

Finance & Administration Committee

AGENDA

DOC16/12959



Members Crs H van de Ven (Chairperson), D Betteridge, G Docksey, A Glachan, K Mack and D Thurley

Staff General Manager

Apologies

Members are advised that the next **Finance & Administration Committee Meeting** will be held in the **Council Chambers**, AlburyCity Administration Building, 553 Kiewa Street, Albury on **Monday 15 February 2016**, immediately following the Community & Cultural Committee Meeting.

FAC 1 – RECORDING OF MEETING

1A Chairperson to advise that the meeting is being recorded for administrative purposes

FAC 2 – CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR

2A Conflict of Interest Declarations

FAC 3 – APOLOGIES

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Note A light meal will be served at 5.15pm, at 'Charlies on Kiewa', for Councillors and staff required to attend the meeting.

Frank Zaknich

General Manager

11 February 2016

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FAC 4 – CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4A Minutes of the Finance & Administration Committee Meeting held on Monday 14 December 2015 at 6.26pm (DOC15/117844)

Present	Crs D Thurley (Deputy Chairperson), D Betteridge, G Docksey, A Glachan and K Mack
Apologies	Cr H van de Ven
Absent	Cr P Gould
Staff	General Manager, Director Community & Recreation, Chief Financial Officer, Acting Director Engineering, Director Economic Development & Tourism, Director Planning & Environment, IT Officer, Executive Assistant, Governance Officer

FAC 1 RECORDING OF MEETING

1A Recording of Meeting

The Chairperson advised those present that the meeting is being recorded for administrative purposes.

FAC 2 CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR

2A Conflict of Interest Declarations

There were no Conflict of Interest Declarations received by the Chair.

FAC 3 APOLOGIES

3A Apologies of Committee Members

Cr Glachan Moved, Cr Docksey Seconded

That the Committee receive, note and accept the apology of Committee Member, Cr H van de Ven, and grant leave of absence for the meeting.

CARRIED

AlburyCity – Finance & Administration Committee

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FAC 4 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

4A Minutes of the Finance & Administration Committee Meeting held on Monday 16 November 2015 at 6.16pm (DOC15/107646)

Cr Betteridge Moved, Cr Mack Seconded

That the Committee recommends to Council that the Minutes of the Finance & Administration Committee Meeting held on Monday 16 November 2015, at 6.16pm, be adopted.

CARRIED

FAC 5 MATTERS ARISING FROM PREVIOUS MINUTES

There were no Matters Arising from Previous Minutes.

FAC 6 REPORTS/MINUTES OF COMMITTEES AND WORKING PARTIES

There were no Reports/Minutes of Committees and Working Parties.

FAC 7 OFFICERS REPORTS FOR CONSIDERATION

7A Investment Balances – November 2015 (DOC15/113829)

Cr Mack Moved, Cr Docksey Seconded

That the Committee recommends to Council that Council:

- a. receive, note and accept the Investment Balances Report for the month of November 2015; and
- b. deem the Treasury Corporation Hour-Glass Cash Fund investment option as AA-rated for the purpose of AlburyCity's Investment Procedure.

CARRIED

FAC 8 OFFICERS REPORTS FOR NOTING

There were no Officers Reports for Noting.

FAC 9 DELEGATES REPORTS FOR NOTING

There were no Delegates Reports for Noting.

FAC 10 NOTICE OF URGENT BUSINESS

There was no Notice of Urgent Business.

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FAC 11 CONFIDENTIAL ITEM

There were no Confidential Items.

Meeting closed at 6.29 pm.

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FAC 5 – MATTERS ARISING FROM PREVIOUS MINUTES

5A Nil.

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FAC 6 – REPORTS/MINUTES OF COMMITTEES & WORKING PARTIES

6A Nil.

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FAC 7 – OFFICERS REPORTS FOR CONSIDERATION

7A Quarterly Budget Review – December 2015 (DOC16/12149)

DATE 9 February 2016

CONFIDENTIAL

Personnel Matters

YES

Commercial

NO

Legal

If yes please tick one of the following reasons

Security

Personal Hardship

ITEM FOR DECISION

Meeting Date Monday 15 February 2016

ITEM FOR NOTING

Meeting Date

FURTHER ENQUIRIES TO Justin Finlayson
Executive Services

PHONE 6023 8153

Purpose of Report

The report presents the revised estimate of Council's financial performance for the 2015/16 financial year as part of the quarterly review of Council's annual budget.

Background

Clause 203 of the *Local Government (General) Regulations 2005* requires that:

1. Not later than two months after the end of each quarter (except the June quarter), the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the statement of the council's revenue policy included in the operational plan for the relevant year, a revised estimate of the income and expenditure for that year.
2. A budget review statement must include or be accompanied by:
 - a) a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and
 - b) if that position is unsatisfactory, recommendations for remedial action.

This report summarises major forecast variations compared to the original budget for the 2015/16 financial year. Forecast variations that are expected to result in a net nil change between accounts have not been highlighted within this report. Council's financial results for the six months ended 31 December 2015 have been examined to identify possible savings to offset cost shifts.

Issues

Service and Efficiency Review Program

Service and Efficiency Review Program savings of \$824,115 within General Fund operations are forecast to be achieved during the 2015/16 financial year as budgeted.

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One off savings to be achieved

The target of \$482,594 in unallocated budget savings as included in the original budget to achieve a break even result within General Fund has not been identified as part of the quarterly budget review process to date, but are still budgeted to be identified during the 2015/16 financial year.

Operational savings have been identified as part of the December Quarter Budget Review, however, they have been offset by forecast increases in costs as detailed within this report.

Carbon Tax Repeal

Council holds \$4.9 million in unexpended carbon funds due to the repeal of the *Clean Energy Act 2011* by the Commonwealth Government. As per the report presented to Council during 2015, Council has committed to return early collected carbon revenue of \$825,000 during the 2015/16 financial year to other local government customers for their kerbside collected waste and \$640,000 to AlburyCity ratepayer kerbside customers in August 2016 as a credit when the 2016/17 rate notices are issued. The remainder of funds will be invested in infrastructure at the Albury Waste Management Centre Resource Recovery Centre.

Depreciation

Based on data within Council's asset management system depreciation expense for the current financial year is estimated to be \$27.7 million, which would be 4.3% or \$1.1 million more than budgeted and 6% or \$1.6 million more than the prior year.

Reasons for the estimated increase compared to budget relate to the:

- revaluation of the cost to replace roads and buildings.
- asset additions (including roads, plant and landfill cells).
- changes to the estimated useful life of assets (including asphalt).

The current estimate of depreciation expense is potentially subject to change. Actual depreciation expense for the current financial year will continue to be monitored as the year progresses to confirm the current estimate. The estimated increase in depreciation expense has not been incorporated into the revised year end forecast as part of the December Quarter Budget Review.

AlburyCity is responsible for assets which have a replacement cost of \$1.85 billion and useful lives of up to 120 years. AlburyCity will continue to review the estimated useful life of assets based on the actual performance of assets which AlburyCity is responsible for. Although depreciation is a non-cash expense it is important that AlburyCity continue to plan for the renewal of its long term infrastructure assets.

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Operating Budget

The consolidated full year operating result is now forecast to be an operating surplus of \$7.16 million which is \$486,704 less than the September Quarter Budget Review forecast. This decrease is mainly due to the return of carbon revenue of \$825,000 to other councils with respect to kerbside waste collection.

Improvements:

- \$304,284 reduction in electricity budgets due to changes in tariffs (as part of AlburyCity's Service & Efficiency Review Program), of which \$145,000 relates to the Norske Skog raw water supply scheme;
- \$170,000 increase in water usage income due to higher than anticipated consumption;
- \$119,494 increase in major plant disposal proceeds;
- \$117,512 increase in Landfill income due to tonnages;
- \$104,201 savings in Community Development salaries and wages;
- \$100,000 State Cover Occupation Health and Safety Incentive;
- \$100,000 reduction in the Landfill operating expense budget in line with actuals;
- \$45,397 Statewide Mutual insurance refund.

Deteriorations:

- \$825,000 carbon fees collected from kerbside waste collection to be returned to other councils;
- \$385,572 reduction in reimbursement income from the users of the Norske Skog raw water supply scheme due to the forecast decrease in associated electricity expenses and capital project expenditure;
- \$147,000 increase in MAMA budget due to higher than anticipated opening costs;
- \$53,040 increase in MAMA budget due to previously unidentified one off fit out costs, catalogue costs which is a saleable item to be realised over subsequent years, opening art installation costs due to a compressed bump in time and reduced income due to delayed opening date;
- \$100,000 budgeted savings for vacant positions has been offset by State Cover Occupation Health and Safety Incentive; and
- \$36,980 other variations.

The table below summarises the forecast change in net operating result compared to September Quarter Budget Review by fund.

Net operating result	Adopted Budget 2015/16 \$ 000's	September Budget Review Changes \$ 000's	December Budget Review Changes \$ 000's	Projected Year End Result 2015/16 \$ 000's
General	0	0	607	607
Water	(2,544)	(42)	29	(2,558)
Sewer	(5,839)	775	(149)	(5,213)
(Surplus)/Deficit	(8,383)	733	487	(7,163)

Note: () indicates an improvement to budget

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General Fund Operating Budget

The General Fund operating result is now forecast to be a deficit result of \$607,156.

Improvements:

- \$119,494 increase in major plant disposal proceeds;
- \$117,512 increase in Landfill income due to tonnages;
- \$104,201 savings in Community Development salaries and wages;
- \$100,000 State Cover Occupation Health and Safety Incentive;
- \$100,000 reduction in the Landfill operating expense budget in line with actuals;
- \$75,000 reduction in electricity budgets due to changes in tariffs(as part of AlburyCity's Service & Efficiency Review Program); and
- \$33,842 Statewide Mutual insurance refund.

