

# **Reports of the Corporate Governance Committee Meeting held at 5.30pm on Tuesday, 15 March 2016.**

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## **APOLOGIES**

## **ACKNOWLEDGEMENT OF LAND**

## **DECLARATIONS OF INTEREST**

### **Pecuniary Interests**

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

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

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## **Minutes of the Corporate Governance Committee held on 15 March 2016**

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**Present**

His Worship the Mayor, Councillor P Hawker  
Councillor C Mead (Chairperson)  
Councillor F Borg  
Councillor S Dobson  
Councillor G Greiss  
Councillor R Kolkman  
Councillor P Lake  
General Manager – Ms L Deitz  
Director Business Services - Mr M Sewell  
Director City Works - Mr W Rylands  
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 Information Management and Technology - Mrs S Peroumal  
Manager Operational Services - Mr A Davies  
Manager Property Services - Mr J Milicic  
Executive Assistant - Mrs K Peters

**Apology (Mead/Kolkman)**

That the apology from Councillor Chanthivong be received and accepted.

**CARRIED**

### **Acknowledgement of Land**

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

### **DECLARATIONS OF INTEREST**

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

**Pecuniary Interests - nil**

**Non Pecuniary – Significant Interests**

Councillor Kolkman - Confidential Item 24.1 - Licence Agreement for Campbelltown Camden District Band Incorporated - Councillor Kolkman advised that he is a patron member of the Campbelltown Camden District Band Incorporated and that he will leave the room and not take part in debate nor vote on the matter.

**Non Pecuniary – Less than Significant Interests - nil**

**Other Disclosures - nil**

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## **1. GOVERNANCE AND RISK**

### **1.1 Towards New Local Government Legislation - Proposed Phase One Amendments to the *Local Government Act 1993***

#### **Reporting Officer**

Manager Governance and Risk

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#### **Attachments**

1. Towards New Local Government Legislation Explanatory Paper: proposed Phase 1 amendments (contained within this report)
2. Campbelltown City Council assessment of the proposed Phase 1 amendments to the *Local Government Act 1993* (contained within this report)

#### **Purpose**

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

#### **Report**

*Towards New Local Government Legislation* is a NSW local government reform initiative to remake the *Local Government Act 1993* with a number of significant changes. It follows on from work completed in recent years by the Independent Local Government Review Panel and the Local Government Acts Task Force. It has also been influenced by broader industry discussions and other current local government review and reform initiatives. All of these initiatives are now being collectively considered as part of the Fit for the Future program of local government reform.

The introduction of more streamlined legislation has been phased. The Phase 1 amendments to the *Local Government Act 1993* were recently published with the proposed changes focused on civic governance and strategic planning processes of councils. It is currently anticipated that amending legislation could be introduced into and passed by NSW Parliament in 2016.

In particular, the Phase 1 amendments aim to:

- clarify roles and responsibilities of councillors, mayors, administrators and general managers
  - introduce new guiding principles for local government
  - improve governance of councils and professional development for councillors
  - expand on the framework for strategic business planning and reporting
  - prioritise community engagement and financial accountability
  - streamline council administrative processes
-

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

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Attached to this report contains details of 37 sets of change proposals grouped under eight themes that appeared in the explanatory paper issued by the NSW Office of Local Government.

The eight themes covered in the Phase 1 amendment proposals are:

1. Guiding principles for the Act and local government
2. Structural framework of local government
3. The governing body of councils
4. Elections
5. Council's workforce
6. Ethical standards
7. Council's strategic framework
8. Council performance

The nature of the proposals varies considerably. Some proposals set out prescriptive changes to legislative clauses while others are expressed more as statements of principle and intent.

Each proposal serves one or more of the following purposes:

- eliminate redundant or superfluous content
- make certain matters the subject of subordinate legislation (via Regulation)
- clarify existing provisions
- address a perceived policy gap
- signal a change in policy direction

The Office of Local Government has chosen to adopt a survey approach for this stage of consultation. Respondents only have the option of completing an online web form choosing from "Yes - support", "No - do not support" or "Neutral" options. There is provision for the addition of comments below each response. This means that a consolidated submission cannot be made as a single document and there is no provision for adding any sort of covering letter. Attachment 2 to this report has been prepared with these constraints in mind.

A webinar briefing on the proposed Phase 1 amendments was held on 8 March 2016, and responses are due on Tuesday 15 March 2016. Due to the timing of the webinar briefing and deadline for submissions, Council officers propose to submit the responses contained in attachment 2 and are seeking Council's endorsement.

Officers reviewing the proposals support the vast majority of proposals and assess them as having merit. However, it is difficult to make a fully informed assessment on some of the proposals until Parliamentary Counsel drafts a Bill to reflect the policy positions.

A point of disagreement has been flagged for 8.1 - Annual Reports, where it is proposed to require the information reported in Council's annual reports to be endorsed as factually accurate by an internal audit committee. Council's will be required (8.4) to establish internal audit committee with a majority of independent members and an independent Chair.

The annual reports include information about the status of Delivery Program and Operational Plan actions and, as such, the proposal fundamentally broadens the role and responsibilities of internal audit committees. It is questionable whether this is reasonably within the remit of

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## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

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Council's internal audit committee or practicably possible for the Committee to undertake. The details of this proposed amendment should be subjected to closer scrutiny in line with recommendations emerging from the current IPART *Review of reporting and compliance burdens on Local Government*.

Further phases of amendments have been foreshadowed with advice that future amendments will focus on the way in which councils raise revenue and exercise their regulatory functions and will address recommendations arising from reviews being undertaken by the IPART about the regulatory burden imposed on councils and the revenue-raising powers of councils.

### **Officer's Recommendation**

That Council endorse the responses to the "New Local Government Act Development Consultation – Phase 1" under the Fit for the Future local government reform program.

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

That the Officer's Recommendation be adopted.

### **CARRIED**

### **Council Meeting 22 March 2016 (Mead/Lake)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

Councillors Dobson, Mead and Thompson asked for their names to be recorded in opposition to the resolution for Item 1.1 – Towards New Local Government Legislation - Proposed Phase One Amendments to the *Local Government Act 1993*.

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## ATTACHMENT 1

Fit for the Future



Towards New Local Government Legislation  
Explanatory Paper: proposed Phase 1 amendments

1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To  
The Local Government Act 1993

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Towards New Local Government Legislation  
Explanatory Paper: proposed *Phase 1* amendments



**ACCESS TO SERVICES**

The Office of Local Government is located at:

Levels 1 & 2  
5 O'Keefe Avenue  
NOWRA NSW 2541

Locked Bag 3015  
NOWRA NSW 2541

Phone 02 4428 4100  
Fax 02 4428 4199  
TTY 02 4428 4209

Level 9, 6 – 10 O'Connell Street  
SYDNEY NSW 2000

PO Box R1772  
ROYAL EXCHANGE NSW 1225

Phone 02 9289 4000  
Fax 02 9289 4099

Email [olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au)  
Website [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au)

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# 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

Towards New Local Government Legislation  
Explanatory Paper: proposed *Phase 1* amendments



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1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To  
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Towards New Local Government Legislation  
Explanatory Paper: proposed *Phase 1* amendments



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## Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



### Foreword



The journey towards stronger, more sustainable local government began in late 2011. Councils from throughout NSW came together for Destination 2036 to discuss their long-term future. The gathering considered how communities, economies and technologies might change over the next 25

years and how the local government sector might change to meet these challenges. This led to the appointment of the *Independent Local Government Review Panel* (the Panel) and *Local Government Acts Taskforce* (the Taskforce).

While the fundamentals of the *Local Government Act 1993* remain sound, both the Panel and the Taskforce recommended change. The Government's response to the Taskforce and Panel reports was released in 2014 and supported many important recommendations that had been made for legislative reform – including the development of modern, principles-based local government legislation.

The proposed phase 1 reforms are the first step in the process of modernising the Local Government Act, to ensure that it meets the future needs of councils and communities. Phase 1 of the reform program focuses mainly on changes to the governance and strategic business planning processes of councils. Later phases will focus on how councils raise revenue and how they exercise their regulatory functions, as well as a program of restructuring and updating the local government legislation.

I would like to invite councils and communities to provide your input and co-operation on this critical phase of the Fit for the Future reforms and I look forward to working with you as we continue the process of reform.

**The Hon. Paul Toole**  
**Minister for Local Government**

## Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



### Overview

#### We are seeking your feedback

The Office of Local Government is seeking input on important proposals by the NSW Government for legislative reform. The views of councils and their communities, and other stakeholders, are now being sought on phase 1 of the development of new Local Government legislation.

Phase 1 is designed to:

- embed strategic business planning principles across the range of council functions and practices;
- promote independent and sustainable councils engaged with and accountable to their local communities that have the capacity to deliver on local and regional needs; and
- support a culture of continuous improvement in councils to ensure the effective and efficient delivery of the strategic goals agreed to with their local communities.

#### How to give your feedback

Each of the amendments that is being proposed for phase 1 is described briefly in this explanatory paper and a cross-reference to any relevant recommendation of the Panel and/or the Taskforce is given. Most of these proposals have been the subject of stakeholder consultation in developing the Government's response to the Panel and Taskforce reports, so the paper is as streamlined as possible. The aim of this consultation is to use feedback received about the phase 1 amendments to inform the legislative drafting process.

The first stage of consultation is therefore an invitation to provide your feedback on each of these proposals through an online survey on the Fit for the Future website at

[www.fitforthefuture.nsw.gov.au](http://www.fitforthefuture.nsw.gov.au) There will also be a link through the NSW Government's Have Your Say website at [www.haveyoursay.nsw.gov.au](http://www.haveyoursay.nsw.gov.au)

Following consultation, it is anticipated that amending legislation could be introduced into and passed by the NSW Parliament in 2016.

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## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

Towards New Local Government Legislation  
Explanatory Paper: proposed *Phase 1* amendments



# 1. Guiding principles for the Act and local government

## 1.1 Purposes of the Local Government Act

### Proposed Amendment

The purposes of the *Local Government Act 1993* should be:

- to establish a legal framework for the NSW system of local government, in accordance with section 51 of the *Constitution Act 1902* (NSW);
- to describe the nature and extent of the responsibilities and powers of local government; and
- to create a system of local government that is democratically elected, engages with and is accountable to the community, is sustainable, flexible, effective and maximises value for money.

### Current provision:

Section 7

### Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:

T: 3.1.1 Purposes of the Local Government Act

### Background

The current purposes of the Act will be updated and streamlined by the proposal.

## 1.2 Role of local government

### Proposed Amendment

The council charter in section 8 should be replaced by provisions that:

- describe the role of local government; and
- establish guiding principles for local government.

The role of local government should be to enable local communities to be healthy and prosperous by:

- providing strong and effective elected representation, leadership, planning and decision making;
- working cooperatively with other bodies, including other levels of government, to pursue better community outcomes;
- effective stewardship of lands and other assets to affordably meet current and future needs;
- endeavouring to provide the best possible value for money for residents and ratepayers;
- strategically planning for and securing effective and efficient services, including regulatory services, to meet the diverse needs of members of local communities; and
- following the guiding principles of local government.

### Current provision:

Section 8

### Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:

T: 3.1.2 Role and Guiding Principles of Local Government

### Background:

The Taskforce's proposed role of local government was similar but has been modified in this proposal to:

- more closely reflect the vision for Local Government in NSW agreed to at Destination 2036, including a focus on achieving outcomes and working together within and outside local government;
- adopt clear and simple language and remove duplication;
- reflect the role of councils in enabling outcomes and shaping its local government area through external relationships; and
- focus on the context in which councils operate, rather than prescribe outcomes.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

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### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 1.3 The guiding principles of local government

##### **Proposed amendment:**

The council charter in section 8 should be replaced by provisions that:

- describe the role of local government; and
- establish guiding principles for local government.

The new guiding principles to be observed in local government should enable councils to:

- actively engage local communities, including through integrated planning & reporting;
- be transparent and accountable;
- recognise diverse needs and interests;
- have regard to social justice principles;
- have regard to the long term and cumulative effects of its actions on future generations;
- foster ecologically sustainable development;
- effectively manage risk;
- have regard to long term sustainability;
- work with others to secure services that are appropriate to meet local needs;
- foster continuous improvement and innovation;
- act fairly, ethically and without bias in the public interest; and
- endeavour to involve and support its staff.

##### **Current provisions:**

Section 8

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.1.2 Role and Guiding Principles of Local Government

##### **Background:**

The Taskforce's proposed role of local government was similar but has been modified in this proposal to:

- more closely reflect the vision for Local Government in NSW agreed to at Destination 2036, including a focus on achieving outcomes and working together within and outside local government;
  - adopt clear and simple language and remove duplication;
  - reflect the role of councils in enabling outcomes and shaping its local government area through external relationships; and
  - focus on the context in which councils operate, rather than prescribe outcomes.
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## Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



## 2. Structural framework of local government

### 2.1 The role of the governing body

#### **Proposed Amendment**

It is proposed to replace the current prescribed role of the governing body under section 223 which is focussed only on the board-like function of the body. The governing body is the elected representatives of the council (the councillors).

It is proposed to use the Panel's more expansive list as a basis for describing the functions of the governing body:

- to provide effective civic leadership to the community;
- to consult regularly with community organisations and other key stakeholders and keep them informed of council's activities and decisions;
- to direct and control the affairs of the council in consultation with the general manager and in accordance with the Act;
- to ensure as far as possible the financial sustainability of the council;
- to determine and adopt the community strategic plan, delivery program and other strategic plans and policies;
- to determine and adopt a rating and revenue policy and operational plans that ensure the optimum allocation of the council's resources to implement the community strategic plan and for the benefit of the area;
- to make decisions in accordance with those plans and policies;
- to make decisions necessary for the proper exercise of the council's regulatory functions;
- to keep under review the performance of the council and its delivery of services;
- to determine the process for appointment of the general manager and monitor his/her performance; and
- to ensure that the council acts honestly, efficiently and appropriately in carrying out its statutory responsibilities.

