,206	2.17%
Various Sundry Items	109,922	65,295	39,262	135,955	6.42%
Waste Collection Services	64,801	58,805	38,928	84,678	6.17%
	1,501,854	985,686	971,945	2,114,272	100%

Corporate Governance Committee Meeting 9 February 2016 3.5 Sundry Debtors Report - December 2015

# **ATTACHMENT 1**

Description	Current Charges	Total 30 Days	Total 60 Days	Total 90+ Days	Balance Due	H	d
Cornorate Administration	22 650	10 984	2 463	620 71	50 128		
Abandoned Items	0	0		6,662			
Education and Care Services	18,710	0	0	0	,		
Community Bus	89	0	0	0	89		
Sportsground and Field Hire	10,727	144	9,474	10,568	30,913		
Government and other Grants	217,482	1,197,538	0	35,468	1,450,488		
Public Hall Hire	14,569	4,332	382	3,071	22,354		
Health Services	0	0	0	350	350		
Land and Building Rentals	57,699	1,064	911	0	59,675		
Healthy Lifestyles	8,580	275	0	62	8,934		
Licence Fees	16,794	3,696	3,560	18,126	42,175		
Pool Hire	59,080	452	278	895	60,705		
Private Works	1,189	0	0	7,795	8,984		
Road and Footpath Restoration	107,749	13,924	13,932	17,338	152,943		
Shop and Office Rentals	11,307	4,240	3,659	0	19,206		
Various Sundry Items	42,578	3,881	10,096	79,401	135,955		
Waste Collection Services	72,052	12,626	0	0	84,678		
	622,577	1,253,157	44,754	193,784	2,114,272		

Previous Month 90+ days	70.604	6,662	0	0	14,496	178,468	4,219	350	4,605	278	22,935	640	8,695	4,589	467	72,160	0	389, 167	

**ATTACHMENT 2** 

# 3.6 Monthly Rates Summary

#### **Reporting Officer**

Manager Financial Services

#### Attachments

- 1. Monthly rate 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 annual rates and charges levy and cash collections for the period ending 31 December 2015.

#### Report

Rates and Charges levied for the period ending 31 December 2015 totalled \$97,101,523 representing 99% of the estimated total annual budget.

Receipts collected to the end of December totalled \$54,900,894. This amount represents 55.4% of all rates and charges due to be paid. In comparison, the amount collected in the same period last year was 54.3%.

The second quarterly instalment became due for payment on 30 November 2015. An analysis of payments has revealed that 49% 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 33% of all payments made.

Debt recovery action in regard to missed instalments commenced early in December and involved the issue of 8420 missed instalment reminder notices to all ratepayers with an outstanding balance of less than \$500. Ratepayers with balances exceeding \$500 received a seven-day letter of demand requesting urgent attention to payment of the amount due or suitable arrangements to be made on or before 20 December 2015. To avoid financial strains on ratepayers over the Christmas holiday period, a second seven-day letter was deferred until early January 2016.

Letters were issued to 2204 ratepayers on 10 December 2015 with the total amount due by ratepayers in arrears at \$2,406,520.

Page 106

Ratepayers who have purchased property since the instalment notices were issued are sent a 'Notice to New Owner' letter. This letter advises ratepayers of the annual amount levied and any balance unpaid since settlement occurred. During December, 49 of these notices were sent to ratepayers.

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

That the information be noted.

#### Committee's Recommendation: (Lake/Greiss)

That the Officer's Recommendation be adopted.