Deteriorations:

- \$825,000 carbon fees collected from kerbside waste collection to be returned to other councils;
- \$147,000 increase in MAMA budget due to higher than anticipated opening costs;
- \$53,040 increase in MAMA budget due to previously unidentified one off fit out costs, catalogue costs which is a saleable item to be realised over subsequent years, opening art installation costs due to a compressed bump in time and reduced income due to delayed opening date;
- \$100,000 budgeted savings for vacant positions has been offset by Occupation Health and Safety Incentive;
- \$66,000 Energy Management Framework Service & Efficiency Review savings to be found offset by reduction in electricity budgets due to changes in tariffs; and
- \$66,165 other variations.

Where possible work groups have made efforts to ensure cost increments have been offset by savings in other areas. Major variations to budget have been identified per each group below.

Community and Recreation

The forecast is a unfavourable change to the budget of \$109,503.

Improvements:

- \$104,201 savings in Community Development salaries and wages.

Deteriorations:

- \$147,000 increase in MAMA budget due to higher than anticipated opening costs;
- \$53,040 increase in MAMA budget due to previously unidentified one off fit out costs, catalogue costs which is a saleable item to be realised over subsequent years, opening art installation costs due to a compressed bump in time and reduced income due to delayed opening date;
- \$13,664 other variations.

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Economic Development & Tourism

A favourable change to the budget of \$23,208 is forecast.

Improvements:

- \$37,200 increase in joint venture income for commission on sale of land.

Deteriorations:

- \$13,992 other variations.

Engineering

The forecast is an unfavourable movement of \$471,480.

Improvements:

- \$119,494 increase in major plant disposal proceeds;
- \$117,512 increase in Landfill income due to tonnages;
- \$100,000 reduction in the Landfill operating expense budget in line with actuals; and
- \$71,311 other variations.

Deteriorations:

- \$825,000 carbon fees collected from kerbside waste collection to be refunded to other councils; and
- \$54,797 reallocation of salary and wages from Customer Service.

Executive

The forecast is an unfavourable change to budget of \$48,539.

Improvements:

- \$100,000 State Cover Occupation Health and Safety Incentive.

Deteriorations:

- \$100,000 budgeted savings for vacant positions has been offset by Occupation Health and Safety Incentive;
- \$38,081 increase in Australia Post charges from January 2016; and
- \$10,458 other variations.

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Planning & Environment

The forecast is an unfavourable change to the budget of \$842.

Improvements:

- \$54,797 reallocation of salary and wages budget to fleet; and
- \$10,361 other variations.

Deteriorations:

- \$66,000 Energy Management Framework Service & Efficiency Review target savings offset by reductions in electricity budgets due to changes in tariffs.

Water Fund Operating Budget

The forecast is an unfavourable change to budget of \$29,048.

Improvements:

- \$170,000 increase in water usage income is due to higher than anticipated consumption;
- \$145,000 reduction in electricity budgets due to changes in tariffs (as part of AlburyCity's Service & Efficiency Review Program) which is offset by the reduction in reimbursement income from users of the Norske Skog raw water supply scheme;
- \$35,500 reduction in water pump stations operations in line with actuals; and
- \$6,024 other variations.

Deteriorations:

- \$385,572 reduction in reimbursement income from users of Norske Skog raw water supply scheme due to the forecast decrease in associated electricity expenses and capital project expenditure.

Sewer Fund Operating Budget

The forecast is a favourable change to budget of \$149,500.

Improvements:

- \$84,284 reduction in electricity budgets (as part of AlburyCity's Service & Efficiency Review Program); and
- \$81,678 reduction in Kremur Street operations in line with actuals due to less major repairs required.

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Deteriorations:

- \$16,462 other variations.

CAPITAL BUDGET

The net capital budget is forecast to decrease by \$5.3 million to \$39.8 million.

Net capital budget including capital income	Adopted Budget 2015/16 \$000's	September Budget Review Changes \$ 000's	December Budget Review Changes \$ 000's	Projected year End Result 2015/16 \$ 000's
General	22,622	10,712	(2,850)	30,483
Water	6,258	0	(495)	5,763
Sewer	4,889	554	(1,940)	3,503
Total	33,769	11,266	(5,285)	39,750

Note: () indicates a decrease to budget

General Fund Capital Budget

The forecast decrease in the net capital budget is \$2.8 million.

Improvements:

- \$2.5 million Nexus works deferred to 2016/17;
- \$900,000 Landfill Resource Recovery Centre works not forecast to be expended during the current financial year due to delays in obtaining the required approvals for this project;
- \$300,000 Urana Road – Five Ways to Sanders Project which has been rescheduled for 2016/17 due to the application for Black Spot funding. The announcement of applications for this funding is expected to occur in March.

Deteriorations:

- \$900,000 Airport Airside Projects. Initial estimates based on concepts only. Insufficient funds allocated. Resource Recovery Centre funds (above) reallocated to enable Airport Airside Projects to proceed.

Water Fund Capital Budget

The forecast decrease in the net capital budget is \$495,000. This is mainly due to \$500,000 of upgrade works to the water filtration plant (DAFF) project being removed from 2015/16 and included in the 2016/17 new initiatives.

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Sewer Fund Capital Budget

The forecast decrease in the net capital budget is \$1.9 million.

Improvements:

- \$1 million Waterview WWTP (UV upgrade) Project to be completed over a number of financial years. Cash flow demand for 2015/16 reduced and future years increased in accordance with revised demands;
- \$868,000 Pump Station No.1 (Wodonga Place) Project to be completed over a number of financial years. Cash flow demand for 2015/16 reduced and future years increased in accordance with revised demands;
- \$300,000 Pump Station No.21 (North Street) Project to be completed over a number of financial years. Cash flow demand for 2015/16 reduced and future years increased in accordance with revised demands.

Deteriorations:

- \$228,194 adjustment to complete projects including Waterview WWTP concrete floor and drainage, SPS 37 (North Albury) workshop bitumen carpark/landscaping, Waterview Lab purchase of LIMS machine.

Unrestricted Funds

As a result of changes recognised as part of the December Quarter Budget Review it is projected that unrestricted cash and investments will be \$111,000 more than budgeted at 30 June 2016, which is mainly due to forecast operational savings within the General Fund.

Cash and Investments	Actual 2015 \$'000	Original Budget 2016 \$'000	Sep Review Changes 2016 \$'000	Dec Review Changes 2016 \$'000	Revised year end forecast 2016 \$'000
Externally restricted	39,978	44,929	(483)	2,555	47,001
Internally restricted	15,313	9,655	482	1,975	12,112
Unrestricted	13,594	17,394	(347)	111	17,159
Total cash and investments	68,886	71,978	(348)	4,642	76,272

Note: () indicates a decrease to budget

Externally restricted cash and investments include Water and Sewer Fund balances, unexpended developer contributions, special purpose grants and domestic waste management funds.

Internally restricted cash and investments include employee leave entitlements, deposits, retentions and bonds, prepaid burial contributions, landfill remediation, community fund and carbon funds.

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On an accrual basis it is important that an appropriate level of unrestricted cash and investments are maintained to meet liabilities when they fall due.

Overall Council's forecast cash position is forecast to be marginally better than budget.

Risk

- Business Risk – Although Council is forecast to achieve an overall operating surplus during the 2015/16 financial year, an operating deficit is now forecast for the General Fund due to the return of carbon revenue to other councils with respect to kerbside waste collection. It is also estimated that the depreciation expense could be more than budgeted during the current financial year. Although depreciation is a non-cash expense it is important that AlburyCity continue to plan for the renewal of its long term infrastructure assets. Other financial challenges facing AlburyCity include the permanent decrease in Financial Assistance Grants from the Federal Government due to the freeze in indexation.
- Corporate Risk - Council continues to be proactive in managing its budget as part of its Service and Efficiency Review Program while working to maintain and improve infrastructure within AlburyCity.
- WHS and Public Risk – No risks identified.
- Delivery Program Risk – Some capital projects previously budgeted to be completed during the current financial year are to be rescheduled.

Community Engagement

The *Local Government (General) Regulations 2005* require that no later than two months after the end of each quarter (except the June quarter), a budget review statement must be submitted to the Council that shows a revised estimate of the income and expenditure for that year.

Options

The December Quarter Budget Review is presented for consideration. Options available include:

1. Adopt the revised budget estimates for the 2015/16 financial year as presented; or
2. Vary the proposed quarterly budget review estimates; or
3. Adopt no changes to the current 2015/16 Budget.

Conclusion

The full year operating result is now forecast to be an operating surplus of \$7.16 million which is \$486,704 less than the September Quarter Budget Review forecast. At least break even operating results are forecast for the Water and Sewer Funds, however, an operating deficit of \$607,156 is now forecast for the General Fund which is mainly due to the return of carbon revenue of \$825,000 to other councils with respect to kerbside waste collection.

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Other financial challenges facing AlburyCity include the permanent decrease in Financial Assistance Grants from the Federal Government due to the freeze in indexation.

Council continues to be proactive in managing its budget as part of its Service and Efficiency Review Program while working to maintain and improve infrastructure within AlburyCity.

Positive cash flows from operations are required to fund planned capital improvements and repay loans.

The forecast net cost of the 2015/16 capital works program has decreased by \$5.3 million to \$39.8 million, which is mainly due to works being rescheduled to future years.

Overall it is forecast that Council's financial position at year end will be satisfactory compared to its original budget.

Recommendation

That the Finance and Administration Committee recommends to Council that Council:

- a. Receive and adopt the revised budget estimates for the 2015/16 financial year; and
- b. Note the supplementary reports including the Consultancy and Legal Expenditure and Contract Expenditure Listing.