#### **Current provision:**

Section 223

#### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

##### **P: 26 Political Leadership and Good Governance (Box 19)**

T: 3.1.4 Roles and Responsibilities of Council Officials

T: 3.3.18(7)d Other Matters

#### **Background:**

The proposed amendments are intended to:

- provide greater clarity to the roles of councillors by describing their collective role as members of the governing body, as distinct from their individual role as elected representatives; and
- embed strategic principles and practices within the prescribed role of the governing body.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 2.2 The number of councillors

##### **Proposed Amendment:**

Section 224 prescribes the numbers of councillors a council may have (between 5 and 15) and the manner in which that number is to be determined.

It is proposed to amend section 224 to require that councils must have an odd number of councillors and mayor.

##### **Current provisions:**

Section 224 and 224A

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

P: 26 Political Leadership and Good Governance (Box 22)

##### **Background:**

The proposed amendment would give effect to the Government's response to the Panel's recommendation that councils comprise an odd number of councillors. This change will reduce the risk of the mayoralty being determined by lot and decisions being made on the casting vote of the mayor.

#### 2.3 Rural councils

##### **Proposed Amendment**

It is proposed to allow for small rural councils to apply to the Minister for Local Government for one-off approval to:

- reduce councillor numbers and abolish wards without the need for a constitutional referendum;
- omit the current restriction that prevents councils from making an application for a decrease in the number of councillors that would result in the number of councillors for each ward being fewer than 3; and
- reduce the number of council meetings to be held in a year to below the minimum of 10 currently required under section 365.

##### **Current provisions:**

Sections 224A and 365

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

P: 12 Rural Councils (Box 33)

##### **Background:**

The Panel recommended that consideration be given to supporting the streamlining of some small rural councils' governance arrangements to allow efficiencies and savings. These councils are in rural-remote areas with small populations. It is proposed to provide a one-off voluntary process to allow the Minister to approve small rural council proposals to abolish wards, change councillor numbers and allow numbers of meetings that are less than the thresholds set out in the Act where proposed by some small rural councils in their Fit for the Future submissions.

This proposal is intended to facilitate a flexible response to the needs and circumstances of different regions.



## Towards New Local Government Legislation

### Explanatory Paper: proposed *Phase 1* amendments



## 3. The governing body of councils

### 3.1 The role of the mayor

#### Proposed Amendment

It is proposed to describe the role of the mayor differently.

The mayor should have all the prescribed responsibilities of a councillor in addition to the following additional responsibilities:

- to be the leader of the council and the community of the local government area, and advance community cohesion;
- to promote civic awareness and, in conjunction with the general manager, ensure adequate opportunities and mechanisms for engagement between the council and the local community;
- to be the principal member and spokesperson of the governing body and to preside at its meetings;
- to ensure that the business of meetings of the governing body is conducted efficiently, effectively and properly in accordance with provisions of the Act;
- to lead the councillors in the exercise of their responsibilities and in ensuring good governance;
- to ensure the timely development of the governing body's strategic plans and policies, and to promote their effective and consistent implementation, including by promoting partnerships between the council and key stakeholders;
- to exercise, in cases of necessity, the policy-making functions of the governing body between meetings of the council;
- to represent the governing body on regional organisations and in inter-government forums at regional, State and federal levels;
- to advise, manage and provide strategic direction to the general manager in accordance with the council's strategic plans and policies;
- to lead performance appraisals of the general manager;
- to carry out the civic and ceremonial functions of the mayoral office; and
- to exercise such other functions as the governing body determines.

#### Current provision:

Section 226

#### Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)

##### recommendation:

P: 26 Political Leadership and Good Governance (Box 21)

T: 3.1.4 Roles and Responsibilities of Council Officials

T: 3.3.18(7)d Other Matters

#### Background

Some aspects of the prescribed role of the mayor recommended by the Panel have not been included in this proposal as a result of previous stakeholder consultation.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 3.2 The mayor's term of office

##### **Proposed Amendment**

The current length of term for a mayor is either:

- one year for mayors elected by councillors; or
- four years for mayors popularly elected by the electors.

This would be changed so that mayors elected by councillors are to hold office for a minimum of two years, as recommended by the Panel, with the option of electing a person to the office for the whole four year term.

Also in accordance with the Panel's recommendation, and the Government's response, it proposed that it be compulsory for councillors to vote in a mayoral election.

Section 230 will also be amended to clarify that the office of mayor becomes vacant upon the person holding the office ceasing to hold civic office or on the occurrence of a casual vacancy.

##### **Current provision:**

Section 230

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

P: 26 Political Leadership and Good Governance (Box 22)

T: 3.3.1(8) Elections

##### **Background**

The proposed amendments will

- enhance political leadership and stable governance of council to give effect to the Government's commitment to extend the term of mayors elected by councillors to a minimum of two years, as well as make voting in mayoral elections compulsory; and
- address an existing ambiguity in the Act that has allowed some Mayors to purport to exercise the role of mayor after they cease to hold office as a councillor after an election.

Although the Panel and Taskforce did not describe a four year mayoral term option – just proposing a *minimum* of two years – this extension is being explored as a way to further support stable local government.

Compulsory voting by councillors for a mayoral election (as recommended by the Panel) may also address community concern that too many mayors are chosen by pulling lots out of a hat. However, it is important that a positive statutory obligation to vote does not undermine the democratic process (such as by excluding a person who has a genuine reason for being absent) or be too easy to avoid for reasons that are not bona fide. To meet those policy ends, the Act could provide:

- councillors may cast a vote in a mayoral election by proxy;
- councillors may cast a vote by telephone, video-conference, or electronic means;
- if a councillor is absent from the meeting at the time of the vote so that the number of remaining councillors voting is even-numbered, and has not cast a vote by proxy or electronic means, then another councillor must be excluded from voting by way of a 'draw from a hat'; and
- a regulation-making power in relation to process of electing mayors by councillors.



## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 3.3 The role of councillors

##### **Proposed Amendment**

It is proposed to recast section 232 so that it focuses on individual responsibilities of councillors, rather than their responsibilities as members of the governing body of a council. The role and responsibilities of an individual councillor, (including the mayor), should be:

- to be an active and contributing member of the governing body;
- to make considered and well informed decisions;
- to represent the collective interests of residents, ratepayers and the wider community of the local government area;
- to facilitate communication between the community and the governing body;
- to be accountable to the community for the local government's performance; and
- to uphold and represent accurately the policies and decisions of the governing body.

##### **Current provision:**

Section 232

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

P: 26 Political Leadership and Good Governance (Box 19)

T: 3.1.4 Roles and Responsibilities of Council Officials

T: 3.3.18(7)d Other Matters

##### **Background**

Section 232 currently sets out a "dual role" for councillors as members of the governing body and as elected representatives and has been a source of confusion.

The proposed amendments are intended to provide greater clarity for councillors and communities by prescribing councillors individual roles as elected representatives separately from their collective roles as members of the governing body, as recommended by the Panel.

#### 3.4 Councillors' term of office

##### **Proposed Amendment**

Section 234 prescribes the circumstances in which a civic office becomes vacant. Section 234 will be amended to clarify that a vacancy will occur in the civic office of a councillor where they are elected to another civic office in the council, (ie the office of a popularly elected Mayor) something that is currently not clear.

##### **Current provisions:**

Sections 233 and 234

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

None

#### 3.5 Oath or affirmation of office

##### **Proposed Amendment**

It is proposed to require all councillors, including the Mayor to take an oath or affirmation of office in the prescribed form before commencing duties.

The oath or affirmation of office is to be taken within 1 month of election to office and councillors are not to undertake their duties until they do so.

Where a councillor fails to take an oath or affirmation, his or her office will be declared vacant.

##### **Current provision:**

None

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.3.18(2) Other Matters

##### **Background**

An oath or affirmation of office operates as a mechanism for inducting councillors into their role and reinforcing the serious nature of the role and the chief responsibilities and duties the role entails. Both Victoria and Queensland require their councillors to take an oath of office. It is proposed that the NSW law should operate in a similar way to Victoria and Queensland.



## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 3.6 Councillors' expenses and facilities

##### Proposed Amendment

Sections 252 to 254 relate to the payment of expenses and provision of facilities to councillors and the adoption of policies governing this. It is proposed to amend sections 252 and 253 to:

- replace the requirement under section 252 for councils to annually adopt an expenses and facilities policy with one simply requiring councils to adopt a policy within the first 12 months of their terms; and
- remove the requirement under section 253 for councils to provide the Office of Local Government annually with a copy of their adopted policies and an assessment of public submissions made in relation to their adoption.

##### Current provisions:

Sections 235 – 254A and Schedule 1

##### Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)

##### recommendation:

T: 3.3.18(3) Other Matters

##### Background

The proposed amendments are designed to reduce the compliance burden on councils of being required to annually exhibit, consult and adopt their councillor expenses and facilities policies even where no change is made to them and to provide copies to the Office of Local Government. It is also noted that open access obligations apply now to councils under the *Government Information (Public Access) Act 2009*.

#### 3.7 Mayor/councillor professional development

##### Proposed Amendment

New provisions are proposed to require the following:

- Councils are to develop an induction program for newly elected and returning councillors and a specialist supplementary program for the mayor to assist them in the performance of their functions. The induction program is to be available for delivery within 4 months of the election.
- Each year, councils are to develop an ongoing professional development program for the mayor and each councillor to assist them in the performance of their functions to be delivered over the coming year.
- In determining the content of the induction and ongoing professional development programs, the council is to have regard to the specific needs of each individual councillor (including the mayor) and of the governing body as a whole and the requirements of any guidelines issued by the Office of Local Government.
- The content of the induction and ongoing professional development program is to be determined in consultation with the mayor, the council as a whole and individually with each of the councillors.
- Councils are to include details of the content of the induction and ongoing professional development offered to the mayor and each councillor and whether or not they participated in the training or development offered in the council's annual report.

##### Current provisions:

None

##### Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)

##### recommendation:

P: 26 Political Leadership and Good Governance (requirement for mandatory professional development)

P: 27 Political Leadership and Good Governance (linking remuneration with completion of professional development program).

##### Background

Some aspects of the Panel recommendation have not been included in this proposal as a result of previous stakeholder consultation. The proposed approach has the following benefits:

- it places a responsibility on all councils to offer an induction and ongoing professional development programs to their councillors;
- it allows councils the freedom to determine the content of those programs based on local and individual needs at the same time as allowing the Office of Local Government to have input into content through guidelines; and
- it places responsibility for participation on councillors and makes them accountable to the community that elected them for any failure to do so.



## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 3.8 Role and functions of administrators

##### **Proposed Amendment**

Several provisions of the Act provide that the administrator is to exercise the functions of the council without articulating what the nature of their role is within a council.

It is proposed to address this ambiguity and align the role of the administrator with the proposed prescribed role of the mayor and councillors by amending these sections to provide that:

- Where a sole administrator is appointed to a council, they are to exercise the role and responsibilities of the mayor and a councillor as prescribed under the Act.
- Where more than one administrator is appointed, all administrators are to exercise the role and responsibilities of councillors as prescribed under the Act and one, as specified by the relevant instrument of appointment, is to exercise the role and responsibilities of the mayor as prescribed under the Act in addition to those of a councillor.

##### **Current provisions:**

Sections 255-259, 438I, 438M and 438Y

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

None

##### **Background**

The proposed amendments are designed to address an existing ambiguity in the legislation that has been unhelpful in councils under administration. Providing greater clarity in relation to the roles of administrators aligns with the new descriptions that are being proposed for mayors and councillors.

#### 3.9 Financial controllers

##### **Proposed Amendment**

A financial controller is responsible for implementing financial controls and related duties. Where a financial controller is appointed, a council may only make payments that are authorised or countersigned by the financial controller.

It is proposed to allow the Minister for Local Government to appoint a financial controller to a council that is performing poorly with respect to its financial responsibilities and/or is at high financial sustainability risk, in conjunction with issuing a performance improvement order.

A financial controller would only be appointed through the existing performance improvement order process after information is gathered or an investigation undertaken that shows the council is not performing, a notice of the proposed remedial action has been issued to a council and the Minister has considered the council's submissions with respect to the notice.

##### **Current provision:**

None

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

None

##### **Background:**

The Minister has an existing power to issue a performance improvement order against poorly performing councils to compel them to take steps to improve their performance. Before issuing a performance improvement order, the Minister must first give the council notice of his intention to do so and consider submissions by the council.

As part of the exercise of these powers, the Minister may appoint a temporary adviser to the council. If a temporary adviser is appointed, the council, councillors and members of the staff of the council are required to co-operate with the temporary adviser and to provide any information or assistance the temporary adviser reasonably requires to exercise his or her functions.

It is proposed to complement these powers with a new power for the Minister to appoint a financial controller to a council. These powers will be modelled on those that exist in Queensland.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 3.10 Meetings

##### **Proposed Amendment**

In relation to conduct of meetings, amendments consistent with the following are proposed :

- provide that the Regulation may prescribe a Model Code of Meeting Practice (a Model Meeting Code);
- provide that the Model Meeting Code may include mandated and non-mandatory “best practice” provisions;
- require councils to adopt a Code of Meeting Practice (an adopted meeting code) that at a minimum incorporates the mandated provisions of the Model Meeting Code;
- allow a council’s adopted meeting code to supplement the provisions contained in the Model Meeting Code;
- provide that a provision of a council’s adopted meeting code will be invalid to the extent of any inconsistency with the mandated provisions of Model Meeting Code;
- require council and committee meetings to be conducted in accordance with the council’s adopted meeting code;
- require councils to review and adopt a meeting code within 12 months of each ordinary election; and
- retain the existing requirements under sections 361 - 363 in relation to the adoption and amendment of a meeting code and public consultation in relation to this.

Aspects of the current meetings provisions in the Act and the Regulation will be updated and incorporated into a new Model Meeting Code.

##### **Current provisions:**

Sections 9-11, and 360-376  
Clauses 231-273

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.3.2 Meetings

##### **Background**

The Model Meeting Code will comprise mandatory provisions and non-mandatory best practice provisions. Councils will be required to adopt meetings codes that incorporate the mandatory provisions but will not be obliged to adopt the non-mandatory best practice provisions in order to respond to local requirements. The mandatory provisions will largely incorporate the existing meetings provisions, which will be updated to:

- address existing procedural ambiguities; and
- modernise procedural requirements.