#### CARRIED

#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

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	2,443,224.65 54,430,506.63	1,405,056.41	398,398.66	55,867,073.53	30,478,726.76	25,388,346.77	306,773.85	25,695,120.25
BUSINESS	436,057.49	436,057.49 17,753,686.06		37,721.07	18, 227, 464.62	10,469,254.02	7,758,210.60		7,758,210.60
<b>BUSINESS - IND</b>	100.30	0.00		0.00	100.30	0.00	100.30		100.30
FARMLAND	0.00	597,545.27	884.79	2,105.09	598,765.57	238,418.14	360, 347.43	147,078.07	507,425.50
MINING	0.00	23,937.48		0.00	23,937.48	23,937.48	00.00		0.00
LOAN	75,640.51	2,659.96		1,423.42	79,723.89	9,081.24	70,642.65	26,941.79	97,584.44
<b>INFRASTRUCTURE</b>	206, 769.81	5,682,024.66		6,497.94	5,895,292.41	3, 215, 165.57	2,680,126.84	17,042.41	2,697,169.25
F5 ACCESS RAMPS	379.22	0.00		0.00	379.22	0.00	379.22		379.22
TOTAL	\$3,142,670.23 \$78,490,	\$78,490,360.06	\$1,405,941.20	\$446,146.18	\$446,146.18 \$80,692,737.02	\$44,434,583.21	\$36,258,153.81	\$497,836.12	\$36,755,989.56
GARBAGE	674,774.34	674,774.34 18,295,158.99	829,784.44	22,079.39	22,079.39 18,162,228.28	9,867,896.78	8,294,331.50		8,294,331.50
STORMWATER	49,776.92	49,776.92 1,041,512.29		310.24	1,091,599.45	598,414.19	493, 185.26		493, 185.26
GRAND TOTAL	\$3,867,221.49 \$97,827,	\$97,827,031.34	\$2,235,725.64	\$468,535.81	\$468,535.81 \$99,946,564.75	\$54,900,894.18	\$54,900,894.18 \$45,045,670.57	\$497,836.12	\$497,836.12 \$45,543,506.32

# ANALYSIS OF RECOVERY ACTION

0.00

-473, 192. 41

Overpayments Difference

Total from Rates Financial Transaction Summary 45,070,313.91

Rate accounts greater than 6 months less than 12 months in arrears	425,438.19
Rate accounts greater than 12 months less than 18 months in arrears	105,785.29
Rate accounts greater than 18 months in arrears	37,273.95
	\$568,497.43

# **ATTACHMENT 1**

DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	BALANCE STILL REQD.	% RAISED
RESIDENTIAL	53,878,600	54,278,600	54,430,507	(121,907)	100.28%
BUSINESS	17,935,000	17,585,000	17,753,686	(168,686)	100.96%
FARMLAND	459,900	006'609	617,047	(7,147)	101.17%
MINING	23,900	23, 900	23,937	(37)	100.16%
INF RAS T R UCT URE	5,631,700	5,631,700	5,682,025	(50, 325)	100.89%
TOTALS	77,929,100	78,129,100	78,507,202	(378, 102)	100.48%
INTEREST CHARGES	238,000	238,000	141,554	96,446	59.48%
LEGAL COSTS RECOVERED	840,000	840,000	326,982	513,018	38.93%
PENSIONERS - Sec 575	(1,837,700)	(1,837,700)	(1,863,346)	25,646	101.40%
PENSIONERS - Sec 582	(389,800)	(389,800)	(372,380)	(17,420)	0.00%
PENSIONERS SUBSIDY	1,010,735	1,010,735	1,024,840	(14, 105)	101.40%
SUB TOTAL	77,790,335	77,990,335	77,764,852	225,483	99.71%
DOMESTIC WASTE CHARGES	17,621,100	17,621,100	17,772,594	(151,494)	100.86%
COMMERCIAL WASTE CHARGES	444,600	444,600	522,565	(77,965)	117.54%
STORMWATER MNGMNT	1,138,000	1,138,000	1,041,512	96,488	91.52%
GRAND TOTALS	96, 994,035	97,194,035	97,101,523	92,512	%06.99
COLLECTIONS AS A % OF:	TOTAL	TOTAL		TOTAL	TOTAL
I	RECEIVABLE	LEVIED	l	RECEIVABLE	LEVIED
RESIDENTIAL	54.56%	56.00%			
BUSINESS	57.44%	58.97%	KAIES	%/0.69	56.61%
FARMLAND	39.82%	39.90%	WASTE	54.33%	53.94%
INFRASTRUCTURE	54.54%	56.58%	STORMWATER	54.82%	57.46%
ALL RATES	55.07%	56.61%	TOTAL RATES & CHARGES	55.40%	56.60%