- **Attachments**

1. December Quarter 2015/16 Budget Review Operating Results Report Group Structure Format.
2. December Quarter 2015/16 Budget Review Operating Results Report Statutory Accounts Format.
3. December Quarter 2015/16 Budget Review Operating Results Report Function Format.
4. December Quarter 2015/16 Budget Review Capital Results Report.
5. Cash Flow.
6. Cash and Investment Report.
7. Consultancy and Legal Expenditure Report.
8. Contract Expenditure Listing.
9. Report by Responsible Accounting Officer.

- **Items to be Tabled**

1. Operating Results Changes – All Details.
2. Capital Results Changes – All Details.

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7B Review of Model Code of Conduct (DOC16/11401)

DATE 3 February 2016

CONFIDENTIAL YES NO If yes please tick one of the following reasons
Personnel Matters Commercial Legal Security Personal Hardship

ITEM FOR DECISION

Meeting Date Monday 15 February 2016

ITEM FOR NOTING

Meeting Date

FURTHER ENQUIRIES TO Murray Watson
Executive Services

PHONE 6023 8118

Purpose of Report

The purpose of this report is to provide an update regarding changes to the Office of Local Government (OLG) Model Code of Conduct for Local Councils in NSW (the Model Code) and to recommend an update to AlburyCity's Code of Conduct and Procedures as a result.

Background

In accordance with Section 440 of the Local Government Act (the Act), Councils are required to adopt a Code of Conduct that incorporates the provisions of the Model Code published by the OLG. Further, the Code of Conduct must be reviewed within 12 months after each ordinary election.

AlburyCity's current Code of Conduct and associated Procedures were adopted at the Council meeting on 25 February 2013 and were based on the Model Code and Procedures for the Administration of the Model Code issued at that time by the OLG.

The OLG Model Code has recently been amended to reflect changes to the Act. These changes relate to the disclosure of pecuniary interests at Council meetings. Accordingly, AlburyCity is required to review and amend its Code of Conduct in order to reflect the changes to the Model Code.

Issues

The Act was recently updated to reflect a number of changes resulting from the *Local Government Amendment (Councillor Misconduct and Poor Performance) Act 2015*. The changes are designed to modify and strengthen the arrangements for dealing with councillor misconduct and council maladministration.

One of the changes relates to Sec 451 of the Act. This section has been amended to provide that Councillors will no longer be permitted to participate in the consideration of the making, amendment, alteration or repeal of an environmental planning instrument applying to the whole or significant part of their local government area they have pecuniary interests in unless:

- The only interests affected by the matter are the interests they or their relatives have in their principal places of residence; and

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- They have made a special disclosure of the affected interests

This amendment has also resulted in a change to clause 4.29 of the OLG's Model Code in order to reflect the intent of the change to the Act.

The previous clause 4.29 of the Model Code read:

4.29 A councillor, who would otherwise be precluded from participating in the consideration of a matter under this Part because they have a non-pecuniary conflict of interests in the matter, is permitted to participate in consideration of the matter, if:

- a) *the matter is a proposal relating to*
 - i. *the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or*
 - ii. *the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and*
- b) *the councillor declares any interest they have in the matter that would otherwise have precluded their participation in consideration of the matter under this Part.*

The current clause 4.29 of the Model Code reads:

4.29 A councillor, who would otherwise be precluded from participating in the consideration of a matter under this Part because they have a non-pecuniary conflict of interests in the matter, is permitted to participate in consideration of the matter, if:

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

Risk

- Business Risk – a failure by AlburyCity to have a Code of Conduct that incorporates the provisions of the Model Code will result in the organisation not having the necessary governance frameworks in place to ensure the effective conduct of council officials.
- Corporate Risk – It should be noted that there is no requirement to amend AlburyCity's current Code of Meeting Practice as it remains consistent with the content of the revised Model Code.

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Community Engagement

No community engagement is required regarding the proposed update to AlburyCity's Model Code of Conduct as the alterations are based on the specific updates that have previously been made to the Act and the OLG's Model Code.

Options

The Finance and Administration Committee can recommend to Council to adopt the revised AlburyCity Model Code of Conduct for Local Councils in NSW and Procedures as provided, or alternatively, additional clauses can be considered, providing these do not contravene the intention of the Model Code nor lessen the standard.

Conclusion

Following changes to the Act, the OLG have produced a revised Model Code. In order to ensure AlburyCity effectively meets its legislative and governance obligations, Council should adopt the revised Model Code and Procedures for the Administration of the Model Code. In doing so, Council will have a robust and industry specific framework/document with which to guide and deal with conduct related matters at AlburyCity.

Recommendation

That the Finance and Administration Committee recommends to Council that Council:

- a. Adopt the Model Code of Conduct and Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW issued by the Office of Local Government in November 2015.

- **Attachments**

1. The Model Code of Conduct for Local Councils in NSW – February 2016
2. Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW – February 2016

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FAC 8 – OFFICERS REPORTS FOR NOTING

8A Delivery Program Six Monthly Progress Review – December 2015 (DOC16/9260)

DATE 2 February 2016

CONFIDENTIAL

Personnel Matters

YES

Commercial

NO

Legal

If yes please tick one of the following reasons

Security

Personal Hardship

ITEM FOR DECISION

Meeting Date

ITEM FOR NOTING

Meeting Date Monday 15 February 2016

FURTHER ENQUIRIES TO Frank Zaknich
Executive Services

PHONE 02 6023 8755

Background

The Council is required to report six monthly against its delivery program. The Delivery Program Six Monthly Progress Report – December 2015 is attached.

Recommendation

That the Finance and Administration Committee recommends to Council that Council receive and note the Delivery Program Six Monthly Progress Report – December 2015.

Attachment

1. Delivery Program – Six Monthly Progress Report – December 2015

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8B Service and Efficiency Review Program – Six Monthly Progress Report (DOC16/9217)

DATE Wednesday 10 February 2016

CONFIDENTIAL YES NO If yes please tick one of the following reasons
Personnel Matters Commercial Legal Security Personal Hardship

ITEM FOR DECISION

Meeting Date

ITEM FOR NOTING

Meeting Date Monday 15 February 2016

FURTHER ENQUIRIES TO Kate de Hennin
Executive Services

PHONE 6023 8131

Purpose of Report

This report provides the February 2016 progress report on the Service and Efficiency Review program.

Background:

The aim of the Service and Efficiency program is for Council to achieve a breakeven net operating result before capital grants and contributions for the General Fund by June 2017. In 2012/2013 this required a net improvement to the original General Fund operating result of \$3.5M. Based on the adopted Long Term Financial Plan (2014-2024), estimated annual savings necessary to meet the breakeven net operating result have been included in the Financial Impact section of this report.

The Service and Efficiency Review Program aims to deliver the community strategic plan *Albury 2030* while being financially sustainable as an organisation. It's an opportunity for Council to review its services and service levels and find ways to improve delivery and boost efficiency.

Issues:

Fifty-one services are being reviewed between 2013 and 2017, with the full implementation scheduled to continue until 2020.

Some of Council's 'Fit for the Future' Improvement Proposal Action Plan is reliant upon the successful completion of the Service and Efficiency Review Program. The Action Plan states that "*The Efficiency initiatives will be implemented and monitored through the regular achievement of savings through Council's ongoing productivity improvement program. These are reported on a monthly basis through the implementation of actions resulting from the Service and Efficiency Review Program*".

An Action Plan template has been developed to assist in the implementation of all reviews and recommendations. All Review Leaders are required to list recommendations and actions of completed reviews within the template. This has improved consistency of reporting and monitoring, and will encourage greater accountability for the completion of actions arising from each review.

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The following table outlines a progress summary of the fifty-one service and efficiency reviews. To date, 21 reviews have been completed, 18 are in progress and 12 are yet to commence.

Status and progress report

NO.	SERVICE TO BE REVIEWED	YEAR TO BE COMPLETED	STATUS
1	IT Staff Management	2012/2013	Complete. 24 April 2012
<p>The completed review identified savings through the decision not to fill a vacant trainee position.</p> <p>Update: January 2016 The savings from not filling the vacant trainee position which are estimated at \$35k pa are ongoing. All tasks associated with this saving have been completed in April 2012.</p>			
2	Asset Lifecycle Review	2013/2014	Complete. Endorsed by MANEX 13 May 2014
<p>The review sought to complete a review of unit rates, useful lives, remaining lives and residual values for Council infrastructure assets. Recommendations were implemented as part of 2013/2014 end of year valuation process. The team continues to review and document asset management processes and prioritise the action plan.</p> <p>Action Plan update: January 2016 Five actions identified with four completed and one in progress.</p> <p>All actions were completed in 2014 as part of end of financial year processes. Remaining action is an ongoing review and documentation of our processes which has been incorporated into our ongoing tasks each year.</p>			
3	Strategic Property Management	2013/2014	Complete. Endorsed by MANEX 11 March 2014
<p>Action Plan update: January 2016 Of the 11 recommendations identified for action, seven have now been completed, three are now ongoing and have included completion of a review of all residential zoned/operational classified landholdings, and one is yet to commence.</p>			
4	Governance Review	2013/2014	Complete. Endorsed by MANEX 11 March 2014
<p>The outcomes included a change in staffing structure resulting in Governance Services being transferred to Executive Support, the Public Information Officer role moved to Human Resources and the Property and Leasing service moved to Economic Development. These movements have now been completed. The Governance Officer was appointed in July 2015. The implementation of the changed structure was successful with the optimum level of governance service to the organisation now achieved.</p> <p>Action Plan update: January 2016 A demonstration of the Doc Assembler and Docs on Tap application was provided to relevant staff in November. InfoCouncil demonstration has been scheduled for January 2016. Both Wodonga and Wagga Councils use InfoCouncil for the preparation of agendas and minutes and visits have been arranged with these Councils to seek information on the effectiveness of the software.</p>			