It is expected that the new Code will initially include the provisions relating to meeting processes now found in the Act and Regulation, but be reordered to reflect the order in which events usually occur in meetings.



## Towards New Local Government Legislation

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#### 3.11 Delegation of functions

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##### **Proposed Amendment**

It is proposed to include amendments to section 377, which were introduced into Parliament previously but lapsed prior to the 2015 election, to remove the restriction on the delegation of the acceptance of tenders.

It is also proposed to allow councils to delegate the provision of community financial assistance for the purpose of exercising its functions where:

- the financial assistance is part of a specific program;
- the program's details have been included in the council's draft operational plan for the year in which the financial assistance is proposed to be given;
- the program's proposed budget for that year does not exceed 5 per cent of the council's proposed income from the ordinary rates levied for that year; and
- the program applies uniformly to all persons within the council's area or to a significant proportion of all persons within the area.

Amendments may be required facilitate the proposal to allow councils to delegate a regulatory function to another council or a joint organisation of councils, to support future collaboration and resource sharing.

##### **Current provisions:**

Sections 377-381

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.3.8 Delegations

T: 3.3.10 Procurement

##### **Background**

The amendments are designed to:

- Reduce red tape
- Remove impediments to collaboration, and
- Support the use of Integrated Planning and Reporting to guide council decisions on financial assistance.



Towards New Local Government Legislation  
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## 4. Elections

### 4.1 Extension of the option of universal postal voting to all councils

**Proposed Amendment**

It is proposed to amend section 310B to provide that the option of universal postal voting is available to *all* councils after the next ordinary election.

**Current provisions:**

Sections 310B  
Clauses 313 and 321

**Independent Local Government Review Panel  
(P)/Local Government Acts Taskforce (T)  
recommendation:**

T: 3.3.1(1) Elections

**Background**

The Taskforce's election-related recommendations have largely been implemented through the *Local Government Amendment (Elections) Act 2014* which was legislated to give effect to the recommendations of the Joint Standing Committee on Electoral Matters' inquiry into the 2012 Local Government elections.

The one outstanding action arising from the Government response to the Committee's recommendations is the extension of the option of universal postal voting to all councils. Currently this is only available to the City of Sydney. In its response to the Committee's recommendation to give councils the option of universal postal voting, the Government indicated that this option would be made available to all councils following the 2016 elections. For councils that do not choose universal postal voting, the existing postal and pre-poll voting qualifications will remain.

Towards New Local Government Legislation  
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## 5. Council's workforce

### 5.1 Determination of the organisation structure

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#### **Proposed Amendment**

It is proposed to amend the Act to provide that:

- the organisation structure is to be determined on the advice of the general manager;
- the adopted structure must accord with the priorities set out in the council's community strategic plan and delivery program;
- the adopted structure may only specify the roles and relationships of the general manager, designated senior staff and other staff reporting directly to the general manager; and
- the general manager is to be responsible for determining the balance of the organisation structure but must do so in consultation with the governing body.

#### **Current provisions:**

Sections 332-333

#### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

P: 29

T: 3.3.3 (1)

#### **Background**

The current provisions are unclear about the respective roles of general managers and councils in determining the organisation structure. This has been the source of conflict within councils.

The proposed approach has the benefit of:

- addressing this ambiguity making it clear what the respective responsibilities of the council and the general manager are;
- making it clear that the organisation structure has to be determined on the advice of the general manager (ie councils cannot unilaterally restructure without the input of the general manager); and
- clearly aligning the determination of the organisation structure with the delivery of a council's Integrated Planning and Reporting objectives.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 5.2 The role of general managers

##### **Proposed Amendment**

It is proposed to describe the role and responsibilities of the general manager in the Act consistent with the following:

- to conduct the day-to-day management of the council in accordance with the governing body's strategic plans and policies;
- to advise the mayor and the governing body on the development and implementation of policies and programs, including the appropriate form and scope of community consultation;
- to prepare, in consultation with the mayor and governing body, the community strategic plan and the council's resourcing strategy, delivery program and operational plan, annual report and community engagement strategy;
- to certify that Integrated Planning and Reporting requirements have been met in full, and that council's annual financial statements have been prepared correctly;
- to ensure that the mayor and councillors receive timely information, advice and administrative and professional support necessary for the effective discharge of their responsibilities;
- to implement lawful decisions of the governing body in a timely manner;
- to exercise such of the functions of the governing body as are delegated by the governing body to the general manager;
- to appoint staff in accordance with an organisation structure and resources approved by the governing body
- to direct and dismiss staff;
- to implement the council's workforce management strategy; and
- to undertake such other functions as may be conferred or imposed on the general manager by or under the Act or any other Act.

##### **Current provision:**

Section 335

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

P: 28: Political Leadership and Good Governance (Boxes 23 and 24)

T: 3.1.4 Roles and Responsibilities of Council Officials

T: 3.3.3 Appointment and Management of Staff

T: 3.3.18(7)d Other Matters

##### **Background**

The current provisions are unclear about the respective roles of general managers and councils in determining the organisation structure. This has been the source of conflict within councils.

The proposed approach has the benefit of:

- addressing this ambiguity making it clear what the respective responsibilities of the council and the general manager are;
- making it clear that the organisation structure has to be determined on the advice of the general manager (ie councils cannot unilaterally restructure without the input of the general manager); and
- clearly aligning the determination of the organisation structure with the delivery of a council's Integrated Planning and Reporting objectives.



Towards New Local Government Legislation  
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5.3 The requirement to report annually to the council on senior staff contractual conditions

**Proposed Amendment**

It is proposed to omit the requirement under section 339 for general managers to report annually to the council on the contractual conditions of senior staff.

**Current provision:**

Section 339

**Independent Local Government Review Panel  
(P)/Local Government Acts Taskforce (T)**

**recommendation:**

None

**Background**

Senior staff are now all employed under the approved standard contract for senior staff rendering this requirement redundant.

Towards New Local Government Legislation  
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## 6. Ethical standards

### 6.1 Consolidation of the prescription of ethical standards

#### **Proposed Amendment**

Provisions in the Act and the Regulation relating to the disclosure of pecuniary interests and the management of pecuniary conflicts of interests will be replicated in the Model Code of Conduct.

#### **Current provisions:**

Sections 441 – 459

Clauses 180 - 192

#### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.3.6 Code of Conduct

T: 3.3.7 Pecuniary Interest

#### **Background**

The proposed amendments are designed to consolidate the imposition, administration and regulation of the ethical obligations of council officials into a single instrument, the *Model Code of Conduct for Local Councils in NSW* (the Model Code).

Currently council officials need to be familiar with their obligations under both the Model Code and the pecuniary interest provisions of the Act. The separate regulation of the obligation of council officials to disclose and appropriately manage pecuniary conflicts of interests is a historical anomaly that arose from the fact that these provisions predated the prescription of a Model Code of Conduct and the provision for a disciplinary regime with respect to councillor misconduct. Replication will allow the consolidation of ethical standards into a single instrument.

The current misconduct investigative provisions in the Act will apply to pecuniary interest matters and replace the pecuniary interest investigative procedures (see [6.2] below). The prescribed *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW* (the Model Code Procedures) will continue to require the referral of pecuniary interest breaches to the Office of Local Government and these will be dealt with under the misconduct provisions of the Act.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

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### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 6.2 Investigation of pecuniary interest breaches

##### **Proposed Amendment**

It is proposed to omit the provisions relating specifically to the investigation of complaints alleging breaches of the pecuniary interest provisions. These will instead be dealt with under the existing misconduct provisions.

General managers (and mayors in the case of allegations concerning general managers) will continue to be obliged to refer pecuniary interest breaches to the Office of Local Government under the prescribed Model Code Procedures. These will continue to be investigated by the Office and referred to the NSW Civil and Administrative Tribunal (NCAT) under the misconduct provisions where appropriate. As is currently the case with respect to misconduct matters, it will also be open to the Chief Executive to take disciplinary action with respect to less serious pecuniary interest breaches instead of referring them to the Tribunal.

The Tribunal's powers to take disciplinary action against council staff, committee members and advisors with respect to pecuniary interest breaches are to be retained. The provisions that apply to proceedings before the NCAT generally and the NCAT's consideration of misconduct matters will also be retained.

##### **Current provisions:**

Sections 440F – 440P  
Sections 460 – 486A

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.0.0 Approach and Principles for the Development of the New Act  
T: 3.2.1 Integrated Planning and Reporting

##### **Background**

The proposed amendments are required to give effect to the amendments that will see the prescription of all ethical standards under the Model Code of Conduct for Local Councils. All breaches (including in relation to the obligation to disclose and appropriately manage pecuniary conflicts of interests) will be dealt with under the existing misconduct provisions of the Act.



## Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



# 7. Councils' strategic framework

## 7.1 Integrated planning and reporting principles

### Proposed Amendment

New provisions will be included to establish overarching Integrated Planning and Reporting principles and require councils to undertake strategic business planning in accordance with those principles.

The proposed Integrated Planning and Reporting principles will provide that councils (together with their communities, other councils and stakeholders) are proposed to include:

- lead and inspire residents, businesses and others to engage with their council;
- identify and prioritise key community needs and aspirations;
- develop strategic goals to meet these needs and aspirations;
- identify activities and prioritise actions to work towards these strategic goals;
- plan holistically to deliver on strategic goals within their resources;
- foster community participation to better inform local and state decision making;
- manage council's current and future financial sustainability;
- appropriately adapt to changing circumstances, evidence and priorities;
- proactively manage risks to the community and its council;
- be transparent and accountable for decisions and omissions;
- maintain an integrated approach to planning, delivery, monitoring and reporting;
- collaborate to maximise achievement of key community outcomes; and
- honestly review and evaluate progress on a regular basis.

### Current provisions:

Sections 402 – 406 (Note there are mandatory guidelines)

### Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:

T: 3.0.0 Approach and Principles for the Development of the New Act

T: 3.2.1 Integrated Planning and Reporting

### Background

The proposed amendments will ensure that the purpose and principles of Integrated Planning and Reporting as a strategic business planning tool are clearly reflected in the Act. These provisions will:

- set out the overarching principles of Integrated Planning and Reporting;
- require strategic business planning to be undertaken by councils in accordance with the prescribed Integrated Planning and Reporting principles and provisions;
- guide how Integrated Planning and Reporting documents are to be adopted/endorsed and reviewed; and
- require integrated planning to be directed to achieving better outcomes through continuous improvement.



## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 7.2 Streamlining the existing integrated planning and reporting provisions

##### **Proposed Amendment**

The current Integrated Planning and Reporting provisions are contained in sections 402 to 406. These provisions will be amended so that they are confined to setting out the purpose of each document and when they must be delivered. Detailed process requirements for how this must be done will be moved to the Regulation.

##### **Current provisions:**

Sections 402 – 406

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.0.0 Approach and Principles for the Development of the New Act  
T: 3.2.1 Integrated Planning and Reporting

##### **Background**

These amendments are designed to give effect to the Taskforce's recommendations that the existing Integrated and Planning and Reporting provisions be simplified with prescriptive detail contained in the Regulation.

#### 7.3 Council's integrated planning and reporting to reflect regional priorities

##### **Proposed Amendment**

Amendments are proposed to ensure that regional priorities are reflected in individual councils' strategic business planning. In particular, amendments are proposed to:

- require council's community strategic plans to identify key regional priorities and strategies for the council, developed with adjoining councils and agencies; and
- require delivery programs to address key regional strategies including council actions and any proposed joint programs agreed regionally.

##### **Current provisions:**

Sections 402 and 404

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.0.0 Approach and Principles for the Development of the New Act  
T: 3.2.1 Integrated Planning and Reporting

#### 7.4 Expanded scope of delivery programs

##### **Proposed Amendment**

Section 404 will be amended to clarify that delivery programs are to capture all council activities.

##### **Current provisions:**

Section 404 and 406

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.0.0 Approach and Principles for the Development of the New Act  
T: 3.2.1 Integrated Planning and Reporting

##### **Background**

This amendment is designed to embed in the Act a requirement that is currently reflected in the mandatory Integrated Planning and Reporting Guidelines.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 7.5 Fiscal sustainability

##### **Proposed Amendment**

The *Local Government (General) Regulation 2005*, which provides for an annual statement of revenue policy in each operational plan, will be amended to require councils to:

- establish revenue policies with a view to ensuring fiscal sustainability; and
- provide a clear rationale for how rating systems are structured and what they are designed to achieve.

The Regulation will also set out in more detail what is required of councils' resourcing strategy to clarify the purpose and objectives of workforce, asset and long term financial planning. This will draw on the essential elements in the current Integrated Planning and Reporting guidelines to help councils produce more robust and useful strategies in these key areas.

##### **Current provision:**

Clause 201

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

P: 2 Fiscal Responsibility (Box 9)

P: 5 Strengthening Revenues

##### **Background**

The amendments will give effect to the Panel's recommendations to embed the principle of fiscal sustainability through Integrated Planning and Reporting.

#### 7.6 Expanded scope of councils' community engagement strategies

##### **Proposed Amendment**

It is proposed to broaden the existing requirement that a council must adopt a community engagement strategy to inform the development of its community strategic plan. If amended, the Act would require the adoption of a community engagement strategy to inform *all* council activities (other than routine business-as-usual operations), not only those directly associated with development of the council's Integrated Planning and Reporting framework.

This would be done by making the adoption of a community engagement strategy a general legislative obligation.

A council's community engagement strategy would need to meet minimum prescribed requirements. It is anticipated, for example, that guidelines would prescribe minimum public consultation requirements for specific activities including the development of the components of a council's Integrated Planning and Reporting framework, and include a requirement to periodically evaluate the efficacy of consultation methodologies.

It is proposed to accommodate the existing provisions relating to community polls within the proposed standalone community engagement provisions.