# **ATTACHMENT 3**

RATES STATISTICS

No. of documents Issued	your	August	September	October	November	December	January	July August September October November December January February	March	April	Nay	June	Dec-15
Rate Notices	50,454	56		121									
Electronic - DoH	5,427												
Instalment Notices				43,741									
Electronic - DoH				5,389									
Missed Instalment Notices			8,315			7,866							7,734
- Pensioners > \$15.00			586			554							485
Notice to new owner	105	51	41	21	35	46							41
7-day Letters - Council issued			2,073			2,023							2,058
- Pensioners > \$500.00			170			181							16
7-day Letters - Agent Issued			581										
Statement of Claim	209	58	13	220	18	H							3
Judgments	16	4	19	12	3	3							9
Writs	n	29	11	6	Ħ	18							21
eRates	1,543	1,601	1,611	1,640	1,654	1,660							1,367
Arrangements	351	298	373	396	114	355							391

#### 3.7 General Valuation - base date 2015

#### **Reporting Officer**

Manager Financial Services

#### Attachments

Land valuation changes between 2012 and 2015 by locality (contained within this report)

#### Purpose

To update Council on the effects of valuation movements in the recent general valuation supplied by the Valuer-General.

#### Report

The Valuer-General's Department supplied new valuations to Council in November 2015. The valuations have since been imported into Council's computer database enabling further analysis.

In total the land valuation register increased from \$11.688b to \$16.712b, in percentage terms this represents an increase of 42.99%.

The Valuer-General's Department issued valuation notices to all land owners within the Local Government Area (LGA) on 18 January 2016. Ratepayers have the opportunity to request a review of their land valuation. Information regarding this process is included with the valuation notice and to anyone that contacted Council for assistance.

Comparisons of valuation changes have been grouped into the three key rating categories within the LGA: Residential, Business and Farmland. The average valuation changes from 1 July 2012 base date to 1 July 2015 for Residential land is an increase of 55.78%, Farmland is an increase of 24.11% and Business land is an increase of 26.79%.

The most significant changes to Residential land values have been increases in the Ingleburn, Blairmount, Macquarie Fields and Airds localities with increases of 89%, 84%, 81% and 80% respectively. Farmland values in Blairmount, Eagle Vale and Glenfield have increases of 88%, 63% and 46%.

Business land values for commercial premises such as shops, shopping centres, taverns, hotels and any other land that could not be categorised as being used for the purposes of residential or farming increased by between 5% and 97%, on average these valuations changed by 27%.

The effect of these valuation increases on individual ratepayers will be subject to a presentation to Council as part of the annual budget process.

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

That the information be noted.

#### Committee's Recommendation: (Lake/Borg)

That the Officer's Recommendation be adopted.

#### CARRIED

#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

# **ATTACHMENT 1**

Changes in Land Valuations from 2012 to 2015 by locality

Locality	Residential	Farmland	Business
Airds	80.23%		18.63%
Ambarvale	48.99%		95.92%
Bardia	39.57%		27.55%
Blair Athol	24.55%		63.91%
Blairmount	84.04%	87.66%	79.41%
Bow Bowing	29.81%		27.76%
Bradbury	46.11%		29.82%
Campbelltown	54.22%	9.87%	33.08%
Claymore	72.09%		86.25%
Denham Court	40.11%	35.28%	27.19%
Eagle Vale	50.59%	62.86%	44.03%
Englorie Park	46.90%		96.66%
Eschol Park	47.46%	8.26%	45.20%
Gilead	4.24%	9.16%	7.33%
Glen Alpine	23.08%		57.96%
Glenfield	59.60%	46.48%	46.28%
Ingleburn	89.40%		20.10%
Kearns	47.09%	10.12%	58.23%
Kentlyn	11.54%	11.28%	14.43%
Leumeah	57.79%		20.19%
Long Point	20.60%		4.99%
Macquarie Fields	80.58%		46.94%
Macquarie Links	15.46%		
Menangle Park	51.36%	9.84%	29.12%
Minto	60.32%	11.21%	20.32%
Minto Heights	11.97%	11.17%	
Raby	47.64%		44.66%
Rosemeadow	40.15%		40.69%
Ruse	50.70%		77.09%
St Andrews	30.31%		52.85%
St Helens Park	32.78%	11.22%	59.19%
Varroville	13.59%	11.20%	10.36%
Wedderburn	31.66%	28.03%	4.94%
Woodbine	58.90%		
Average	55.78%	24.11%	26.79%