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5	Immunisation Program	2013/2014	Complete. Endorsed by MANEX 25 March 2014
<p>The review has been completed. The last Community Immunisation Clinic was conducted on 10 December 2014, with the Immunisation program being finalised on 31 December 2014. The community can access early childhood vaccinations through their GP. Murrumbidgee Local Health District has engaged Wodonga Council to deliver the High School Immunisation Program. AlburyCity will remain a contact point for record retrieval with all details available on the AlburyCity Website. All immunisation equipment was sold using Council's asset disposal policy.</p>			
6	Aquatics Contract	2014/2015	Complete. Endorsed by MANEX 12 November 2013
<p>Recommendations from the Review were implemented in the aquatics management documentation which was tendered in April 2014. Following the tender submissions for the aquatics management several changes to the contract were re-negotiated in order for a contract to be awarded. Some initiatives from the review were then taken out of the re-negotiated contract. Recommendations from the review in terms of management performance criteria have been implemented through the current contract period.</p> <p>Action Plan update: January 2016 An Action plan was not developed for this review. Many recommendations from the review were incorporated into the current contract for management of AlburyCity's aquatic facilities.</p>			
7	Building Surveying Services	2014/2015	Complete. Endorsed by MANEX 8 July 2014
<p>The review is in the implementation stage with 47 of the 59 recommendations either completed or in the process of on-going implementation or up-date. Six of the recommendations are reliant upon the completion of the Town Planning and Compliance Team Service and Efficiency Reviews.</p> <p>Action Plan update: January 2016 Building Surveying Team continuing to review processes and procedures to improve efficiencies and service to clients. Revised fee structures are delivering increased revenue above forecast coupled with ongoing significant activity.</p>			
8	Energy Management Framework (Major Buildings and Infrastructure)	2014/2015	Complete. Endorsed by MANEX 22 July 2014
<p>Recommendations arising from this Service and Efficiency Review have enabled the Energy Management Framework (EMF) to deliver on enhanced collaboration with relevant AlburyCity teams on identifying, assessing and budgeting of energy savings measures as set out in the 2015-2018 Energy Savings Action Plan. Work has also commenced on the review and financial assessment of electricity tariffs to identify potential significant savings for AlburyCity. The EMF is delivering ongoing enhanced monitoring of AlburyCity's energy consumption. The Energy and Sustainability Officer role has proven to be critical in enhancing the collaboration and the organisation focus on being smart in its use of energy.</p> <p>Action Plan update: January 2016 The EMF continues to deliver on an ongoing basis an enhanced collaboration with relevant AlburyCity teams on identifying, assessing and budgeting of energy savings measures and their subsequent incorporation into the Energy Savings Action Plan (ESAP). A review of contestable electricity tariffs, an action item of the Service and Efficiency Review, has realised a significant financial saving (\$190k annually) for AlburyCity. The foundation has been laid to develop an Energy Performance Monitoring Program for AlburyCity. The new Energy and Sustainability Officer role has been critical to these achievements.</p>			

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9	Events Sponsorship	2014/2015	Complete. Endorsed by MANEX 30 September 2014
<p>All recommendations have been rolled out or adopted into the sponsorship procedure. The final item to complete is update of website content regarding Events Support.</p> <p>Action Plan update: January 2016 All recommendations have been rolled out or adopted into the sponsorship procedure. The final item to complete is update of website content regarding Events Support. This will form part of an overall review of Events website content.</p>			
10	Cemetery / Crematorium	2014/2015	Complete. Endorsed by MANEX 16 September 2014
<p>Stage 1 of the Landscape Master plan has started including the construction of a new access road to the Eastern side of Section 15 at Glenmorus Gardens. Contouring of associated land in section 15 has been completed to create an additional 2508 plots for sale in 12 months time. A continuation of the rostering of grounds maintenance staff to work in teams vs. individually thus improving productivity. All watering now significantly reduced with noted savings on water usage and associated costs. Irrigation maintenance improvements continue as a focus to assist in water usage /leakage.</p> <p>Action Plan update: January 2016 Nineteen actions identified with eleven completed and a further eight in progress.</p> <p>A gradual introduction of additional water catchment infrastructure continues with improvement to existing dams and water catchment contouring associated with the earthworks design of the new section 15 development. The contouring earthworks and associated 420 metre road construction within section 15 (Area A) has been completed. This is supplementary to the Landscape Master plan as a key recommendation within the service and efficiency review. The retro fitting of concrete beams to reduce maintenance times has commenced within section three. Cremation packages have now been developed to encourage families to purchase memorialisation immediately after cremation. The existing pricing structure has been deconstructed to reflect separate pricing for first and second internments which will encourage families to pre purchase the second internment rather than just purchasing a single.</p>			
11	Procurement	2014/2015	Complete. Endorsed by MANEX 5 August 2014
<p>The Procurement Service and Efficiency Review was completed in August 2014. Implementation of the Procurement and Contract Management Strategy 2014-2017 has commenced. Procurement and Contract Management now report to the Chief Financial Officer. An analysis of AlburyCity spend has been undertaken and a Reference Group has been established. The review and update of standard contract documents is in progress. An assessment of key procurement and contract management internal controls has been undertaken in consultation with the Reference Group. AlburyCity is an active member of the recently established RAMROC Procurement Working Group.</p> <p>Action Plan update: January 2016</p> <ul style="list-style-type: none"> • AlburyCity spend analysis is ongoing with monthly reports being generated. • The Procurement & Contract Management Reference Group is currently operating as a means of communicating proposed changes, this will continue for the foreseeable future. • Key internal control issues such as the segregation of duties, roll out of Procurement Cards and the establishment of an approved vendor list will be initiated first half of this year. Further internal control issues will be assessed and proposed changes recommended to the Reference Group as required. • The RAMROC Procurement Working Group is currently working on the establishment of group wide agreements for the supply of water chemicals, emulsion and heavy plant. These arrangements will become operational first half of this year. 			

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12	Information Management (IT and Records)	2014/2015	Complete. Endorsed by MANEX 20 January 2015
<p>The restructure of the IT Team has been completed, with vacant positions being advertised and filled. Existing positions have transitioned to the new structure. There are a further 13 recommendations that came out of the Service and Efficiency review that are being implemented and actioned according to the schedule.</p> <p>Action Plan update: January 2016</p> <p>The 13 recommendations that came out of the service and efficiency review have been expanded to 20 actions. Some of the items that have recently been completed include the actions of:</p> <ul style="list-style-type: none"> • Answering phones - IT structure changed to put more resources on helpdesk • Communication – IT are providing additional updates on jobs to keep users informed • Authority reliability – outages are planned in advance and notified • Authority reliability – continue to work with Civica account rep to escalate and resolve issues • Specific IT issues raised through survey to be addressed – all calls have been logged • Training – Records team received additional training in TRIM integration <p>The review of the AlburyCity Information Management Strategy is the next major action and this will be completed by June 2016.</p>			
13	Street lighting	2014/2015	Complete. Endorsed by MANEX 17 March 2015
<p>The review has been completed. The review identified four recommendations for action, the first of which was to define roles and responsibilities in relation to street lighting. This action will be completed during August and September 2015.</p> <p>Action Plan update: January 2016</p> <p>Four actions identified with one in progress and a further three not yet commenced.</p> <p>The review identified four recommendations for action, the first of which was to define roles and responsibilities in relation to street lighting. Although this has not been completed yet, it will be undertaken as part of the Engineering Review. The Street Lighting working party has progressed the development of the Street Lighting Strategy. This action will be completed during early 2016.</p>			
14	Waterview Laboratory Business Plan	2014/2015	Complete. Endorsed by MANEX 24 March 2015
<p>Interviews were conducted for the Laboratory Supervisor position on 15 and 16 July 2015, with the preferred candidate currently undergoing a medical and physical assessment, with a likely starting date early to mid-September 2015. The National Association of Testing Authority has been notified of the probable appointment of the Laboratory Supervisor and once confirmed they will conduct a reassessment of the laboratory accreditation in October 2015. Appointment of the other vacant positions will be advertised once the new Supervisor has commenced and internal training has been completed in regard to the AlburyCity recruitment process.</p> <p>Action Plan update: January 2016</p> <p>Six actions identified with one completed and a further five in progress.</p> <p>The new Supervisor commenced at Waterview Laboratory on 28 September 2015. Several discussions have occurred with NATA regarding reassessment of the laboratory's accreditation, which will occur in the first quarter of 2016 once two technician roles have been filled. The vacant trainee position will be advertised early 2016 once the other staff at the laboratory have had experience with Waterview's operations to enable effective mentoring to the trainee. The Supervisor has undertaken a review of the operations of the Laboratory and is currently preparing quotation documents to purchase the first part of a recognised laboratory operations software package (LIMS), and this is proposed to be purchased around March/April 2016; the second part of this package has been proposed as a 2016/17 Capital Works project and will be purchased early in the new financial year.</p>			