##### **Current provisions:**

Sections 14, 18 – 20, 402

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

T: 3.0.0 Approach and Principles for the Development of the New Act

T: 3.2.2 Community Engagement

T: 3.3.18(7)b Other Matters

##### **Background**

The requirement for a single overarching community engagement strategy provides a framework for councils to engage with their communities in a strategic, ongoing, flexible and locally appropriate way. It also provides a single, consistent point of reference in the Act for other provisions requiring councils to undertake consultation for specified activities.



Towards New Local Government Legislation  
Explanatory Paper: proposed *Phase 1* amendments



## 8. Council performance

### 8.1 Annual reports

**Proposed Amendment**

It is proposed to require the information reported in councils' annual reports to be endorsed as factually accurate by an internal audit committee. As noted below (at [8.4]), councils will be required to establish internal audit committees with a majority of independent members and an independent Chair.

**Current provisions:**

Sections 428-428A

**Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

P: 22 Improvement, Productivity and Accountability (Box 17)

T: 3.2.3 Performance of Local Government

**Background**

The proposed amendment is designed to provide an assurance mechanism and to give communities confidence in the integrity of the information their councils report about their council's performance through its annual report.

### 8.2 State of the environment reports

**Proposed Amendment**

It is proposed to remove the requirement under section 428A for a council to include a State of the environment report in its annual report every 4 years. Councils would instead be required to report on environmental issues relevant to the objectives established by the community strategic plan in the same way they are currently required to report on the achievement of other objectives set in their community strategic plans (that is, through their annual reports and the 4-yearly end of term report).

**Current provision:**

Section 428A

**Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T) recommendation:**

T: 3.2.1 Integrated Planning and Reporting

**Background**

This amendment is designed to:

- reduce the compliance burden on councils arising from the preparation of a separate state of the environment report every 4 years; and
  - help councils achieve their environmental objectives by consolidating the reporting of those objectives into their Integrated Planning and Reporting frameworks.
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## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

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### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 8.3 Performance measurement

##### **Proposed Amendment**

It is proposed to allow for the introduction of a performance management and reporting framework that should:

- provide a statutory basis to establish new indicators and benchmarks for reporting purposes;
- expressly require councils to collect and report against these indicators in accordance with guidelines;
- establish annual performance statements as part of council annual reports, which will be subject to oversight and attestation requirements;
- align performance reporting to the Integrated Planning and Reporting cycle; and
- provide the capacity to establish a state-wide community satisfaction survey.

##### **Current provision:**

Section 429

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

P: 2 Fiscal Responsibility

P: 18 Improvement, Productivity and Accountability

T: 3.2.3 Performance of Local Government

##### **Background**

The proposed framework is a modified version of the one recently adopted by Victoria. Further work will be undertaken with the local government sector to develop the performance management framework in the coming months.

## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 8.4 Internal audit

##### **Proposed Amendment**

It is proposed to introduce a mandatory requirement for councils to have an internal audit function. To this end, it is proposed that new provisions will require all councils to have an internal audit function:

- with broad terms of reference covering compliance, risk, fraud control, financial management, good governance, performance in implementing their community strategic plan and delivery program, service reviews, collection of required indicator data, continuous improvement and long term sustainability; and
- that focuses on councils adding value to, and continuous improvement in, the performance of their functions.

All councils will be required to comply with guidelines issued by the Chief Executive of the Office of Local Government with respect to the implementation of their internal audit functions. All councils will appoint an audit, risk and improvement committee that meets the following requirements:

- audit committees must have a majority of independent members and an independent chair;
- general managers may not be members of audit committees (but may attend meetings unless excluded by the committee); and
- the Chair of the audit committee must report at least biannually to a council meeting on the organisation's performance in financial management, good governance and continuous improvement.

Councils will be permitted to have joint arrangements for internal audit and share audit committees.

##### **Current provisions:**

Discretionary guidelines issued under section 23A

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

P: 22 Improvement, Productivity and Accountability (Box 17)

##### **Background**

Mandating internal audit will:

- entrench within each council an internal assurance mechanism that offers an alternative to prescription and external oversight as a means of addressing risk, ensuring compliance and promoting best practice;
- drive and inform a culture of continuous improvement;
- facilitate reporting; and
- promote increased accountability.



## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

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### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 8.5 Sector-wide performance audits by the Auditor-General

**Proposed Amendment**

To identify trends and opportunities for improvement across the sector as a whole, it is proposed to compliment the mandated requirement for internal audit by empowering the Auditor-General to conduct issue-based performance audits in key areas of local government activity.

**Current provision:**

None

**Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)****recommendation:**

P: 22 Improvement, Productivity and Accountability (Box 17)

**Background**

As noted by the Panel, such audits have been conducted by the Victorian Auditor-General for many years. Topics are selected in consultation with the sector, and recent audits have covered important issues such as rating practices, sustainability of small councils, business planning, fees and charges, and use of development contributions. They usually involve a small sample of representative councils. The audits do not question the merits of councils' policy objectives. Rather, the purpose of the audit is to assess whether councils are achieving their objectives and operating economically, efficiently and effectively.

Towards New Local Government Legislation  
Explanatory Paper: proposed *Phase 1* amendments

## 8.6 Financial management

**Proposed Amendment**

It is proposed to adopt a more ‘principles-based’ approach to the management of council funds by moving detailed requirements to the Regulation and the *Local Government Code of Accounting Practice and Financial Reporting*, which is prescribed under the Act.

New provisions in the Act will set out objectives and principles that are to inform councils’ financial management practices and that align them with the objectives set through councils’ Integrated Planning and Reporting frameworks. These provisions will ensure that the financial targets for councils are to be those reflected in their long term financial plans, delivery programs and operational plans.

They will also establish the following principles of sound financial management:

- responsible and sustainable spending, aligning general revenue and expenses as per the councils’ planning documents.
- responsible and sustainable infrastructure investment for the benefit of its community.
- effective financial and asset management, including sound policies and processes for:
  - performance management and reporting, and
  - asset maintenance and enhancement, and
  - funding decisions, and
  - risk management practices.
- achieving intergenerational equity, including ensuring that:
  - policy decisions are made having regard to their financial effects on future generations, and
  - the current generation funds the cost of its services.

**Current provisions:**

Sections 408 – 411

**Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)****recommendation:**

T: 3.3.9 Financial Governance

**Background**

The proposed amendments are designed to start to give effect to the Taskforce’s recommendations for a more “principles-based” approach to the regulation of councils’ financial governance in the Act, with prescriptive detail moved to the Regulation and other subordinate instruments wherever practical.

The proposed principles of sound financial management are modelled on those contained in the *Fiscal Responsibility Act 2012*.



## 1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To The Local Government Act 1993

### Towards New Local Government Legislation Explanatory Paper: proposed *Phase 1* amendments



#### 8.7 Financial reporting

##### **Proposed Amendment**

Consistent with the proposal that councils' financial obligations be recast to establish a "principles-based" approach in the Act detailed reporting requirements should be specified instead in the Regulation and the *Local Government Code of Accounting Practice and Financial Reporting*.

##### **Current provisions:**

Sections 412-421

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

T: 3.3.9 Financial Governance

##### **Background**

The proposed amendments are designed to give effect to the Taskforce's recommendations for a more "principles-based" approach to the regulation of councils' financial governance in the Act, with prescriptive detail moved to the Regulation and other subordinate instruments.

#### 8.8 External audit

##### **Proposed Amendment**

It is proposed to place Local Government audits under the aegis of the NSW Auditor-General.

There will also need to be transitional arrangements in the Bill to ensure that existing auditor appointments can be brought to an orderly conclusion, with minimal disruption to councils, current auditors and the Audit Office of New South Wales.

##### **Current provisions:**

Sections 422-427

##### **Independent Local Government Review Panel (P)/Local Government Acts Taskforce (T)**

##### **recommendation:**

P: 3 Fiscal Responsibility

##### **Background**

As noted in the Government response to the Panel and Taskforce, giving the Auditor-General oversight of council financial audit will improve quality, consistency and timeliness and financial management.

The Office of Local Government is currently working with the Audit Office on the development and implementation of the proposed amendments, including transitional arrangements.

1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To  
The Local Government Act 1993

## ATTACHMENT 2

<b>Campbelltown City Council Assessment of the proposed Phase 1 Amendments to the Local Government Act 1993</b>	
<b>Proposed Phase 1 Amendment</b>	<b>Council position on change</b>
<b>1. Guiding Principles for the Act and local government</b>	
1.1 Purposes of the Local Government Act	Support
1.2 Role of local government	Support
1.3 The guiding principles of local government	Support
<b>2. Structural framework of local government</b>	
2.1 The role of the governing body	Support
2.2 The number of councillors	Support
2.3 Rural councils	Neutral Stakeholders residing in and serving small rural areas are better placed to offer feedback on this proposal
<b>3. The governing body of councils</b>	
3.1 The role of the mayor	Support
3.2 The mayor's term of office	Support
3.3 The role of councillors	Support
3.4 Councillor's term of office	Support
3.5 Oath or affirmation of office	Support
3.6 Councillor's expenses and facilities	Support Council notes that 4 yearly review cycles may be satisfactory as a minimum requirement, but notes that more frequent review of such a policy to take account, for example, of changes in the nature and level of demands on Councillors and changes in technology, may be required. Council supports removing the requirement to send the policy to the OLG, as this information is publicly accessible on councils websites
3.7 Mayor/councillor professional development	Support
3.8 Role and functions of administrators	Support
3.9 Financial controllers	Support
3.10 Meetings	Support
3.11 Delegations of functions	Support
<b>4. Elections</b>	
4.1 Extensions of the option of universal postal voting to all councils	Support



1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To  
The Local Government Act 1993

<b>Campbelltown City Council Assessment of the proposed Phase 1 Amendments to the Local Government Act 1993</b>	
<b>Proposed Phase 1 Amendment</b>	<b>Council position on change</b>
<b>5. Council's workforce</b>	
5.1 Determination of the organisation structure	Support
5.2 The role of general managers	Support
5.3 The requirement to report annually to the council on senior staff contractual conditions	Support
<b>6. Ethical Standards</b>	
6.1 Consolidation of the prescription of ethical standards	Support
6.2 Investigation of pecuniary interest breaches	Support
<b>7. Council's strategic framework</b>	
7.1 Integrated planning and reporting principles	Support
7.2 Streamlining the existing integrated planning and reporting provisions	Support
7.3 Council's integrated planning and reporting to reflect regional priorities	Support
7.4 Expanded scope of delivery programs	Support
7.5 Fiscal sustainability	Support
7.6 Expanded scope of council's community engagement strategies	Support
<b>8. Council Performance</b>	
8.1 Annual Reports	<b>Disagree</b> The annual reports include information about the status of Delivery Program and Operational Plan actions and, as such, the proposal fundamentally broadens the role and responsibilities of internal audit committees. It is questionable whether this is reasonably within the remit of Council's internal audit committee or practicably possible for the Committee to undertake. The details of this proposed amendment should be subjected to closer scrutiny in line with recommendations emerging from the current <i>IPART Review of reporting and compliance burdens on Local Government</i> .
8.2 State of the environment reports	Support

1.1 Towards New Local Government Legislation - Proposed Phase One Amendments To  
The Local Government Act 1993

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<b>Campbelltown City Council Assessment of the proposed Phase 1 Amendments to the Local Government Act 1993</b>	
<b>Proposed Phase 1 Amendment</b>	<b>Council position on change</b>
8.3 Performance measurement	Support
8.4 Internal audit	Support
8.5 Sector-wide performance audits by the Auditor-General	Support
8.6 Financial management	Support
8.7 Financial reporting	Support
8.8 External audit	Support

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## **1.2 National General Assembly of Local Government 2016**

### **Reporting Officer**

Manager Governance and Risk

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### **Attachments**

1. Letter from Australian Local Government Association regarding the 2016 National General Assembly of Local Government (contained within this report)
2. Discussion Paper 2016 Call for Motions (contained within this report)

### **Purpose**

To advise Council that the 2016 National General Assembly (NGA) of Local Government will be held on 19 - 22 June 2016.

### **History**

The National General Assembly (NGA) of Local Government is the major event on the annual Local Government events calendar. The NGA typically attracts more than 800 mayors, councillors and senior officers from councils across Australia and is an opportunity to contribute to the development of national local government policy and receive updates on the major policy issues facing local government nationally.

### **Report**

The Australian Local Government Association (ALGA) is holding the 2016 National General Assembly at the National Convention Centre in Canberra on 19 - 22 June 2016. Council is also advised of the scheduling conflict with the June Council meeting to be held on Tuesday 21 June 2016.

Invitations have been extended to the Prime Minister, the Leader of the Opposition, the Leader of the Australian Greens and relevant Ministers to attend the conference to provide key note addresses.

The theme of the conference is 'Partners in an Innovative and Prosperous Australia'. This theme reflects the renewed focus across all levels of government on the roles and responsibilities of the public sector and the challenge of meeting communities' needs.

To assist Councils in submitting motions for debate, the ALGA has put together a discussion paper providing guidelines for motions and background information (attachment 2).

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To be eligible for inclusion in the NGA Business Papers, motions must follow the following principles:

1. be relevant to the work of local government nationally
2. be consistent with the themes of the Assembly
3. complement or build on the policy objectives of your state and territory local government association
4. propose a clear action and outcome
5. not be advanced on behalf of external third parties which may seek to use the NGA to apply pressure to Board members, to gain national political exposure for positions that are not directly relevant to the work of, or in the national interests of local government.

Motions should generally be in a form that seeks the NGA's support for a particular action or policy change at the Federal level, which will assist local governments to meet local community needs. Councillors are asked to draft their motions in the format prescribed by the ALGA (see below) and to submit as a Notice of Motion for consideration by the Council at the meeting to be held on 22 March 2016.

**Motion**

National Objective

Why is this a national issue and why should this be debated at the NGA? (Maximum 100 words)

**Summary of Key Arguments**

Background information and supporting arguments (maximum 300 words).

Council staff will coordinate the online lodgement of motions endorsed by Council.

**Officer's Recommendation**

1. That the General Manager or their nominee and the Director Business Services be authorised to attend the 2016 National General Assembly of Local Government together with any interested Councillors, with expenses to be met in accordance with Council's policy.
2. That Council determine any motions that are to be submitted.

