

NOTICE OF ORDINARY MEETING

Notice is hereby given that a meeting of

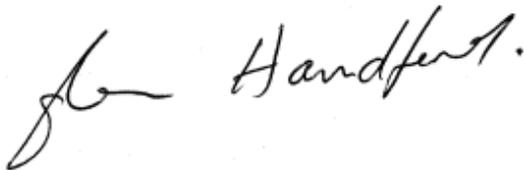
MidCoastCouncil

**Will be held at the Forster Administration Centre,
4 Breese Parade, Forster**

22 FEBRUARY 2017 AT 2.00PM

The order of the business will be as detailed below (subject to variation by Council)

1. Acknowledgement of Country
2. Declaration of Pecuniary or Conflicts of Interest (nature of Interest to be Disclosed)
3. Apologies
4. Confirmation of Minutes
5. Matters Arising from Minutes
6. Address from the Public Gallery
7. Matters for Information
8. Close of Meeting



**Glenn Handford
INTERIM GENERAL MANAGER**

TABLE OF CONTENTS

CONSIDERATION OF OFFICERS' REPORTS:..... 1

DIRECTOR PLANNING & NATURAL SYSTEMS 1

1 UPDATE TO PART E - FLOOD REQUIREMENTS - GREATER TAREE DCP 2010..... 1

DIRECTOR ENGINEERING & INFRASTRUCTURE 8

2 CAPITAL WORKS REPORT - DEC 2016, JAN 2017 & FEB 2017 8

DIRECTOR COMMUNITY SPACES & SERVICES 11

3 COMMUNITY GRANT FUNDING 11

DIRECTOR CORPORATE & BUSINESS SYSTEMS..... 12

4 OPERATIONAL PLAN REVIEW 1 JULY - 31 DECEMBER 2016 12

5 QUARTERLY BUDGET REVIEW STATEMENT - DECEMBER 2016 16

6 INVESTMENTS REPORT - JANUARY 2017 24

CLOSED COUNCIL 34

7 CONTRACT 2016 17/23 WOOTTON CRESCENT DRAINAGE UPGRADE, TAREE 34

8 TRANSFER OF LAND IN PAYMENT OF RATES - NORTH ARM COVE 35

CONSIDERATION OF OFFICERS' REPORTS:

DIRECTOR PLANNING & NATURAL SYSTEMS

1 UPDATE TO PART E - FLOOD REQUIREMENTS - GREATER TAREE DCP 2010

Report Author Michael Griffith, Strategic Planner

File No. / ECM Index S925

Date of Meeting 22 February 2017

SUMMARY OF REPORT

The updated Manning River Flood Study was adopted at the November 2016 Ordinary Meeting of Council. As a result of the updated study, an update to Part E of the Greater Taree Development Control Plan 2010 (DCP 2010) for the Manning Region was required to ensure the controls for flooding are consistent with the study. The changes were made available for community feedback and the public exhibition period has now ended.

SUMMARY OF RECOMMENDATION

Two submissions were received raising a number of matters following the amendments to Part E of DCP 2010. Consequently this report seeks the adoption of the document which has been amended following the completion of the exhibition period.

FINANCIAL/RESOURCE IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

DCP 2010 and any amendments have been developed in accordance with the *Environmental Planning and Assessment Act 1979* and the *Environmental Planning and Assessment Regulation 2000*. The amendments are required to be exhibited for a minimum period of 28 days in accordance with Part 3, Division 2 of the *Environmental Planning and Assessment Regulation 2000*.

BACKGROUND

Council engaged BMT WBM Pty Ltd to complete the Review and *Update Manning River Flood Study* in accordance with NSW Government's Flood Prone Land Policy and Floodplain Development Manual 2005. This project involved the development of a two dimensional hydraulic model of the Manning River and its floodplain within the study area using the latest available digital terrain model and cross sections of the Manning River.

The flood study focused on the area comprising the lower floodplain of the Manning River from downstream of Wingham to the coast, including Tinonee, Taree, Cundletown, Harrington, Manning Point and adjacent rural and semi-rural areas. The updated Manning River Flood Study considers the increase in rainfall due to climate change and sea level rise predictions through to the year 2100. The study incorporated valuable input from locals who shared their past experience of flooding in the region. The updated Manning River Flood Study was adopted at the November 2016 Ordinary Meeting of Council.

The purpose of this DCP 2010 amendment is to ensure the controls for flooding are consistent with the current flood study. It is important that DCP 2010 is kept current as it guides applicants in the preparation of development applications.