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15	Workers Compensation Arrangements	2014/2015	Complete. Endorsed by MANEX 31 March 2015
<p>The relevant recommendations from the Service and Efficiency Review were incorporated into the recent Request for Tender process for Insurance Brokerage Services. Two tenders were received for AlburyCity's Insurance Brokerage Services, both tenderers recommended AlburyCity remain with the incumbent Workers Compensation insurer. This has been implemented for the July 1 2015 renewal of workers compensation insurance. The planned WorkCover Industry Classification (WIC) review will no longer occur having regard to WorkCover NSW announcing significant changes to the Workers Compensation premium calculation formula. This, combined with advice from AlburyCity's current insurer indicates that there is unlikely to be any further significant premium reductions resulting from a WIC review.</p> <p>Action Plan update: January 2016 All actions associated with the Workers Compensation Arrangements have been finalised.</p>			
16	Compliance Services	2014/2015	Complete. Endorsed by MANEX 9 June 2014
<p>In June 2015 MANEX endorsed the key recommendations of this Service and Efficiency Review. The Project Plan to implement these recommendations is being finalised and will set out a schedule for completion. This includes the review of Council's Enforcement Policy and the Street and Outdoor Activities Policy and related procedures, and for the preparation of communication material and messaging.</p> <p>Action Plan update: January 2016 The Action Plan remains pending due to delays in recruitment of a new Team Leader Compliance. The new Team Leader will develop and implement key items in the Action Plan. A new Ranger will commence in February 2016 to enhance the ability of the Compliance Unit to providing consistent patrolling service to the community. A trial of identified dynamic efficiencies such as iPads has been undertaken and a review of efficiency will be undertaken early 2016.</p>			
17	Fleet	2014/2015	Complete. Endorsed by MANEX August 2015
<p>The final draft of the Fleet Service and Efficiency Review is currently being assessed with initial recommendations expected to be submitted to MANEX in August 2015.</p> <p>Action Plan update January 2016: Five actions identified with one nearing completion and a further four in progress.</p> <p>The action plan included a review of current accident management procedures, development of a Fleet Services strategy, review of leaseback methodology, review of fleet procurement criteria and review of Workshop operations.</p>			
18	Internal Cost Allocation	2014/2015	Progressing
<p>Existing principles and processes for each internal charge are being evaluated. The project timeline has been longer than initially expected. Background, benchmarking conceptual analysis and existing principles have been considered by the Steering Group. Enhanced principles and an expanded financial model will be prepared for consideration by the Steering Group.</p> <p>Update January 2016: A summary paper was presented to the Internal Cost Allocation Service & Efficiency Review Steering Committee, on 25 November 2015. The Steering Committee provided feedback on the various principles and data inputs of the cost allocation model, this feedback has guided the development of a cost allocation model that will be presented to stakeholders, prior to adoption into AlburyCity's 4 year delivery program.</p>			

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19	Albury Entertainment Centre	2014/2015	Progressing
<p>Update January 2016: The Part Two report was presented to MANEX in July 2015 complete with an action plan to be implemented. All recommendations were endorsed with the exception of Human Resources matters (excluding the Trainee Box Office Customer Service position), for which a subsequent report to MANEX was requested. This report will be presented to MANEX for consideration in February 2016.</p>			
20	Public Toilets	2014/2015	Progressing
<p>Part One of the review has been presented to MANEX. The 'Have A Say' community engagement component has been completed. Currently working through public toilet distribution plan using community agreed guidelines.</p> <p>Update January 2016: Each existing public toilet has been categorised as per agreed categories through 'Have A Say' process. Next step is to assess existing categories 1, 2 and 3 toilets for access, current condition and useful life. Mapping can commence using category 1-3 toilets. The Service and Efficiency review is taking longer than expected.</p>			
21	Lauren Jackson Sports Centre	2014/2015	Complete. Endorsed by MANEX 4 September 2014
<p>The implementation and coordination of other operational changes as part of the review has continued and will be on-going. The major development and options report is being finalised with the view of presenting to MANEX within the next 2 months.</p> <p>Action Plan update: January 2016 The major development report has been deferred at this stage. A review of the court hire arrangements with user groups is proposed to take place in the coming months.</p>			
22	Wagirra	2014/2015	Complete. Endorsed by MANEX 28 July 2015
<p>The review has been completed. Implementation to occur over the next 6 months. A program of works which includes Murray River Experience Master Plan works, environmental construction and external works for the next 4 years. The review team is still seeking external funding to continue providing work for the Wagirra Team.</p> <p>Action Plan update: January 2016 Staff restructure has been completed. Implementation plan is currently being developed for the 4 year budget period. Strategic planning is underway regarding future trail alignment and location of future trail construction (budget years 3 and 4). The Wagirra Team continue to seek external projects and are currently working on projects with Murray Local Land Services, Murray Darling Wetlands Association, DPI Fisheries, Crown Lands and Petaurus Education Incorporated.</p>			
23	Community Development Staff Structure	2014/2015	Progressing
<p>The first committee meeting of the review team occurred with members receiving information on the scope of the review and background information which has prompted the review. A detailed literature review has been conducted and interviews held with key disability and age care service providers. This review faced delays due to the departure of the Review Leader but has recommenced in 2015/16.</p> <p>Update January 2016: Further investigation of models of operation, best practise and funding body discussions have continued in preparation for finalising the report.</p>			

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24	Children's Services (Family Day Care)	2014/2015	Progressing
<p>Part Two has been finalised and submitted. A 10 year plan is being developed addressing the financial and sustainable future of Family Day Care.</p> <p>Update January 2016: Review team members have met with a consultant who will assist in developing a 10 year plan to address the financial and strategic aspects of the business. The Business Plan will be presented to MANEX in early 2016.</p>			
25	Learning and Development	2014/2015	Progressing
<p>The review team has continued to meet over May and June with the focus on reviewing orientation and compliance training processes. Research has been carried out on AlburyCity's Fringe Benefits liability which adds additional costs to the Trainee Program. A short survey was also developed for supervisors to provide feedback on the current services provided by Learning and Development. Part Two is in the initial stages with the intention of presenting to MANEX in late August.</p> <p>Update January 2016: Part Two was presented to MANEX on December 15 with a recommendation that a further report be presented to provide additional detail on a proposed staff engagement strategy, the methodology around trainee wages including reducing the impact of Fringe Benefits Tax and complementing Grow Our Own with a graduate trainee option. An action plan has been developed to identify key actions and achievable timelines for the implementation of the endorsed recommendations. Work has commenced on updating the Career Enhancement procedure and sourcing the additional information required by MANEX.</p>			
26	Events Service Review	2014/2015	Complete: Endorsed by Manex October 2015
<p>Part One presented to MANEX and endorsed - May 2015. Work on Part Two has commenced with a community consultation plan completed, survey work in progress and resource measurement, economic impact and budget figures compiled. Completion of Part Two planned for August 2015.</p> <p>Action Plan update January 2016: Part Two was completed and presented to MANEX in October 2015 and subsequently endorsed with minor changes. An action plan has been formulated and has begun roll out. The resources restructure recommended has been implemented and several other actions are completed or are in progress.</p>			
27	Economic Development Services	2014/2015	Complete. Endorsed by MANEX 1 December 2015
<p>Update January 2016: Part Two was completed and endorsed by MANEX on 1 December, 2015. 24 recommendations were included in an Action Plan for implementation.</p>			
28	Smarty Grants System Pilot	2014/2015	Progressing
<p>The Service Review Leader has departed and this review will now occur in 2015/16.</p> <p>Update January 2016: The scope of the review is being prepared.</p>			
29	Town Planning	2014/2015	Progressing
<p>Research and benchmarking completed.</p> <p>Update January 2016: Part Two is being compiled and finalised following an initial review by both the Project and Steering Groups. Additional information and analysis will be undertaken to address issues raised prior to an amended Part Two being reported to both the Project Team and Steering Group for endorsement.</p>			

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30	Customer Service	2014/2015	Progressing
<p>The Working Party has been meeting on a weekly basis working on the presentation to the Steering Group on 22 July 2015. Since presentation to MANEX the functional review has been completed and gathering of statistical data commenced.</p> <p>Update January 2016: Benchmarking and Customer surveys have been completed, including consultation and review of other Councils regarding best practice and industry trends. The Part Two report is being compiled with further consultation with the Project and Steering Groups.</p>			
31	Waste Management	2015/2016	Progressing
<p>The service and efficiency review panel met twice in June 2015 and work is progressing on Part Two. Part Two tasks are currently being addressed, with a draft stakeholder engagement plan awaiting approval.</p> <p>Update January 2016: The working party has reviewed a draft of Part Two and met on 9 December 2015 to discuss the opportunities section of the document. Service Demands, SWOT analysis, organisational structure, plant registers, budgeting, layout plans, procedural documents, gate fee benchmarking and maps have all been included within Part Two. Gathering of statistical data/ benchmarking and identifying key opportunities has commenced.</p>			
32	Workforce Resourcing	2015/2016	Yet to commence
<p>Update January 2016: This project is due to commence February 2016. A review of Recruitment Strategy and Marketing has been completed with a number of recruitment marketing initiatives implemented. As a result of the review it was recommended that a Workforce Resourcing Service and Efficiency review be undertaken.</p>			
33	Tourism Service Review	2015/2016	Yet to commence
<p>Update January 2016: Part One was finalised and endorsed by MANEX on 12 January 2016. Part Two is expected to be completed by 30 June 2016.</p>			
34	Cultural Services / Library Services / Lavington Library	2015/2016	Progressing
<p>Implementing the Cultural Services restructure actions as outlined in February 2014. The Learning and Outreach team review is currently in progress.</p> <p>Update January 2016: All actions of the Cultural Services restructure as outlined in February 2014 have been implemented. The final report for the Cultural Services / Library Services / Lavington Library review is expected after April 2016, after final staff recruitment for MAMA and pending Cultural Services Group Leader/MAMA Director secondment.</p>			
35	Playground Strategy	2015/2016	Progressing
<p>The 'Have a Say' community engagement component has been completed. The information gathered through this process is being used to develop the new Play Space Strategy</p> <p>Update January 2016: Working Group feedback has been reviewed and incorporated into the draft Playspace Strategy. A final review is underway prior to presenting to Manex. The inspection regime is being benchmarked with other Councils. Working with AlburyCity Assets team to develop an electronic process to document the inspection regime and include the information in Conquest. Part Two is being drafted and scheduled to be presented to Manex in March 2016</p>			