**Committee's Recommendation: (Kolkman/Hawker)**

That the Officer's Recommendation be adopted.

**CARRIED**

**Council Meeting 22 March 2016 (Mead/Lake)**

That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1



AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

18 February 2016

FEB23'16 07:45:16 RQUD

**Campbelltown City Council**  
PO Box 57  
CAMPBELLTOWN NSW 2560

To the Mayor, Councillors and CEO

### **2016 National General Assembly of Local Government – Call for Motions**

The 2016 National General Assembly of Local Government (NGA), to be held at the National Convention Centre in Canberra between 19<sup>th</sup> and 22<sup>nd</sup> June, is an opportunity for councils to identify and discuss national issues of priority for the sector and to agree on possible steps which could be taken to address these issues. Every council has the opportunity to raise relevant issues for debate at the NGA and I invite your council to participate in the 2016 NGA by submitting a motion for consideration.

The Australian Local Government Association (ALGA) Board is calling for motions for the 2016 NGA under the theme of '*Partners in an Innovative and Prosperous Australia*'. This theme reflects the renewed focus across all levels of government on the roles and responsibilities of the public sector and the challenge of meeting our communities' needs.

To be eligible for inclusion in the NGA Business Papers, motions must follow the principles set out by the ALGA Board, namely:

1. Be relevant to the work of local government nationally;
2. Be consistent with the theme of the NGA;
3. Complement or build on the policy objectives of your state and territory local government association;
4. Propose a clear action and outcome; and
5. Not be advanced on behalf of external third parties which may seek to use the NGA to apply pressure to Board members, to gain national political exposure for positions that are not directly relevant to the work of, or in the national interests of, the local government sector.

Please be aware that ALGA reserves the right to reject motions which do not meet these conditions. To assist councils in preparing motions, a Discussion Paper has been prepared and is enclosed with this letter. It is also available on the ALGA website at [www.alga.asn.au](http://www.alga.asn.au).

Motions should be submitted via the online form on the website at [www.alga.asn.au](http://www.alga.asn.au) and should be received by ALGA no later than 22 April 2016. Any administrative inquiries can be directed to ALGA by calling 02 6122 9400.

I encourage you to ensure the views of your Council and your community are represented at the 2016 NGA and accordingly look forward to receiving your Council's motion.

Yours sincerely

**Mayor Troy Pickard**  
President



### **Call for Motions Guidelines and Background Information**

The theme for this year's National General Assembly of Local Government (NGA) is *'Partners in an Innovative and Prosperous Australia'*. The NGA theme reflects current issues being debated nationally and priority issues facing local government and is your opportunity to contribute to the development of national local government policy.

The ALGA Board is now calling for motions for the 2016 NGA.

To assist councils in preparing motions, a Discussion Paper has been prepared and is available at [www.alga.asn.au](http://www.alga.asn.au).

To be eligible for inclusion in the NGA Business Papers, motions must meet the following conditions:

1. be relevant to the work of local government nationally
2. be consistent with the themes of the Assembly
3. complement or build on the policy objectives of your state or territory local government association
4. propose a clear action and outcome, and
5. not be advanced on behalf of external third parties that may seek to use the NGA to apply pressure to Board members or to gain national political exposure for positions that are not directly relevant to the work of, or in the national interests of, local government.

Once submitted, motions will be reviewed by the ALGA Board's NGA Sub-Committee as well as by state and territory local government associations to determine their eligibility for inclusion in the NGA Business Papers. When reviewing motions, the sub-committee considers the importance and relevance of the issue to local government. Please note that motions should not be prescriptive in directing how the matter should be pursued. Any motion deemed to be primarily concerned with local or state issues will be referred to the relevant state or territory local government association, and will not be included in the Business Papers. The sub-committee reserves the right to reject any motions which are not consistent with the conditions set out above, or to allocate these motions to the reserve section of the debate business papers to be dealt with only if time permits.

Through the review process, minor edits may be made to motions to ensure they can be included in the Business Papers. These edits will change the motion to call for action (for example to 'call on the Australian Government' to do something) to ensure relevance to local government nationally by removing state-specific references, or to ensure the wording is consistent with current conventions such as referring to the Australian Government instead of the Federal Government.

To assist in facilitating an efficient and effective debate, motions that cover similar matters will appear grouped together in the Business Papers and the matter will be debated only once with the lead or strategic motion being the one debated.

Motions that are agreed to at the NGA become Resolutions of the NGA. These Resolutions are then considered by the ALGA Board when setting national local government policy,

when the Board is making representations to the Federal Government at Ministerial Councils, during meetings and in ALGA publications. The ALGA Board is not bound by any Resolution passed at the NGA.

Motions are to be submitted online at [www.alga.asn.au](http://www.alga.asn.au) and should be received by **ALGA no later than 11.59pm Friday 22 April 2016**.

The following information will be required when you submit a motion using the online form.

*Motion*

- Text of the Motion

*National Objective*

- Why is this a national issue and why should this be debated at the NGA?
- Maximum 100 words

*Summary of Key Arguments*

- Background information
- Supporting arguments
- Maximum of 300 words (additional information should be provided as speaking notes to the council representative who will move the motion at the NGA)

*Declaration*

You will need to declare that the motion has been endorsed by your council.

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## **ATTACHMENT 2**



**AUSTRALIAN LOCAL  
GOVERNMENT ASSOCIATION**

# **National General Assembly of Local Government**

**19 - 22 June 2016**

## **Call for Motions Discussion Paper**

**'Partners in an Innovative and  
Prosperous Future'**

*Motions should be lodged electronically at [www.alga.asn.au](http://www.alga.asn.au) no later than*

*11:59pm on Friday 22 April 2016.*

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### ***Submitting Motions***

The National General Assembly of Local Government is an important opportunity for you and your council to influence the national policy agenda.

To assist you and your council to identify motions that address the theme of the NGA, the ALGA Secretariat has prepared this short discussion paper. You are encouraged to read all of the sections of the Paper, but are not expected to respond to every question in each section. Your motion/s can address one or all of the issues identified in the discussion paper.

To be eligible for inclusion in the NGA Business Papers, and then debate on the floor of the NGA, motions must be consistent with the following principles:

1. be relevant to the work of local government nationally
2. be consistent with the themes of the Assembly
3. complement or build on the policy objectives of your state and territory local government association
4. propose a clear action and outcome, and
5. not be advanced on behalf of external third parties that may seek to use the NGA to apply pressure to Board members or to gain national political exposure for positions that are not directly relevant to the work of, or in the national interests of, local government.

Motions should generally be in a form that seeks the NGA's support for a particular action or policy change at the Federal level which will assist local governments to meet local community needs. For example: *That this National General Assembly call on the Federal Government to restore indexation to local government financial assistance grants.*

Motions should be lodged electronically using the online form available on the NGA Website at: [www.alga.asn.au](http://www.alga.asn.au). All motions require, among other things, a contact officer, a clear national objective, a summary of the key arguments in support of the motion, and endorsement of your council. Motions should be received by ALGA no later than 11:59pm on Friday 22 April 2016, electronically in the prescribed format.

Please note that for every motion it is important to complete the background section on the form. Submitters of motions should not assume knowledge. The background section helps all delegates, including those with no previous knowledge of the issue, in their consideration of the motion.

All motions submitted will be reviewed by the ALGA Board's NGA Sub-Committee as well as by state and territory local government associations to determine their eligibility for inclusion in the NGA Business Papers. When reviewing motions, the sub-committee considers the importance and relevance of the issue to local government. Please note that motions should not be prescriptive in directing how the matter should be pursued. Motions may be edited before inclusion in the Business Papers to ensure consistency. If there are any questions about the substance or intent of a motion, ALGA will raise these with the nominated contact officer. Any motion deemed to be primarily concerned with local or state issues will be referred to the relevant state or territory local government association, and will not be included in the Business Papers.

For more information, please contact Clare Hogan at ALGA on (02) 6122 9400.

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### *Preamble*

The 2016 National General Assembly (NGA) is most likely to be held in the lead up to the next Federal election. During this time, all national political parties focus on leadership, key messages, marginal seats and political campaigning. National policy initiatives enter the public domain and all Australians are asked to engage in the political process and choose between competing ideas, election promises and the numerous candidates across the nation.

Last year's NGA theme was *'Closest to the People - Local government in the Federation'*. The theme reinforced the vital role of local government in Australia's system of government. It built on the Government's Federation White Paper process, which sought to clarify roles and responsibilities of the levels of government and potentially better align funding with respective responsibilities. It also acknowledged the development of a Green Paper on Taxation. The NGA greatly assisted ALGA in its advocacy and participation in the reform process.

Since then there has been much debate on taxation reform, which will culminate at the 2016 Federal election.

In December 2015 the Council of Australian Governments (COAG) reset the national political dialogue. COAG committed to:

'... close collaboration in areas of shared responsibility, including competition, tax, innovation, infrastructure, cities and regulation, as well as in health and education.'

COAG leaders agreed the principles for a new national economic reform agenda should be:

'...to deliver for all Australians no matter where they live:

- a stronger, more productive and more innovative Australian economy, with more jobs, more opportunities and higher living standards
- fairness and equity, with protection for disadvantaged and lower income Australians, and
- more efficient and high quality services.'

The theme of the 2016 NGA – *'Partners in an Innovative and Prosperous Future'* – invites councils from across Australia to consider the role of local government in this agenda, and how councils can play their role in the delivery of these objectives.

Many of the services and infrastructure provided by councils are not only critical to the social, cultural and environmental well-being of their communities, but also to the economic prosperity of their regions and the nation more broadly.

The NGA debate on motions and associated discussions will seek to highlight how local government can be more agile in delivering those services to communities, as well as send a strong and unified message to the Commonwealth.

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### ***Introduction***

The 2016 NGA theme is *'Partners in an Innovative and Prosperous Future'*.

This year, the NGA debate on motions and associated discussions will seek to highlight how local government can be more efficient and effective. The discussions will look at how local government, working in partnership with other levels of government, the private sector and the not-for-profit sector, can innovate and create a prosperous future for the community it serves.

This year's theme builds on the work of the 2015 NGA which focused on local government's role in the Federation. The Commonwealth Federation Discussion Paper 2015 sets a context in which motions for this year's NGA should be developed.

The theme *'Partners in an Innovative and Prosperous Future'* seeks to focus attention on the role that local government can play in creating a prosperous Australia. The Federation Discussion Paper notes that Australia today is very different from the country it was at the time of Federation and poses the fundamental question: '... does [the Federation] provide the system of national governance that Australians need right now, and will it help or hinder efforts to adapt and thrive in the vastly different economic, political and social realities of the 21<sup>st</sup> century?'

To put this question in a local government context:

Are the government systems (including our own), processes and priorities, in many cases set up decades ago, still appropriate today?

Are they delivering accessible and fair systems and are they a help or hindrance? Do they facilitate business activity and contribute to higher living standards, or are they a drag on the local economy? Are they necessary or do they duplicate effort?

Technological change has created opportunities, making many traditional models of business and government obsolete. Have these opportunities been taken up?

Participatory democracy is being enhanced through empowering individuals and local communities with new knowledge and new ways of engaging with each other and with governments. Are these opportunities been captured?

Australian productivity and living standards are comparatively high by world standards. However, the current national productivity and reform debate recognises that without reform, Australia risks being left behind on the world stage—meaning fewer jobs, lower economic growth, and reduced living standards.

COAG has responded positively to this challenge. All governments have committed to collaborate particularly in areas of shared responsibility, including competition, tax, innovation, infrastructure, cities and regulation, as well as health and education.

The 2016 NGA seeks motions that suggest reform, innovation in government operations and opportunities to partner with local government that will support Australia's prosperity.

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### *Local government role in national productivity*

Over several decades, the NGA has called on the Australian Government to recognise the importance of greater levels of investment in local and regional infrastructure. This advocacy has been, in part, built on equity considerations as well as productivity considerations.

The NGA has called on the Australian Government to increase Financial Assistance Grants and Roads to Recovery (R2R) funding. These calls have been predominantly based on the need for the Commonwealth to help achieve horizontal equity (i.e. an equitable level of municipal services across the country) and the need to assist local councils to rebuild and maintain local infrastructure, particularly roads.

The rationale for permanent R2R funding and additional freight investment is that essentially the purpose of R2R is to restore the capacity of local roads to a standard able to sustain social and economic services, whereas additional funding through freight investment would be required to improve the standard of roads to meet the higher service levels required to handle higher productivity vehicles and significantly higher volumes of freight traffic.

The NGA's calls to the Australian Government have also sought recognition that local infrastructure provides important economic services. Local roads, for example, are an essential component of the national road network and therefore add to local and regional productivity and, in aggregate, make a significant contribution to state and national productivity.

Community infrastructure also plays an important role in local and regional economic development by enhancing the quality of life for residents as well as helping to attract and retain population, skilled workers and a local and regional workforce. The State of the Regions Report in 2015, commissioned by ALGA and written by National Economics, showed that there is a strong economic rationale for ensuring that all regions in Australia prosper. The report confirmed OECD findings that regional inequality reduces national productivity.

Local government's objectives in local economic development are diverse. They recognise local circumstances, availability of resources and the impact of external factors such as privatisation, technological change, globalisation and structural industry changes. For some councils, particularly in rural and regional areas, the focus is on stemming the decline in population, loss of businesses and local employment. For others, it is a focus on working with local businesses and the local community to optimise economic development and opportunities for the area.

Local government can facilitate and support economic development but it is frequently criticised for impeding economic development by imposing additional costs on business including through regulation, creating red-tape, providing unsuitable infrastructure etc.

Australian councils contribute significantly to the productivity and economy of their regions by focusing their efforts in three key strategic areas:

- creating and maintaining the investment environment – ensuring the availability of appropriate physical and social infrastructure, striving to deliver a quality public domain, and ensuring sufficient housing diversity and lobbying on behalf of local and regional communities for sufficient community services such as education and training, health and well-being, community safety and emergency services
  - facilitating new local investment – actively promoting business development through facilitating local economic development, strategic planning, working with business
-

associations/main street organisations, and active involvement with tourism or other business activities, and

- attracting external investment through the creation of new business and capital – working with regional bodies such as RDA, Austrade and developers to attract and create new businesses and investment.