#### 4. HUMAN RESOURCES

#### No reports this round

#### 5. INFORMATION MANAGEMENT AND TECHNOLOGY

#### 5.1 Online Report - July to December 2015

#### **Reporting Officer**

Manager Information Management and Technology

#### Attachments

Online Report – July to December 2015 (contained within this report)

#### Purpose

To provide Council with information on the visitation patterns for Council's website and overall online presence during the July to December 2015 period.

#### History

To provide Council with information on the visitation patterns for Council's website during the July to December 2015 period.

#### Report

Council's website provides a range of information on programs, initiatives, services and events that can be accessed by visitors. Using Google Analytics, statistics on the usage patterns of our website are obtained for reporting purposes, including information about the total number of visits, most commonly accessed pages and how users are accessing the site.

This report also provides insights into Council's overall online presence, with information and statistics on:

- Council's Facebook pages
- Visit Macarthur website
- Fisher's Ghost website
- eNewsletters.

#### Website Redevelopment

The Website Redevelopment Project team have been working with the new website vendor, Seamless on developing Council's new website which is on track for an April 2016 launch. There will be a presentation to Councillors before the website launch.

#### **Online Report Feature: Social Media**

The attached report highlights how Council uses Facebook to engage the community, with 12 pages helping to share information about Council events, initiatives and programs to target audiences. In particular, Council's corporate Facebook page has proven an effective tool to inform and engage the wider community.

Posts about playgrounds have prompted lots of commentary, shares and participation. It also acts as a key information source for any event changes/cancellation/weather updates etc. – for example, a post about the Fisher's Ghost Carnival closure due to extreme weather conditions reached more than 3,000 people within an hour of posting. Likewise, notification of sports ground closures is popular in terms of reach and sharing.

Facebook has also proven to be an effective way of promoting events. Our most popular posts are often photo albums of community events (for example, an album of Fisher's Ghost Street Parade images reached more than 7,000 people and had more than 150 likes).

Please refer to the attached online report for statistical information.

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

That the information be noted.

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

That the Officer's Recommendation be adopted.

#### CARRIED

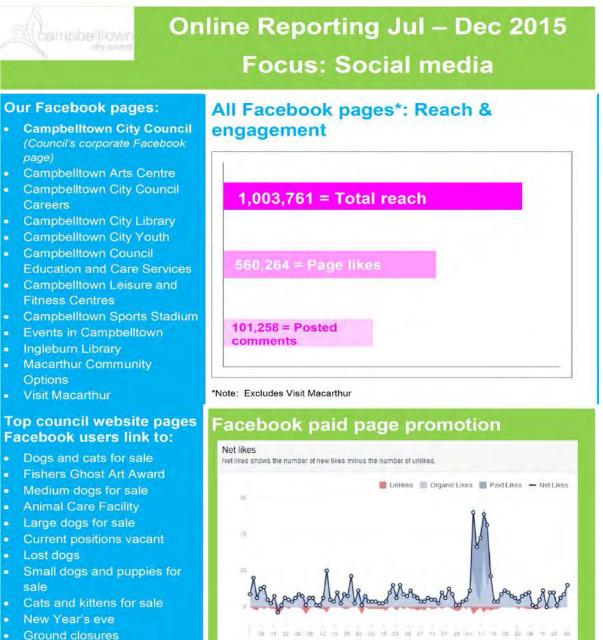
#### Council Meeting 16 February 2016 (Mead/Lake)

That the Officer's Recommendation be adopted.

#### **Council Resolution Minute Number 15**

That the Officer's Recommendation be adopted.

# **ATTACHMENT 1**



#### Top social networks:

- Facebook
- Twitter
- Blogger
- Weebly
- LinkedIn

We ran a low cost promotion on Council's corporate Facebook page in November which resulted in a significant increase in page likes.