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36	Parks and Recreation Asset Lifecycle	2015/2016	Progressing
<p>The outline of this Service and Efficiency Review has been discussed with the Sustainable Asset Management Working Party. The drafting of Part One has commenced.</p> <p>Update January 2016: No progress since last update. The Review has been delayed due to resourcing and other priority projects. Due to recommence on completion of Playground Strategy Service and Efficiency review.</p>			
37	Stores Management	2015/2016	Progressing
<p>Update January 2016: Part One of the Stores Management Service and Efficiency Review has been completed and is expected to be approved by MANEX in February 2016.</p>			
38	Concrete construction and maintenance	2015/2016	Yet to commence
39	Street and Drain Cleaning	2015/2016	Progressing
<p>Update January 2016: Part One completed presented to MANEX and endorsed – 24 November 2015. Part Two has commenced with the initial focus on information gathering.</p>			
40	Trade Waste Services	2015/2016	Progressing
<p>Update January 2016: A meeting has been held with the Trade Waste Engineer and a draft of Part One was submitted to the Director Engineering for comment. The comments are currently being reviewed for incorporation into Part One, which is proposed to be presented to MANEX in February 2016.</p>			
41	Mechanical and Electrical Services	2015/2016	Progressing
<p>Update January 2016: An ‘ice-breaker’ meeting was held with the Mechanical and Electrical Services (M&E) Teams in August 2015. Part One was presented and endorsed by MANEX on 15 September 2015. The Review Team had their first meeting on 29 September and approximately 90% of the “Information gathering on current service function” section of Part Two has been completed. Currently collating and benchmarking the service provision of the M&E Teams with other organisations. The Review Team is planning to review this information in early-February 2016</p>			
42	Open Space Strategy	2015/2016	Yet to commence
43	Children's Services (OOSH)	2015/2016	Yet to commence
<p>Update January 2016: This Review has been delayed due to the Family Day Care review not being finalised. It is expected that the review will commence in July 2016.</p>			
44	Parks Maintenance	2016/2017	Yet to commence
45	Children's Services (Long Day Care)	2016/2017	Yet to commence
46	Sportsfield Lighting	2016/2017	Yet to commence

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47	Children's Vacation Programs run by Council	2016/2017	Yet to commence
48	Road Construction and Maintenance	2016/2017	Yet to commence
49	Albury Airport	2016/2017	Yet to commence
50	PR Promotional Collateral Review / Communications and Marketing	2016/2017	Progressing
<p>Initiatives to reduce expenditure continue to be implemented with all project officers taking a responsible approach to reducing budgets. As at 30 June 2015, a further \$82,704 in on-going savings was identified with the total reduction in communications and marketing spend since the review commenced in 2013 is \$175K.</p> <p>Update January 2016: Review is progressing. There were no adjustments made at the September Quarterly Review therefore no updated figures are available for this report. The target for 2015-16 savings remains at \$129K. A further update is expected to be available following the December Quarterly Budget Review.</p>			
51	Animal Management Facility & Operations	2017	Yet to commence

Reporting

Financial impacts are included in the annual budget estimates and form part of the annual Operational Plan and the revised Four Year Delivery Program. The next six monthly financial report regarding the Service and Efficiency Review program will be provided to Council in August 2016, after the end of the 2015/2016 financial year.

Conclusion

Council is implementing a Service and Efficiency Review program with the aim of achieving a breakeven General Fund operating result before capital income by June 2017. Solid progress has been made in undertaking the service and efficiency review process. Of the 51 reviews scheduled to be completed by 2017, 21 have been completed and a further 18 are currently in progress.

Recommendation

That the Finance and Administration Committee recommends to Council that Council receive and note the February 2016 Service and Efficiency Review Program Six Monthly Report.

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8C Investment Balances – January 2016 (DOC16/9927)

CONFIDENTIAL

Personnel Matters

YES

Commercial

NO

Legal

If yes please tick one of the following reasons

Security

Personal Hardship

ITEM FOR DECISION

Meeting Date

ITEM FOR NOTING

Meeting Date Monday 15 February 2016

FURTHER ENQUIRIES TO Justin Finlayson
Executive Services

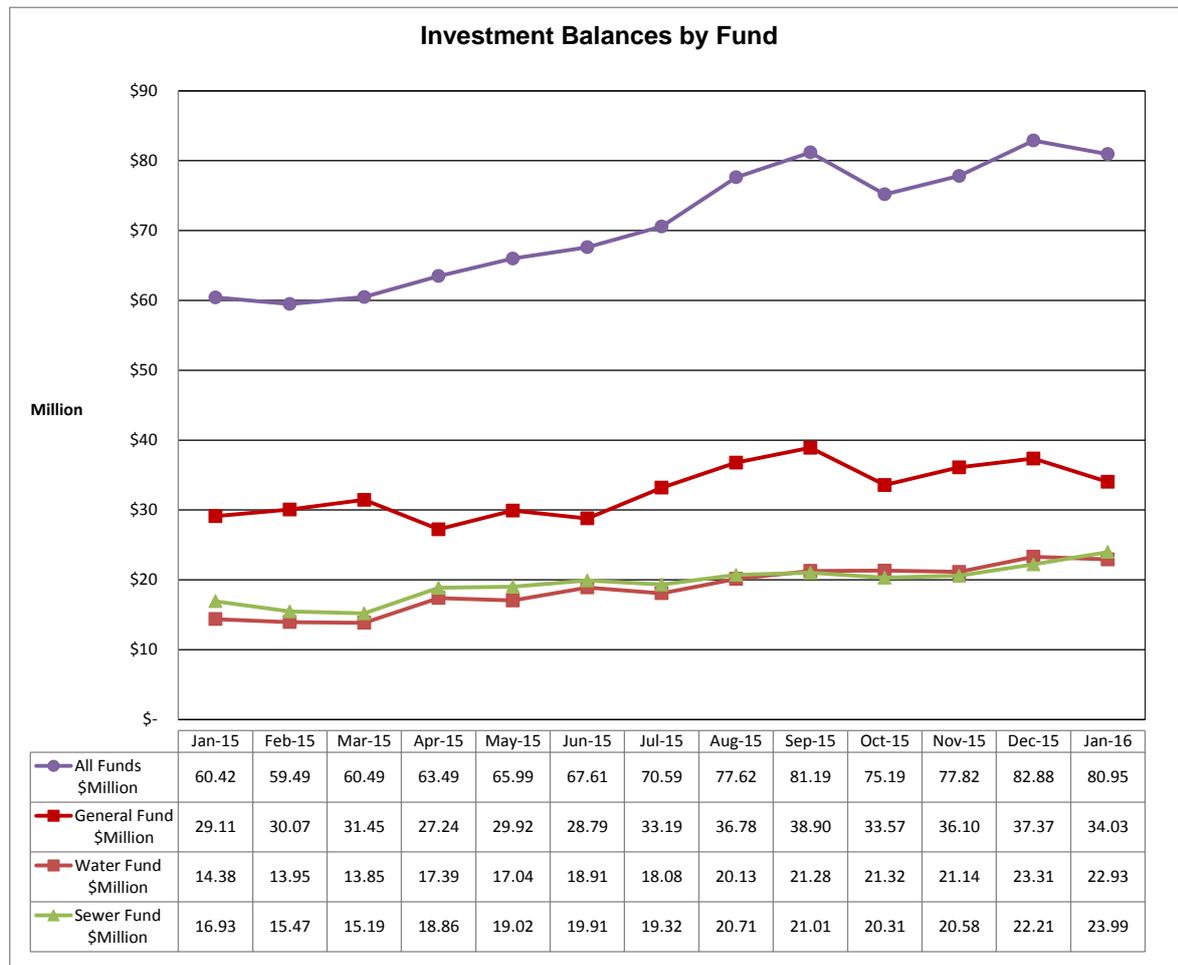
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Purpose of Report

The report presents to Council all money invested as at 31 January 2016 as required by the *Local Government (General) Regulation 2005*.

Background

AlburyCity's investment portfolio decreased by \$1.9 million to \$80.95 million during the month ended 31 January 2016, which was mainly due to a decrease associated with the General Fund.

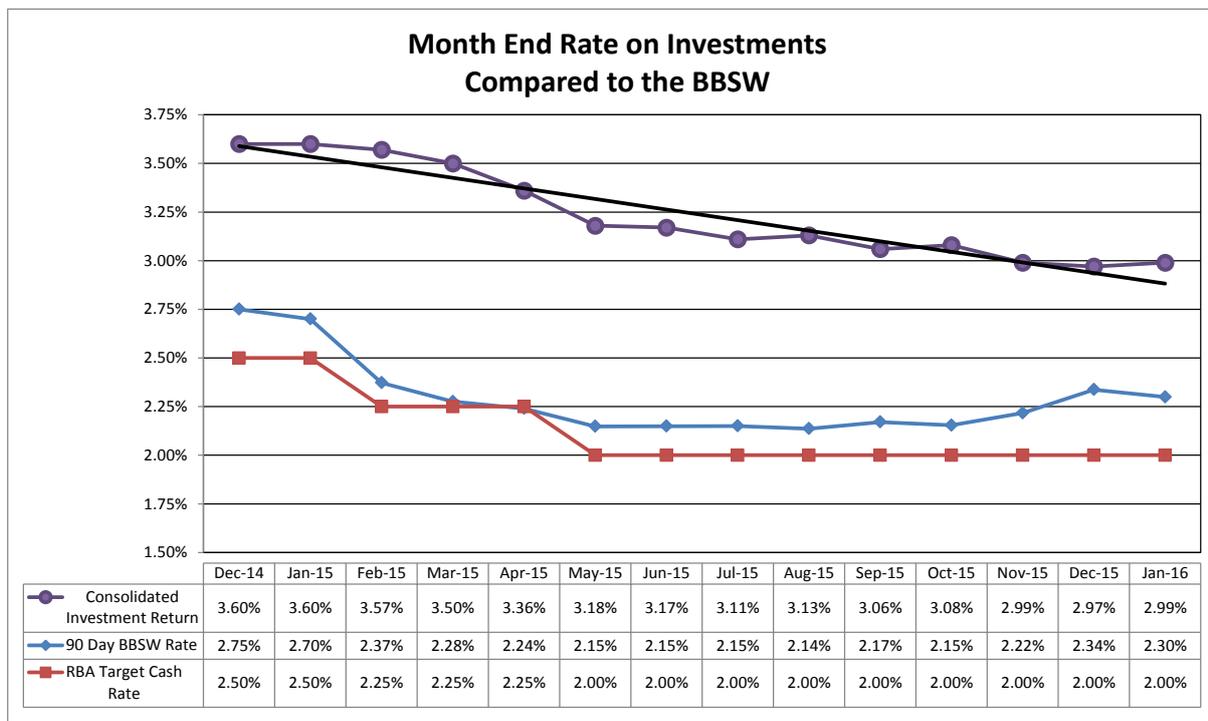


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The average yield of AlburyCity's investments held at 31 January 2016 was 2.99%, which is 0.02% higher than the prior month end.