Local government has a key role to play in the provision of support services and infrastructure that underpins local and regional economic development, and therefore local government plays an essential part in achieving higher productivity. In broad terms, actions geared to creating and maintaining the investment environment in local and regional communities are considered to be of prime importance to a majority of local councils and it is this area that ALGA has focused its greatest attention.

Local government is a natural leader in local economic development because councils know their local business communities, workforce and comparative advantages better than anyone else. Local people and businesses are the key to economic growth and development and councils are perfectly positioned to work with local stakeholders to drive a bottom-up, place-based approach to achieve prosperity. Every council's economic development activity will be different according to the unique structures and needs of their local economies, as well as the capacity of the council and community.

#### **Questions**

Given the importance of local and regional infrastructure are there any national initiatives that could further assist local government to support local and regional productivity?

Are there areas of reform that local government can explore to enhance economic development and productivity?

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### **Partnering**

The term *partner* as a noun is defined as '... a person who takes part in an undertaking with another or others, especially in a business or firm with shared risks and profits.' In the context of the 2016 NGA, it can be interpreted as '.... how councils can take part in an undertaking with others, including sharing the risk, for the benefit of the community'.

Local government provides a vast array of services and local infrastructure, often in partnership with others including other governments, the private sector, the community and not-for-profit sector.

Example of partnerships include:

- the provision of a local swimming pool in partnership with the private sector, or a not-for-profit organisation, that provides the management service of that facility
- the provision of Meals on Wheels in partnership with the community not-for-profit sector delivering meals to residents at their homes, and
- the provision of Home and Community Care (HACC) to targeted groups of clients in the municipality, in partnership with the federal and state governments which provide funding.

Other examples include:

- councils partnering with a university to provide locally-relevant research to inform decisions on issues such as development applications in areas that could be effected by sea level change
- partnering with other councils to share resources and skills, and
- partnering with the private sector to develop new and innovative ways of delivering services, such as electronic planning or apps to report pot holes.

A key feature of each of these examples is that each party brings different expertise, skills, resources and experiences to the specific undertaking. The combination of these skills, expertise and resources frequently results in innovation and the provision of a service in a way that would not be possible by either party separately.

An alliance between local government and other partners creates new opportunities for business as well as innovative services, increased efficiency, cost savings and more accessible service to the benefit of the community.

### **Questions**

Please note, where local government is mentioned in the following questions it refers to local government as a whole, not specific proposals for partnerships at a single council level. Questions are designed to draw out new ideas that could transform the delivery of services and infrastructure at a systemic level.

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Are there new opportunities for the Australian Government to partner with local government to deliver Commonwealth services at the local level? What would be the role of the Commonwealth in such a partnership? How would this benefit the community?

Are there partnerships that could be developed to maximise the opportunities to innovate and provide simpler, smarter and more reliable services and infrastructure at the local level? If so, what are these opportunities and what would be the role of the Commonwealth in supporting these partnerships?

Are there opportunities for the private sector to partner with local government to speed up and improve a local government service or function? What role could the Commonwealth play in facilitating these opportunities?

### ***Innovation***

The Australian Government has declared its strong support for innovation. The Government's National Innovation and Science Agenda says innovation is:

'... at the heart of a strong economy—from IT to healthcare, defence and transport—it keeps us competitive, at the cutting edge, creates jobs and maintains our high standard of living. It's not just about new ideas, products and business models; innovation is also about creating a culture where we embrace risk, move quickly to back good ideas and learn from mistakes.'

The statement has a focus on a range of objectives including:

- entrepreneurship and leveraging our public research
- increasing collaboration between industry and researchers to find solutions to real world problems and to create jobs and growth
- developing and attracting world-class talent for the jobs of the future, and
- government leading by example by embracing innovation and agility in the way we do business.

### **Questions**

What is the role of local government in this innovation agenda?

Are these objectives relevant to local government itself? For example, is its role in increasing collaboration between industry and researchers to find solutions to real-world problems and to create jobs and growth? If so, how can these solutions be shared to the benefit of all councils and their communities. How could the Australian Government help this to occur?

What can local government bring to the table as a partner? For example, does local government hold data that, having regard to privacy issues, could be shared with the private sector which could put it to innovative uses? How could the Australian Government support this?

Are there digital innovations that could be introduced to local government that would increase the efficiency of businesses working with local government and vice-versa. How could the Australian Government support this?

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Is there a role for local government to help innovative start-ups to rapidly transform their ideas into globally competitive businesses by giving them mentorship, funding, resources, knowledge and access to business networks? If so, how could the Australian Government support this?

### ***Resourcing***

In the 2014-15 Federal Budget, the Government committed to provide \$2.2867 billion in Local Government Financial Assistance Grants (FAGs). However, the Government also announced it would pause the indexation of FAGs for the three years following that budget.

FAGs are a Commonwealth Specific Purpose Payment to local government paid through the State and Territory Governments. Payments are made to councils by jurisdictional Treasurers on the advice of state and territory Local Government Grants Commissions under the provisions of *the Local Government (Financial Assistance) Act 1995*.

The objects of the *Local Government (Financial Assistance) Act 1995* enable the Commonwealth Parliament to provide assistance to the states for the purposes of improving:

- (a) the financial capacity of local governing bodies
- (b) the capacity of local governing bodies to provide their residents with an equitable level of services
- (c) the certainty of funding for local governing bodies
- (d) the efficiency and effectiveness of local governing bodies, and
- (e) the provision by local governing bodies of services to Aboriginal and Torres Strait Islander communities.

Freezing the indexation of FAG's will reduce Commonwealth expenditures (and grants to councils) by more than \$925 million over the forward estimates. The freeze also means that the aggregate level of FAGs will be permanently reduced by almost 13 per cent, unless there is a future government decision to restore this base with a catch-up payment.

Councils are invited to submit motions to address this issue.

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## **2. PROPERTY SERVICES**

### **2.1 Lot 52 DP 1028174 Minto Walk (Request for Release of Easement for Support)**

#### **Reporting Officer**

Manager Property Services

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#### **Attachments**

Locality Plan (contained within this report)

#### **Purpose**

To seek Council approval to remove a beneficiary interest (easement for support) for walkway over land being Lot 52 DP 1028174 (corner Edward Edgar Street and Ben Lomond Road, Minto) which is currently owned by UrbanGrowth NSW (Landcom).

#### **History**

The subject lot was created as part of the original residential subdivision of the area (Lot 9 DP 730994) and was proposed to be dedicated to Council by Landcom along with two other parcels which were dedicated as public reserve. Lot 52 was not dedicated to Council as advice provided by Council to Landcom in 2003 was that dedication should be placed on hold in view of the One Minto Redevelopment Project.

The subject section of land provided northern access to an existing overpass on Ben Lomond Road. Council deferred the dedication of this Lot as it was required as access to the bridge. As the pedestrian overpass bridge over Ben Lomond Road was removed some years ago as part of the One Minto Redevelopment Project the land was no longer required to provide pedestrian access.

Landcom subsequently approached Council seeking to transfer the land Lot 52 DP 1028174 at nil cost to Council and a report was presented to Council at its meeting of 21 September 2010 recommending that Council accept the transfer for nil cost.

In subsequent dealings with Landcom it was advised that Council required that the rear and side boundaries be fenced by Landcom due to the steep fall at these boundaries prior to the land being transferred to Council.

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## Report

Landcom subsequently approached Council in 2014 advising that they were close to selling the parcel of land being Lot 52 DP 1028174 to the adjoining owner and requesting Council approval to release the easement for support which benefits Minto Walk.

The easement for support has been identified by Landcom as being an obsolete easement given that the pedestrian overhead bridge was removed.

Although the easement for support on title for Lot 9 DP 730994 from which Lot 52 DP 1028174 was created identified that the authority and power to release, vary or modify this interest was the Housing Commission of NSW, Council has been advised that Land and Property Information require Council approval to release this interest as Council is nominated as a party with a beneficial interest in the easement description.

The easement for support which Landcom are seeking Council to release has a variable width (approximately 123 metres long and 6 metres wide) with an area of approximately 738 square metres, which traverses Lot 52 DP 1028174 having an area of 1,560 square metres.

A response was provided to Landcom that it was Council's standard procedure to charge an administration fee and seek payment of compensation for the removal/release of any interest on title and that a report to Council was required with a resolution in support of the recommendation.

UrbanGrowth NSW have requested that Council waive its administration fee and compensation for release of the easement on the basis that the alternative would be that UrbanGrowth would transfer the land to Council which would create a continuous maintenance liability to Council.

It is advised that the subject land is zoned 2(b) Residential under Council LEP 2002 and under CLEP 2015 the land is to be zoned R3 Medium Density Residential.

## Officer's Recommendation

1. That Council provide approval to waive its standard procedure to seek an administration fee and compensation fee for the release of easement for support (walkway) from the title of Lot 52 DP 1028174.
2. That all documentation associated with the release of easement for support be executed under the Common Seal of Council if required.

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

That the Officer's Recommendation be adopted.

**CARRIED**

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**Council Meeting 22 March 2016 (Mead/Lake)**

That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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**ATTACHMENT 1**



### **3. FINANCIAL SERVICES**

#### **3.1 Rescinded Revenue Pricing Policy**

##### **Reporting Officer**

Manager Financial Services

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##### **Attachments**

Revenue Pricing Policy (contained within this report)

##### **Purpose**

To obtain Council approval to rescind the Revenue Pricing Policy that is not required as it is disclosed in Council's Operational Plan.

##### **History**

The abovementioned policy was adopted by Council on 19 June 2012. The policy is now due for review in accordance with Council's Records and Document Management Policy.

##### **Report**

The abovementioned policy is proposed to be rescinded in accordance with Council's Record Management Policy and the adopted procedure for Policy Development and Review.

The Revenue Pricing Policy currently forms part of the Operational Plan which is adopted by Council once a year as part of the budget process.

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

That the Revenue Pricing Policy be rescinded.

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

That the Officer's Recommendation be adopted.

**CARRIED**

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**Council Meeting 22 March 2016 (Mead/Lake)**


That the Officer's Recommendation be adopted.

**Council Minute Resolution Number 34**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

 <b>campbelltown</b> city council		<b>POLICY</b>
Policy Title	Revenue Pricing	
Related Documentation	Operational Plan Fees and Charges	
Relevant Legislation/ Corporate Plan	Local Government Act	
Responsible Officer	Manager Financial Services	

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

### Statement

A Council must have an Operational Plan that is adopted before the beginning of each year. The Plan is to detail the activities to be engaged in by the Council during the year as part of the delivery program covering that year.

The Operational Plan must include a statement of Council's Revenue Policy for the year covered by the Operational Plan. The statement of revenue policy must include the statements and particulars require by the regulations.

A copy of the Revenue Pricing Policy can be found in the Operational Plan detailed on Council's website at:

Council - Administration - Financial Information - Related Links - Operational Plan

**END OF POLICY STATEMENT**

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## **3.2 Revised Accounting Practices Policy**

### **Reporting Officer**

Manager Financial Services

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### **Attachments**

Revised Accounting Practices Policy (contained within this report)

### **Purpose**

To seek Council's endorsement of the revised Accounting Practices Policy.

### **History**

The abovementioned policy was adopted by Council on 15 July 2003 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 developed in accordance with Council's Record Management Policy and the adopted procedure for Policy Development and Review.

The Accounting Practices Policy has been reviewed and found minor changes are required to update the terminology from Balance Sheet to Statement of Financial Position and to amend a typographical error under Principles. Both changes are highlighted in the attachment. It is recommended that the policy be adopted and a new review date identified.

### **Officer's Recommendation**

1. That the revised Accounting Practices Policy as attached to this report be adopted.
2. That the Policy review date be set at 30 March 2018.

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

That the Officer's Recommendation be adopted.

**CARRIED**

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**Council Meeting 22 March 2016 (Mead/Lake)**


That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

 campbelltown city council		<b>POLICY</b>
Policy Title	Accounting Practices	
Related Documentation	Significant Accounting Policy	
Relevant Legislation	<i>Local Government Act 1993</i> The Australian Accounting Standards Board Local Government Code of Accounting Practices and Financial Reporting <i>Local Government (General) Regulations 2005</i>	
Responsible Officer	Manager Financial Services	

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

### Objectives

The purpose of this policy is to document the accounting practices by Campbelltown City Council. These accounting practices are in addition to the 'significant accounting policies' listed in the annual financial statements and refer to matters which are of less significance or considered immaterial.

### Policy Statement

This policy has been developed in conjunction with Council's external Auditor to develop a process for the dealing of various transactions affecting Council's end of year financial position. The policy has been developed taking into account all relevant legislation.

#### Scope

The scope of this policy is to formalise the accounting treatment for transactions affecting Council's end of year financial position.

#### Definitions

Contingent Asset - is recognised in the Notes to the end of year financial reports. This is reliant on a set of events and does not affect the Income Statement or the Statement of Financial Position as presented in Council's end of year financial reports.

Immaterial - relates to the quantum of the amount of a transaction and where this amount is of a minor nature, it is considered to be immaterial.

#### Legislative Context

This policy is in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulations 2005*, the Local Government Code of Accounting Practice and Financial Reporting and the Accounting Standards as released by the Australian Accounting Standards Board.



### **Principles**

#### **Childcare Income, Childcare Fees in advance and Childcare Debtors**

Council's policy is to only recognise childcare income on a cash basis. The extent of any childcare fees in advance or childcare debtors is considered immaterial and the cost of gathering the information on a monthly basis is prohibitive.

The recoverability of childcare debtors is also considered doubtful so any debtors would need to be provided for by way of a doubtful debts provision liability.

#### **Library Fines**

Library fines are brought to account as income on a cash received basis. Outstanding fines are accrued as a debtor with an offsetting provision to enable Council to monitor the balance. The Library system is used as the subsidiary ledger. Due to the minor nature and likelihood recoverability, no contingent asset is recognised.