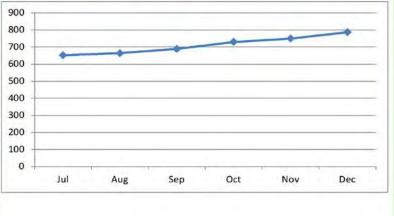
Top posts	Total reach	Post clicks	Likes received
60th Annual Fisher's Ghost Carnival	7,199	829	.271
Fisher's Ghost Street Parade	7,179	10,938	193
Council – LIVE, WORK, PLAY and INVEST video	4,655	836	137
Mayor's Christmas video	4,127	1,038	145
		1	1
Community engagement posts	Total reach	Post clicks	Likes received
	Total reach	Post clicks	Likes received
Community engagement posts			
Community engagement posts Abington Reserve, Glen Alpine	13,655	2,128	350
Community engagement posts Abington Reserve, Glen Alpine Manooka Reserve, Bradbury	13,655 9,475	2,128 954	388

#### eNewsletter subscriptions...

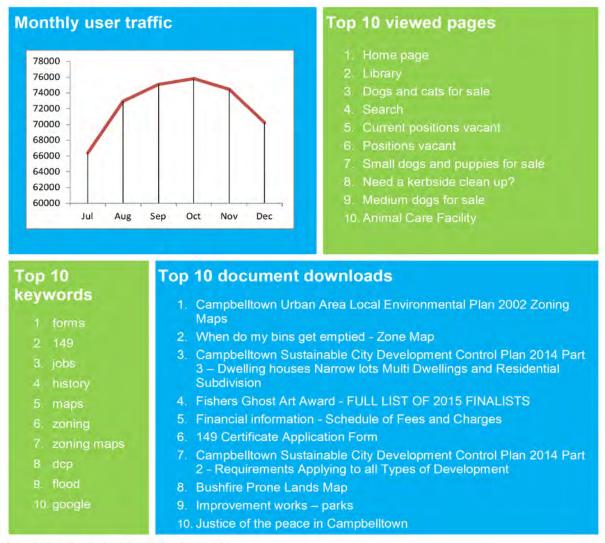
#### Total number of subscribers:

- Council's corporate eNewsletter = 787
- Visit Macarthur eNewsletter = 1,372
- Arts Centre electronic direct mail flyers
   = 3,500

# Council's corporate eNewsletter: Subscription increase



#### Council Website insights<sup>#</sup>...



#Note: All Council website stats exclude internal traffic

#### Visit Macarthur insights...

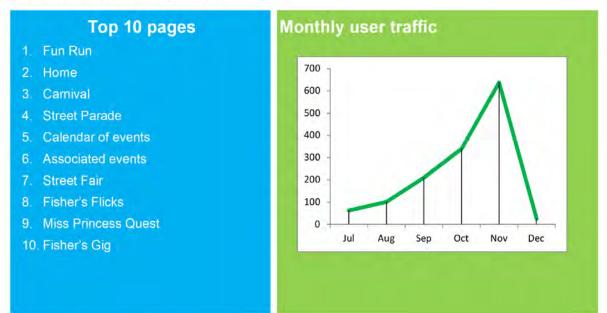
#### Overview

- New visitors 67.9%
- Returning visitors 32.1%
- Page views 212,140
- Sessions 97,418 (which is 13.5% increase over previous six month period)
- Facebook likes for Visit Macarthur page 10,737

#### Top 5 website pages

- 1. What's On
- 2. Dining
- 3. Attractions
- 4. Functions
- 5. Trip planner / maps

### Fishers Ghost insights...



## eService insights ...

	Oct	ober	Nove	ember	Dece	mber	Total lodgments by residents during Oct-Dec
eService	Council	Resident	Council	Resident	Council	Resident	Percentage
Kerbside clean up	2,845	1,614	2,511	1,688	2,739	2,139	<mark>40%</mark>
Missed service(bins)	660	39	562	32	622	73	7%
Damaged bins	291	45	314	49	284	65	15%
Illegally dumped rubbish	158	102	181	53	195	92	32%

#### 6. INTERNAL AUDIT

No reports this round

#### 7. GENERAL BUSINESS

Nil.

#### 24. CONFIDENTIAL ITEMS

#### No reports this round

There being no further business the meeting closed at 6.03pm.

C Mead CHAIRPERSON