The Reserve Bank of Australia (RBA) cut the target cash rate by 25 basis points on 4 February 2015, then again on 5 May 2015 to a record low of 2%.



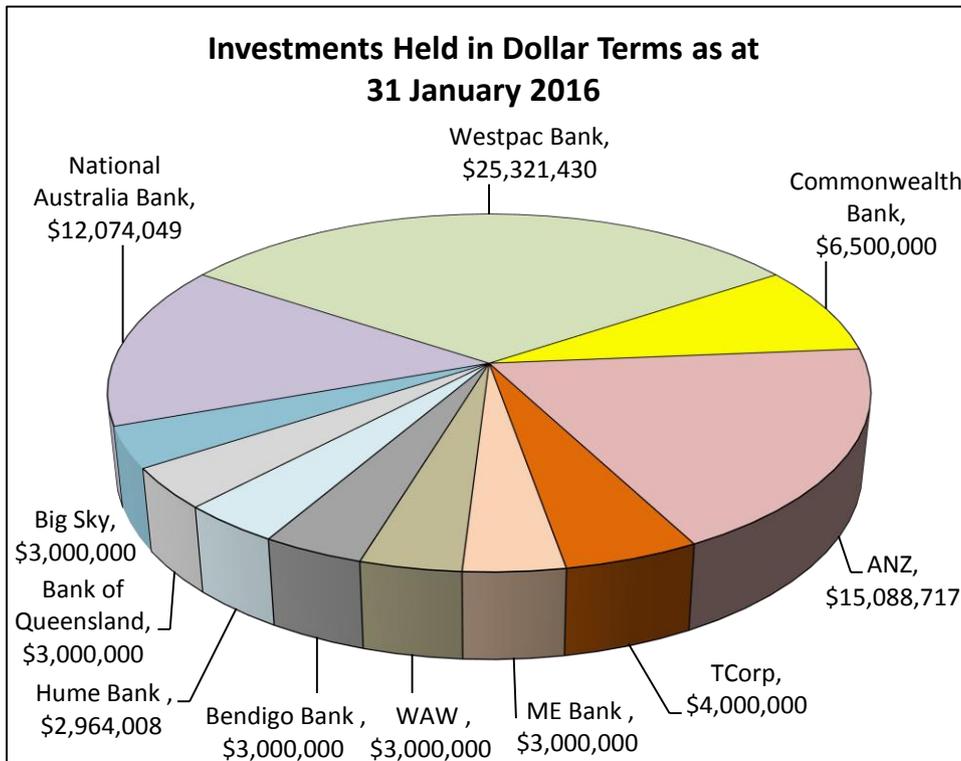
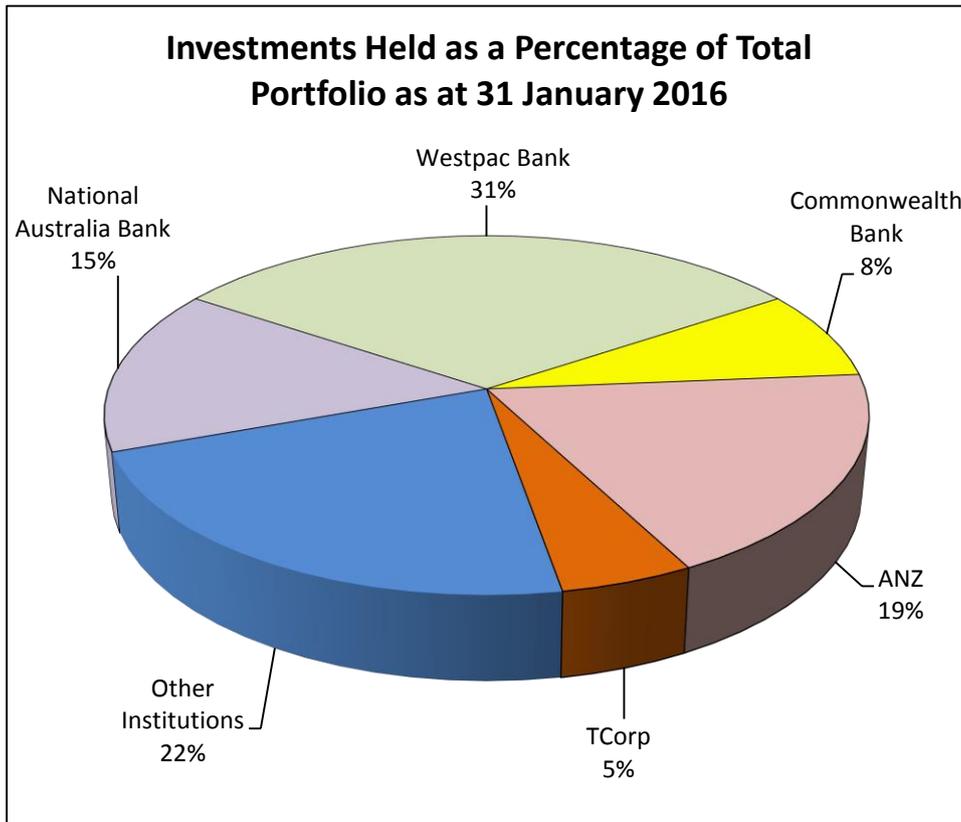
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The profile of Council's investments held at 31 January 2016 is detailed below.

FACE VALUE	Issuer/Security	S&P RATING	INVESTMENT DATE	YIELD %	PERIOD DAYS	MATURITY DATE	GREEN INVESTMENT
Top Tier Institutions							
\$ 4,000,000	TCorp	AA-		2.47%	At Call	N/A	No
\$ 1,500,000	CBA	AA-		1.95%	At Call	N/A	No
\$ 2,000,000	CBA	AA-	22/04/2015	2.88%	365	21/04/2016	No
\$ 3,000,000	CBA	AA-	30/04/2015	2.89%	364	28/04/2016	No
\$ 1,500,000	NAB	AA-	22/05/2015	3.00%	284	1/03/2016	No
\$ 2,000,000	NAB	AA-	28/05/2015	3.00%	292	15/03/2016	No
\$ 2,054,049	NAB	AA-	21/09/2015	3.05%	180	19/03/2016	No
\$ 2,020,000	NAB	AA-	23/06/2015	3.05%	365	22/06/2016	No
\$ 2,500,000	NAB	AA-	2/07/2015	3.10%	359	25/06/2016	No
\$ 2,000,000	NAB	AA-	1/01/2016	3.08%	203	9/08/2016	No
\$ 2,000,000	ANZ	AA-	2/07/2015	3.00%	215	2/02/2016	No
\$ 4,070,816	ANZ	AA-	6/05/2015	2.90%	364	4/05/2016	No
\$ 1,017,901	ANZ	AA-	5/06/2015	3.03%	365	4/06/2016	No
\$ 2,500,000	ANZ	AA-	8/12/2015	3.15%	209	4/07/2016	No
\$ 2,500,000	ANZ	AA-	8/12/2015	3.15%	237	1/08/2016	No
\$ 2,000,000	ANZ	AA-	17/12/2015	3.15%	235	8/08/2016	No
\$ 1,000,000	ANZ	AA-	2/12/2015	3.00%	363	29/11/2016	No
\$ 25,321,430	Westpac Bank	AA-		3.05%	90 Day Notice		No
Second Tier Institutions							
Nil		A					
Third Tier Institutions							
\$ 3,000,000	Bendigo Bank	A-	12/01/2016	3.08%	366	12/01/2017	Yes
\$ 3,000,000	Bank of Queensland	A-	8/10/2015	3.00%	180	5/04/2016	Yes
\$ 3,000,000	ME Bank	A-	2/12/2015	3.05%	230	19/07/2016	Yes
Other Institutions							
\$ 1,825,014	WAW	N/A	10/08/2015	2.85%	366	10/02/2016	Yes
\$ 1,174,986	WAW	N/A	9/05/2015	3.05%	366	9/05/2016	Yes
\$ 3,000,000	Big Sky Credit Union	N/A	2/12/2015	3.01%	370	6/12/2016	Yes
\$ 1,171,803	Hume Bank	N/A	5/02/2015	3.70%	365	5/02/2016	Yes
\$ 1,182,465	Hume Bank	N/A	18/02/2015	3.25%	365	18/02/2016	Yes
\$ 609,740	Hume Bank	N/A	29/07/2015	2.90%	366	29/07/2016	Yes
\$ 80,948,204							