#### **Prepayments**

Although Council prepares its accounts on an accrual basis, prepayments will only be recognised if the prepayment exceeds \$1,000 per month.

Issues such as prepaid motor vehicle registration or telephone services in advance are considered immaterial and not recorded as prepayments.

#### **Income In Advance**

Although Council prepares its accounts on an accruals basis, income in advance will only be recognised if the advance exceeds \$1,000 per month.

Specific issues such as prepaid childcare fees or leisure centre membership fees are considered immaterial and not recorded as income in advance.

#### **Stock on Hand**

Stock on hand at Council's Central Store is accounted for by the Council's Inventory Module within the Financial Management Information System and an annual stocktake is performed to reconcile the physical stock to the expected stock levels.

Other stock owned by Council such as stationery, kiosk supplies and clothing and equipment at leisure centres is expensed when purchased and not recorded as an asset of the Council.

#### **Parking Fines**

Fines are referred to the Infringement Processing Bureau for monitoring and recovery. The Infringement Processing Bureau maintains the controls and checks to monitor outstanding fines. Fines are subject to appeal and negotiation. Therefore it is Council's policy only to recognise the income on a cash received basis.

Additionally, Council also chooses not to recognise these debtors as a contingent asset as Council has no control over the recovery process.

#### **Section 94**

Section 94 Contributions are brought to account on a cash received basis. This accounting approach is consistent with the funding of Section 94 works, ie: the funds are received before the works can commence.

Although a contingent asset exists, this asset is matched with an obligation of Council to perform tasks documented in the Section 94 plan. Therefore, no contingent asset or liability is recognised in the accounts in relation to Section 94.

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**Developer Contributions**

Developer contributions are brought to account as soon as Council has a legal claim to the contribution. The allocation of the subsequent receivable between current and non-current will be determined by the conditions of the approval where an agreement is executed.

**Responsibility**

The Manager Financial Services shall ensure that all transactions are treated in accordance with this policy at the end of each financial year and reflected consistently in Council's end of year financial reports.

**Effectiveness of this Policy**

This policy will be reviewed on a three year basis or where alterations in legislation will require a review of the treatment of transaction associated within this policy.

**END OF POLICY STATEMENT**

### **3.3 Revised Investment Policy**

#### **Reporting Officer**

Manager Financial Services

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#### **Attachments**

Revised Investment Policy (contained within this report)

#### **Purpose**

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

#### **History**

The abovementioned policy was adopted by Council on 3 August 1984 and was reviewed on 21 April 2015. The policy is now due for review in accordance with the Record Management Policy.

#### **Report**

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

Council's external financial advisors, Spectra Financial Services were consulted and have advised that, in their view, the policy is consistent with the conservative approach required for the stewardship of the restricted and unrestricted reserve monies Council is responsible for.

The Investment 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 Investment Policy as attached to this report be adopted.
2. That the Policy review date be set at 30 March 2018.

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

That the Officer's Recommendation be adopted.

**CARRIED**

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**Council Meeting 22 March 2016 (Mead/Lake)**


That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

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

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

### Objectives

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

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

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

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

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

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

### Policy Statement

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

### **Scope**

This policy applies to Investment monies built up through:

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

### **Definitions**

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

### **Legislative Context**

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

*The Local Government Act*

Section 625 (2) of the Act provides that:

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

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

The current Ministerial order – 12 January 2011.

### **Principles**

Authority for Investment

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

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#### Guidelines

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Quotations on Investments

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

### General Policy Guidelines

#### Diversification

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

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

These limits are as per the following schedule:

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

#### Authorised Investments

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

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



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

#### **Maturities**

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

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

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

#### **Independent Financial Advice**

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

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

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

#### **Benchmarks**

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

#### **Responsibility**

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

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

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

### **END OF POLICY STATEMENT**

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### 3.4 Sundry Debtors Report - January 2016

#### Reporting Officer

Manager Financial Services

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#### Attachments

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

#### Purpose

To provide a report detailing the amount outstanding by type and age for sundry and miscellaneous debts for the period ending 31 January 2016.

#### Report

Debts outstanding to Council as at 31 January 2016 are \$2,119,277 reflecting an increase of \$5,005 since December 2015. The ratio of outstanding debts to current invoices has increased from 11.3% in December to the current level of 14%. 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 – January 2016

During the month, 1086 invoices were raised totalling \$1,772,362. 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 -\$1,303,293 – The main invoices relate to:

Roads & Maritime Services - WBS Project - Eagle Vale Drive	\$1,056,547 (paid)
Department of Infrastructure and Regional Development – Lynwood Park Artificial Turf Upgrade - second payment	\$150,000 (paid)
NSW Department of Justice - Rosemeadow Sports Complex, floodlight and fencing upgrade - second payment	\$66,000 (paid)
Greater Sydney Local Land Services - mitigating key threats to Campbelltown Koalas	\$27,362 (paid)

Land and Building Rentals – \$125,681 – the main invoices relate to:

Aldi Foods Pty Ltd - monthly rental Macquarie Fields	\$25,214
Caltex Oil Australia Pty Ltd – monthly rental Macquarie Fields	\$15,974
Mycorp Group Pty Ltd - monthly rental Macquarie Fields	\$13,878

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Sundry – \$95,111 – The main invoices relate to:

Joyland Amusements Pty Ltd - Fisher's Ghost 2015 - Commission payment	\$89,514 (paid)
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Sportsground and Field Hire – \$54,003 – the main invoices relate to:

Campbelltown UWS Collegians Athletics - Hire of Campbelltown Athletics Centre	\$13,844 (paid)
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Pool Hire - \$29,703– the main invoices relate to:

Swimming NSW – Learn to Swim Program	\$8,705
Mary Immaculate Parish Primary School - Learn to Swim Program	\$9,030
Good Shepherd Primary School – Learn to Swim Program	\$11,230

Receipts to the value of \$1,767,357 have been received during the period, the most notable in the following areas:

Government and other Grants	\$1,210,020
Road and Restorations	\$121,554
Waste Services	\$112,053
Land and Building Rentals	\$107,858
Sports Ground and Field Hire	\$40,835

#### Sundry debts outstanding – 31 January 2016

Debts exceeding 90 days of age totalled \$214,051 as at 31 January 2016. The major invoices relating to this balance include:

Description	Date Invoiced	Balance at 31 January 2016
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	\$4,700
Casper's Baseball Club - electricity charges. Club is experiencing financial difficulty, however have been making irregular payments to reduce the debt. Council continues to communicate 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 Care Facility. Insurance company has agreed to pay debt and legal costs. Paid 5 February 2016	05/06/14	\$1,981 (paid)
Master Woodturning - land value associated with walkway closure adjoining 37 Lancaster Street, Ingleburn. Funds in trust to be released early March	20/11/14	\$54,129
Bastow Civil Constructions - road restoration - various locations The Parkway, Bradbury, sent to Council's debt recovery agents. No contact made from debtor - Statement of claim has been issued	19/08/15	\$13,058
Campbelltown City Kangaroos RLFC – various invoices 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. Part payment made, balance to be paid end February 2016	30/08/15	\$1,725
Debtor 10074441.6 – child care fees – contact made with Family and Community Services, change of office and caseworker has delayed payment but is expected to be finalised by end of January 2016	07/05/15	\$1,826
Debtor 10075795.4 – road restoration - 13 Bensbach Road, Glenfield. Paid 18 February 2016	31/07/15	\$2,600 (paid)
Debtor 10073212.2 – shop licence inspection fees and legal 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. Account closed with financial institution, awaiting instructions from Council's debt recovery agents	24/09/13	\$3,042
Network Constructions - road restoration - Hurley and Patrick Streets, Campbelltown	16/10/15	\$8,942 (paid)
Crown Resorts Foundation - WS Arts Funding Initiative - Campbelltown Arts Centre School Education Program 2016	02/11/15	\$55,000 (paid)
Decadance Dance Studio - Permanent hall hirer of Ron Moore Community Centre, hire has been cancelled due to defaulting agreement and 7 day letter issued February 2016, awaiting response	03/11/15	\$2,971

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

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



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

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

During the month 13 accounts were issued a letter of demand on Council's letterhead, advising that if the account was not settled or an appropriate arrangement was not made, the account will escalate to formal legal action through Council's agent.

Council's agents were instructed to issue one letter of demand for unpaid road restoration work.

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 22 March 2016 (Mead/Lake)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

### ***DEBTORS SUMMARY 1 January 2016 to 31 January 2016***

DEBTOR TYPE/DESCRIPTION	ARREARS AT 31/12/2015	RAISED THIS PERIOD	RECEIVED THIS PERIOD	BALANCE AT 31/01/2016	% DEBT RATIO
Corporate Administration	50,128	24,242	22,424	51,946	29.49%
Abandoned Items	6,662	0	0	6,662	0.35%
Education and Care Services	18,710	13,852	1,804	30,759	0.98%
Community Bus	89	360	0	449	0.01%
Sportsground and Field Hire	30,913	54,003	40,835	44,081	5.46%
Government and other Grants	1,450,488	1,303,293	1,210,020	1,543,761	12.87%
Public Hall Hire	22,354	15,083	13,643	23,794	1.39%
Health Services	350	0	0	350	0.02%
Land and Building Rentals	59,675	125,681	107,858	77,498	5.63%
Healthy Lifestyles	8,934	36,751	30,658	15,028	0.15%
Library Fines and Costs	0	0	0	0	0.00%
Licence Fees	42,175	3,030	15,108	30,098	1.85%
Pool Hire	60,705	29,703	11,891	78,517	0.39%
Private Works	8,984	0	900	8,084	0.52%
Road and Footpath Restoration	152,943	1,412	121,554	32,801	28.17%
Shop and Office Rentals	19,206	42,113	38,231	23,088	2.17%
Various Sundry Items	135,955	95,465	40,379	191,041	6.42%
Waste Collection Services	84,678	27,375	112,053	0	6.17%
	<b>1,501,854</b>	<b>1,772,362</b>	<b>1,767,357</b>	<b>2,119,277</b>	<b>100%</b>

## ATTACHMENT 2

### AGEING OF SUNDRY DEBTOR ACCOUNTS - 31 January 2016

Description	Current Charges	Total 30 Days	Total 60 Days	Total 90+ Days	Balance Due	Previous Month 90+ days
Corporate Administration	13,818	13,761	9,494	14,872	51,946	14,032
Abandoned Items	0	0	0	6,662	6,662	6,662
Education and Care Services	30,759	0	0	0	30,759	0
Community Bus	449	0	0	0	449	0
Sportsground and Field Hire	23,097	9,501	144	11,340	44,081	10,568
Government and other Grants	1,303,293	150,000	55,000	35,468	1,543,761	35,468
Public Hall Hire	9,914	6,200	4,460	3,219	23,794	3,071
Health Services	0	0	0	350	350	350
Land and Building Rentals	58,725	17,708	1,064	0	77,498	0
Healthy Lifestyles	8,253	6,219	364	191	15,028	790
Licence Fees	1,535	6,025	2,366	20,172	30,098	18,126
Pool Hire	29,703	46,941	452	1,421	78,517	895
Private Works	0	0	0	8,084	8,084	7,795
Road and Footpath Restoration	1,316	0	5,205	26,280	32,801	17,338
Shop and Office Rentals	15,046	4,281	3,761	0	23,088	0
Various Sundry Items	95,112	8,914	1,023	85,992	191,041	79,401
Waste Collection Services	0	0	0	0	0	0
	<b>1,552,342</b>	<b>269,550</b>	<b>83,334</b>	<b>214,051</b>	<b>2,119,277</b>	<b>193,784</b>



## **3.5 Monthly Rates Summary**

### **Reporting Officer**

Manager Financial Services

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### **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**

This report details the Rates and Charges levy and monthly cash collections result as at 31 January 2016.

### **Report**

Rates and Charges levied to the end of January 2016 were \$97,260,711, representing 100% of the budget estimate.

Rates and Charges collected to the end of January totalled \$57,288,970. In percentage terms this amount represents 57.7% of all rates and charges due to be paid. In comparison, the amount collected in the same period last year was 57.4%.

The February rate instalment notices were issued on 15 January 2016 to 48,251 ratepayers. This represents a decrease of 519 on the number issued for the same period last year. Ratepayers continue to be encouraged to register to receive their annual and instalment notices via email with 1,685 registered for eRates.

Debt recovery action during the month involved the issue of 262 Statements of Claim to ratepayers who had either failed to maintain arrangements or had not responded to previous correspondence. In addition, 14 Writs were served on ratepayers who failed to respond to the Statement of Claim.

Ratepayers who purchased property since the issuing of the February instalment notices are issued a 'Notice to new owner' letter. This letter advises ratepayers of the annual amount levied and any balance unpaid since settlement occurred. During the month, 47 of these notices were sent to ratepayers.

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**Officer's Recommendation**

That the information be noted.

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

That the Officer's Recommendation be adopted.