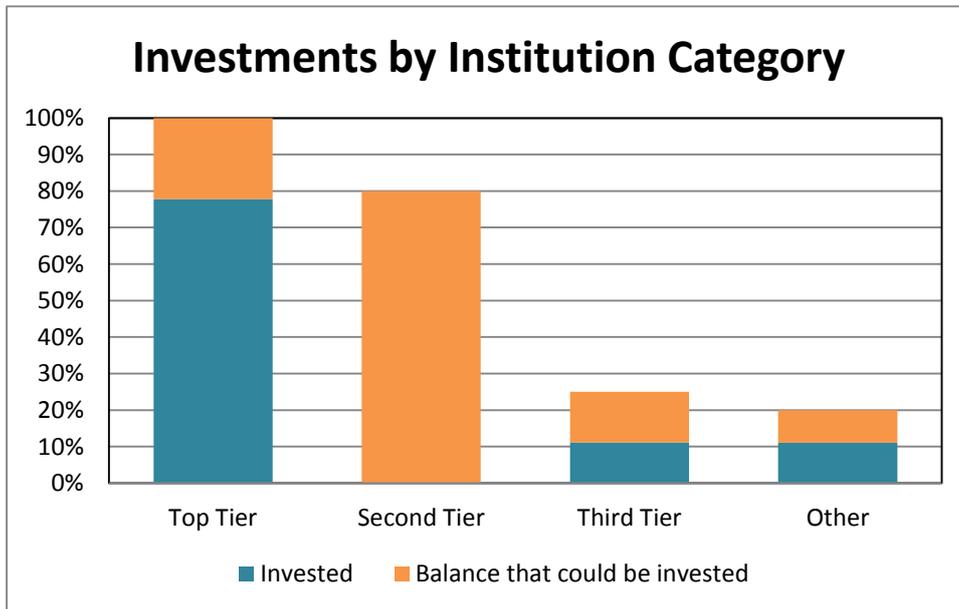
**AlburyCity – Finance & Administration Committee
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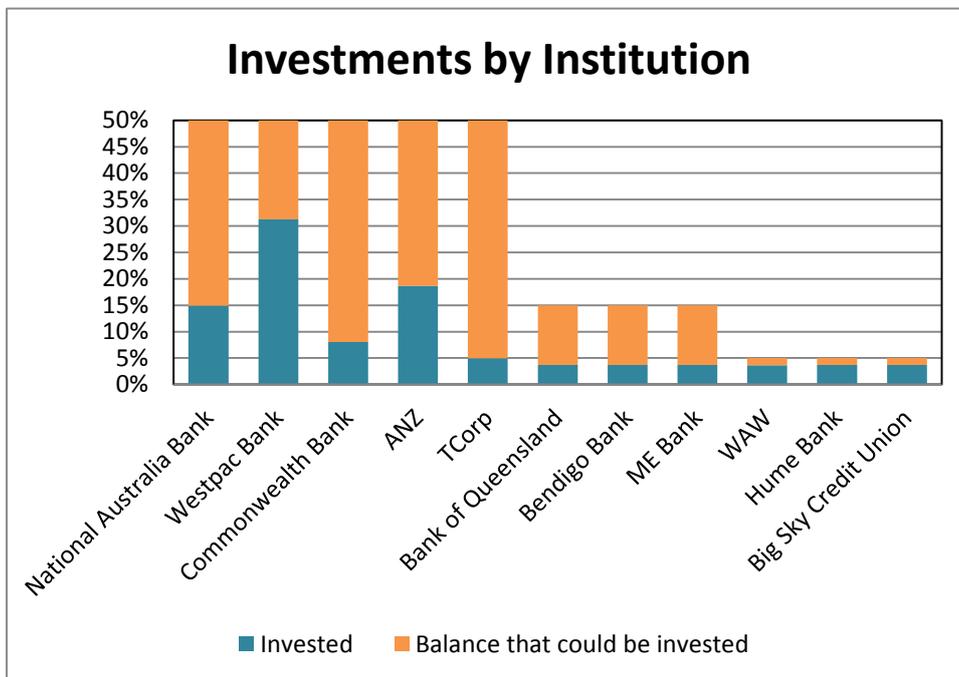
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The following graph compares the balance of investments by financial institution category compared to the limits included in AlburyCity's Investment Procedure.



The graph below compares investments with each financial institution to the limits included in AlburyCity's Investment Procedure.



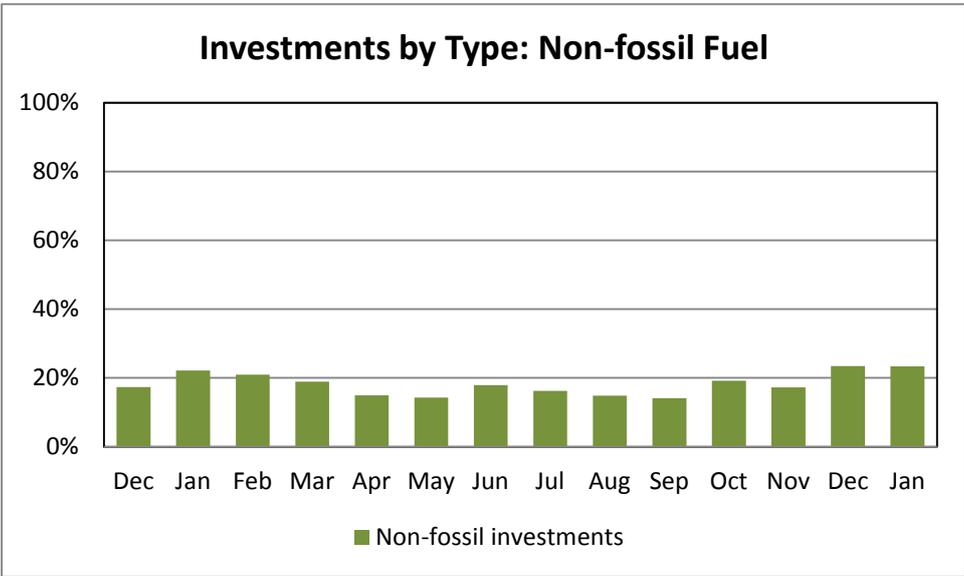
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AlburyCity’s revised Investment Policy which was adopted on 26 October 2015 gives preference to investments with financial institutions that do not support the fossil fuel industry, when:

- the rate of interest is no less than other investments available at the time; and
- the credit rating of the investment is no less than those investments offering an equivalent rate of return.

The following graph identifies the percentage of investments held with financial institutions that do not invest in the fossil fuel industry.



The table below compares the year to date interest earned by funds compared to budget and the prior year.

Interest on Investments					
Year: 2016			Period: January		
	Actual YTD Previous Year	Forecast Budget YTD 2015-16	Actual YTD 2015-16	Variance () Indicates UNFavorable	
	\$	\$	\$	\$	%
General Fund	(694,527)	(578,032)	(752,405)	174,373	30%
Water Fund	(283,969)	(331,954)	(379,125)	47,171	14%
Sewer Fund	(333,133)	(283,304)	(403,763)	120,459	43%
Grand Total	(1,311,629)	(1,193,290)	(1,535,293)	342,003	29%

Year to date interest on investments was \$342,003 greater than budgeted, which is due in part to \$146,291 received in September 2015 from the liquidators of Lehman Brothers Australia Limited for losses incurred by AlburyCity from CDOs supplied by Lehman Brothers Australia Limited. Previously AlburyCity had written off CDO investments of \$1,548,123. The timing and amounts of any further

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liquidation payments is not yet known as there are large outstanding claims against Lehman Brothers Australia Limited that remain unresolved.

Issues

Investments made during the month of January 2016 were made in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulation 2005* and Council's Investment Policy.

Recommendation

That the Finance and Administration Committee recommends to Council that Council receive, note and accept the Investment Balances Report for the month of January 2016.

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8D Corporate Health Indicators Report – December 2015 (DOC16/11036)

DATE 9 February 2016

CONFIDENTIAL YES NO
Personnel Matters Commercial Legal If yes please tick one of the following reasons
Security Personal Hardship

ITEM FOR DECISION
Meeting Date

ITEM FOR NOTING
Meeting Date Monday 15 February 2016

FURTHER ENQUIRIES TO Justin Finlayson **PHONE** 6023 8153
Executive Services

Purpose of Report

The report presents a graphical snapshot of key organisational performance indicators for the year ended 31 December 2015.

Variance Commentary

Year to Date Financial Performance

The year to date operating expenses were less than budget and operating income was in line with budget.

End of Month Cash Position

Cash and investments at the end of the quarter were in line with budget.

Employees Overtime Costs to Budget

The year to date overtime costs were less than the adopted budget.

Work Place Safety

During the December quarter there were 34 safety incidents involving AlburyCity workers. There was one minor lost time injury, and one injury from February 2015 was re-classified as a lost time injury after an extended period of conservative management. As a consequence of this new injury and the injury reclassification the Lost Time Injury Frequency Rate has increased to 11.8 at the end of December.

Staffing Levels

This quarter a minimal decline in FTE is reported due mainly to a review/removal of a number of positions within the structure that had been vacant for a significant period and were deemed by Manex to be no longer required. In addition, outcomes of Service and Efficiency Reviews have resulted in movements within the staffing levels this quarter. This included; two trainee roles being changed to permanent positions as part of the Events and Economic Development and Tourism reviews, an additional Ranger position approved as part of the Compliance review and two trainee positions introduced as a result of the Civil Services review.

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Employee Payroll Costs to Budget

Year to date employee costs were less than budget.

Works Program

The percentage of the 2015/16 Works Program that has been completed is 3.7% behind target.

Development Application Processing

Average processing remained in line with targeted processing times, despite an ongoing high level of activity.

Delivery Program – Operational Plan Actions

At the end of the quarter Operational Plan actions were 47% complete.

Recommendation

That the Finance and Administration Committee recommends to Council that Council receive and note the December 2015 Corporate Health Indicators Report.

- **Attachment**

1. Corporate Health Indicators Report – December 2015.

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FAC 9 – DELEGATES REPORTS FOR NOTING

9A Nil.

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FAC 10 – NOTICE OF URGENT BUSINESS

Items raised by Councillors at the Meeting.

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FAC 11 – CONFIDENTIAL MATTERS

11A Nil.