**CARRIED**

**Council Meeting 22 March 2016 (Mead/Lake)**

That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

### RATES SUMMARY

#### STATEMENT OF ALL OUTSTANDING RATES AND EXTRA CHARGES

RATE - CHARGE	NET ARREARS 1/7/2015	NET LEVY FOR YEAR	PENSION REBATES	EXTRA CHARGES	TOTAL RECEIVABLE	CASH COLLECTED	NET AMOUNT DUE	POSTPONED RATES & INTEREST	GROSS AMOUNT DUE
RESIDENTIAL	2,443,224.65	54,430,506.63	1,413,309.12	527,108.26	55,987,530.42	31,897,601.73	24,089,928.69	308,181.59	24,398,109.91
BUSINESS	436,057.49	17,753,686.06		57,078.07	18,246,821.62	10,809,876.75	7,436,944.87		7,436,944.87
BUSINESS - IND	100.30	0.00		0.00	100.30	0.00	100.30		100.30
FARMLAND	0.00	597,545.27	884.79	2,726.10	599,386.58	249,295.38	350,091.20	147,727.43	497,818.63
MINING	0.00	23,937.48		0.00	23,937.48	23,937.48	0.00		0.00
LOAN	75,640.51	2,659.96		1,494.47	79,794.94	9,699.94	70,095.00	27,052.36	97,147.36
INFRASTRUCTURE	206,769.81	5,682,024.66		7,059.34	5,895,853.81	3,356,781.58	2,539,072.23	17,131.00	2,556,203.23
F5 ACCESS RAMPS	379.22	0.00		0.00	379.22	0.00	379.22		379.22
TOTAL	\$3,142,670.23	\$78,490,360.06	\$1,414,193.91	\$595,466.24	\$80,833,804.37	\$46,347,192.86	\$34,486,611.51	\$500,092.38	\$34,986,703.52
GARBAGE	674,774.34	18,308,466.74	833,181.73	24,464.83	18,174,524.18	10,314,541.34	7,859,982.84		7,859,982.84
STORMWATER	49,776.92	1,041,949.95		334.10	1,092,060.97	627,236.30	464,824.67		464,824.67
GRAND TOTAL	\$3,867,221.49	\$97,840,776.75	\$2,247,375.64	\$620,265.17	#####	\$57,288,970.50	\$42,811,419.02	\$500,092.38	\$43,311,511.03

Total from Rates Financial Transaction Summary	42,824,329.92
Overpayments	-487,181.11
Difference	0.00

#### ANALYSIS OF RECOVERY ACTION

Rate accounts greater than 6 months less than 12 months in arrears	740,542.82
Rate accounts greater than 12 months less than 18 months in arrears	124,978.49
Rate accounts greater than 18 months in arrears	25,821.73
TOTAL rates and charges under instruction with Council's agents	\$891,343.04



## ATTACHMENT 2

### COMPARISON OF BUDGET TO ACTUAL

DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	BALANCE STILL REQD.	% RAISED
RESIDENTIAL	53,878,600	54,278,600	54,430,507	(151,907)	100.28%
BUSINESS	17,935,000	17,585,000	17,753,686	(168,686)	100.96%
FARMLAND	459,900	609,900	617,047	(7,147)	101.17%
MINING	23,900	23,900	23,937	(37)	100.16%
INFRASTRUCTURE	5,631,700	5,631,700	5,682,025	(50,325)	100.89%
SUB TOTAL	77,929,100	78,129,100	78,507,202	(378,102)	100.48%
INTEREST CHARGES	238,000	238,000	155,608	82,392	65.38%
LEGAL COSTS RECOVERED	840,000	840,000	464,658	375,342	55.32%
PENSIONERS - Sec 575	(1,837,700)	(1,837,700)	(1,873,096)	35,396	101.93%
PENSIONERS - Sec 582	(389,800)	(389,800)	(374,280)	(15,520)	0.00%
PENSIONERS SUBSIDY	1,010,735	1,010,735	1,030,203	(19,468)	101.93%
SUB TOTAL	(138,765)	(138,765)	(596,908)	458,143	430.16%
DOMESTIC WASTE CHARGES	17,621,100	17,621,100	17,783,989	(162,889)	100.92%
COMMERCIAL WASTE CHARGES	444,600	444,600	524,477	(79,877)	117.97%
STORMWATER MNGMNT	1,138,000	1,138,000	1,041,950	96,050	91.56%
SUB TOTAL	19,203,700	19,203,700	19,350,417	(146,717)	100.76%
GRAND TOTALS	96,994,035	97,194,035	97,260,711	(66,676)	100.07%
COLLECTIONS AS A % OF:					
RESIDENTIAL	TOTAL RECEIVABLE	TOTAL LEVIED	TOTAL RECEIVABLE	TOTAL LEVIED	
BUSINESS	56.97%	58.60%			
FARMLAND	59.24%	60.89%	RATES	57.34%	59.05%
INFRASTRUCTURE	41.59%	41.72%	WASTE	56.75%	56.34%
	56.93%	59.08%	STORMWATER	57.44%	60.20%
ALL RATES	57.34%	59.05%	TOTAL RATES & CHARGES	57.72%	59.05%

## ATTACHMENT 3

### RATES STATISTICS

No. of documents issued	July	August	September	October	November	December	January	February	March	April	May	June	Jan-15
Rate Notices	50,454	56		121			16						165
Electronic - DoH	5,427												42,533
Instalment Notices				43,741			42,834						6,237
Electronic - DoH				5,389			5,417						
Missed Instalment Notices			8,315			7,866							
- Pensioners > \$15.00			586			554							
Notice to new owner	105	51	41	21	56	49	47						51
7-day Letters - Council issued			2,073			2,023							
- Pensioners > \$500.00			170			181							
7-day Letters - Agent Issued			581				633						553
Statement of Claim	209	29	13	220	18	11	262						229
Judgments	16	40	19	12	64	3	11						18
Writs	11	29	17	9	11	18	14						17
eRates	1,543	1,601	1,611	1,640	1,654	1,660	1,685						1,367
Arrangements	351	298	373	396	471	355	402						381

## **3.6 Investment report - January 2016**

### **Reporting Officer**

Manager Financial Services

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### **Attachments**

1. Investment portfolio performance for the month of January 2016 (contained within this report)
2. Investment portfolio comparison between Councils (contained within this report)

### **Purpose**

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

### **Report**

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

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

Council's Investment Portfolio as at 31 January 2016 stood at approximately \$111m. Funds are currently being managed both by Council staff and Fund Managers and are in accordance with the *Local Government Act 1993*, *Local Government (General) Regulation 2005* and Council's Investment Policy.

Council staff recently undertook an analysis of investment returns for other Councils to assess Council's performance in comparison as shown in Attachment 2 to this report. The results are fairly consistent though some fluctuations occur as a result of different risk profiles, investment length and establishment dates.

### **Portfolio Performance**

Directly managed investments have consistently outperformed the AusBond bank bill index benchmark.

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Monthly annualised return	January
Council Managed Funds	3.11%
Benchmark: AusBond Bank Bill Index	2.27%

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	January
Council Managed Funds	3.29%
Benchmark: AusBond Bank Bill Index	2.24%

Council's portfolio as at 31 January 2016 is diversified with 72% in term deposits of varying lengths of maturity which are managed in accordance with market expectations and Council's investment strategy, 23% 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 January
Short term at call	\$1,021,414
0 – 3 months	\$50,759,193
3 – 6 months	\$43,679,657
6 – 12 months	\$10,451,746
12 months +	\$5,000,000

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

Credit exposure (S&P Long Term Rating)	31 January
AAA to AA-	61%
A+ to A-	32%
BBB+ to BBB-	7%
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 2 February 2016 meeting in line with market expectations.

The statement of monetary policy accompanying the decision was relatively unchanged from recent months with the core message being expected continual improvement in growth, inflation levels are well contained and the scope to provide additional support to the economy through further interest rate cuts if required.

### **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: (Borg/Lake)**

That the Officer's Recommendation be adopted.

### **CARRIED**

### **Council Meeting 22 March 2016 (Mead/Lake)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 34**

That the Officer's Recommendation be adopted.

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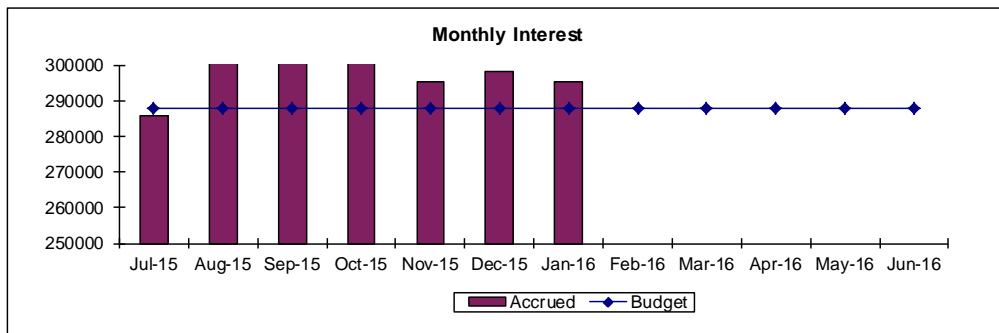
## ATTACHMENT 1

### CAMPBELLTOWN CITY COUNCIL INVESTMENT PORTFOLIO

Summary January 2016

Benchmark AusBond Bank Bill Index  
Portfolio Balance \$110,912,010.55

Monthly Performance	Return (mth)	Return (pa)
AusBond Bank Bill Index	0.19%	2.27%
Total Portfolio	0.26%	3.11%
<i>Performance to Benchmark</i>	<i>+</i> 0.07%	<i>+</i> 0.84%
Portfolio - Direct Investments	0.26%	3.11%
<i>Performance to Benchmark</i>	<i>+</i> 0.07%	<i>+</i> 0.84%
Short Term Call Account	0.20%	2.40%

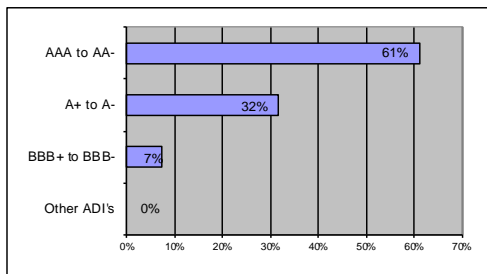


### Year to Date Performance

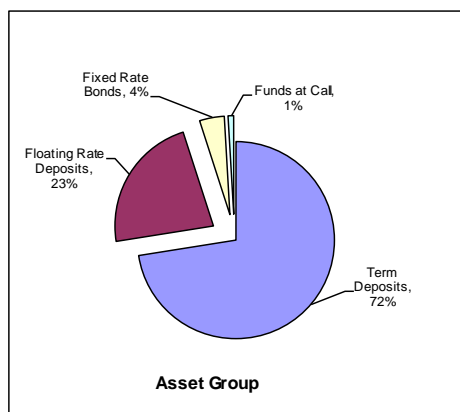
### Credit Exposure (S&P Long Term Rating)

Rolling 12 Month Period  
3.29% Council Managed Funds  
2.24% Benchmark

Interest Budget to Actual  
Average Budget to Period \$2,014,658  
Actual Accrued to Period \$2,095,720



### Portfolio Diversity



			%
NAB Funds at Call	\$ 1,021,413.61	AA-	1%
NSW Treasury	\$ 2,810,000.00	AA+	3%
National Australia Bank	\$ 39,057,440.34	AA-	35%
ANZ Bank	\$ 3,500,000.00	AA-	3%
Westpac Bank	\$ 4,000,000.00	AA-	4%
Commonwealth Bank	\$ 5,000,000.00	AA-	5%
Bank Western Australia	\$ 12,311,757.97	AA-	11%
AMP Bank	\$ 4,051,972.60	A+	4%
Suncorp Metway	\$ 13,062,849.31	A+	12%
Macquarie Bank	\$ 3,000,000.00	A	3%
Rural Bank	\$ 6,000,000.00	A-	5%
Bank of Queensland	\$ 9,063,710.96	A-	8%
Credit Union Aust	\$ 3,000,000.00	BBB+	3%
ME Bank	\$ 5,032,865.76	BBB+	5%
	<b>\$ 110,912,010.55</b>		<b>100%</b>



## ATTACHMENT 2

### Investment Returns Comparison between Councils

Council	Total Portfolio	Risk Profile	Returns / Analysis
Campbelltown 31 Jan 2016	\$111m • Cash • Floating Rate Deposits • Fixed Rate Bonds • Term Deposits	S&P Long Term Rating • >=A (\$103m) • <=BBB (\$8m)	3.34% annualised yearly (Dec) 3.29% annualised yearly (Jan) 3.11% monthly return (Jan)  Conservative policy with 95% of funds having less than twelve months to maturity with low risk institutions with a rating of A or higher. Councils \$8m investments held in BBB are for durations of less than 12 months (short term) and therefore are deemed to be rated A-2.  Lowest 2.85% Highest 6.75% 3.19% comparable deposits of <=12 months 3.37% total portfolio
Woolondilly 31 Dec 2015	\$50m • Bonds • Cash • Floating Rates Notes • Mortgage Backed Securities • Term Deposits	• >=A (\$47.5m) • <=BBB (\$2.5m)	Annualised returns inflated due to long term bank bonds yielding between 6% and 7.17%.  Lowest 2.70% Highest 7.17%
Penrith 30 Nov 2015	\$106m • Cash • Floating Rate Notes • Term Deposits	• >=A (\$106m)	2.95% total portfolio monthly return  Annualised return indeterminate as length of maturities not specified, however lower risk term deposits with institutions with a rating of A or higher, account for 77% of total portfolio.
Liverpool 31 Dec 2015	\$173m • Cash • Floating Rate Notes • Mortgage Backed Securities • Term Deposits	• >=A (\$145m) • <=BBB (\$18m) • Unrated (\$10m)	2.3%-2.9% comparable deposits of <=12 months 3.45% total portfolio  Annualised return indicates over 30% of investments are in floating rate notes and 28% with longer maturity lengths of 1-3 years. Returns are increased due to % of funds held with lower rated or unrated institutions (higher risk).
Holroyd 31 Dec 2015	\$73m • Cash • Floating Rate Notes • Fixed Rate Bonds • Term Deposits	• >=A (\$64.5m) • <=BBB (\$12.5m)	2-3% comparable deposits of <=12 months 3.24% total portfolio  Annualised return increased due to long term fixed and floating rate notes with lengths of maturity up to 5 years.
Camden 31 Dec 2015	\$105m • Cash • Term Deposits	• >=A (\$105m)	3.37% average total portfolio return which is comparable with Campbelltown. 100% of portfolio consists of cash and term deposits with a significant amount held in longer dated maturities with interest rates averaging 4%.  Lowest 2.35% to Highest 5.10%

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

**No reports this round**

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

**No reports this round**

#### **6. INTERNAL AUDIT**

**No reports this round**

#### **7. GENERAL BUSINESS**

Nil.

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

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

**CARRIED**

#### **24. CONFIDENTIAL ITEMS**

##### **24.1 Licence Agreement for Campbelltown Camden District Band Incorporated**

#### **Reason for Confidentiality**

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

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

**Motion: (Lake/Mead)**

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

**CARRIED**

There being no further business the meeting closed at 5.40pm.

C Mead  
CHAIRPERSON

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