DISCUSSION

DCP 2010 contains development requirements for flooding in Part E - Flooding Requirements. To ensure the outcomes of the review and update to the Manning River Flood Study are applied to development; amendments to DCP 2010 were needed. The changes were made available for community feedback and the public exhibition period has now ended. Two submissions (included as Annexure A) were received during the exhibition period and the issues raised are addressed below.

Changes to the objectives

An objective was removed from the DCP 2010 prior to the exhibition period, with the objective reading as follows, *“Apply a merit-based approach to all decisions relating to flood affected development that take account of social, economic and ecological as well as flooding issues”*. A submission claimed that the objective was deliberately omitted in an attempt to prohibit development within the revised FPL2 mapped land. The reasoning for the removal of this objective was the fact that development is assessed on its merit, and at the time specific mention in DCP 2010 was believed to be unnecessary. It is recommended that this objective is reintroduced into Part E of DCP 2010 to allay community concerns.

Subdivision and minimum floor levels

Section 4.3 of Part E the current DCP states that *“no subdivision is to occur on land wholly inundated by flooding up to FPL2 event”* and in the exhibited version no changes were proposed to this wording.

A submission raised concern over the ability to still undertake boundary adjustments through the subdivision process. In response to this it is proposed to reword section 4.3 to read *“no subdivision is to occur on land wholly inundated by flooding up to FPL2 event, unless it is demonstrated that the risk of flooding can be effectively and appropriately mitigated without impacting the adjacent floodplain”*. A combination of the reworded section 4.3 and the reintroduction of the merit assessment objective will address this concern.

Similar concerns were raised in relation to minimum floor levels under section 4.4, however the existing DCP 2010 includes the statement *“unless justified by a site specific assessment”*, which allows these concerns to be assessed through a merit assessment. This is not proposed to be changed.

Existing and staged development

A submission raised concerns that the DCP 2010 amendment does not take into account the existing zoned land or staged development. The revised wording of section 4.3, the reintroduction of the merit assessment objective and the existing interpretive notes under section 4.4, 4.5, and 4.6 of Part E will allay these concerns. In particular, the interpretive notes identify that variations may be sought for flood levels where the development of the land may have adverse impacts on adjoining properties.

Other Concerns

Some concerns were raised with the findings of the Manning River Flood Study, but as this document has now been resolved the concerns are not relevant considerations with the proposed DCP revisions.

Consultation

Concerns were raised regarding the extent of community consultation both during the Manning River Flood Study review and the DCP 2010 consultation period.

Prior to the merger, the Manning River Flood Study was the subject of a review and update in accordance with the NSW Government's Flood Prone Land Policy and Floodplain Development Manual 2005. Throughout the review, the NSW Office of Environment and Heritage (OEH) maintained a technical advisory role, the Floodplain Management Advisory Committee provided project oversight, and issues raised during the formal consultation processes were addressed at the time.

Following the merger, a harmonisation of Council's climate change position, in particular sea level rise targets, was undertaken for the Manning and Great Lakes regions. During this process, the former Greater Taree Floodplain Management Advisory Committee, specifically OEH and community representatives were consulted. As part of this process there was considerable opportunity for community input.

The DCP 2010 consultation period coincided with the Christmas period. The length of the exhibition period was extended to allow submissions to be received in the weeks leading up to Christmas and three weeks following the New Year.

Given the engagement on the Manning River Flood Study, as well as the extended exhibition period for the draft DCP amendments, it is considered that there was adequate opportunity for input to the flood controls.

Mapping

A submission raised concerned that the extent of FPL2 land is not shown on Council's online mapping. The online mapping displays the current adopted 1% flood level primarily for insurance mapping purposes. It also displays the FPL3 for flood planning and development purposes. FPL2 has a technical purpose and it is recognised that there is a need to provide the FPL2 mapping layer in relation the amended DCP 2010. This mapping layer will be made available on Council's online mapping.

CONSULTATION

Due to the exhibition period coinciding with the Christmas period, the length of the exhibition period was extended. The community consultation was conducted from 30 November 2016 until 20 January 2017 and involved:

- placing a notice in the Manning News section of the Manning River Times and Wingham Chronicle on 30 November 2016; the 7, 14 and 21 December 2016; and the 11 and 18 January 2017;
- three newspaper articles in local newspapers; and
- making the exhibition material available in the Taree and Forster Offices, and the Taree Library.

COMMUNITY IMPACTS

The impacts for the community will be positive as the development controls contained in the DCP 2010 will be more accurate and simplified. The amendments will also ensure that the outcomes of the review and update to the Manning River Flood Study are applied to development.

ALIGNMENT WITH COMMUNITY PLAN/OPERATIONAL PLAN

The amendment to DCP 2010 is in line with a number of key directions in the Manning Valley Community Plan 2010-2030 including 'Looking after what we've got' and 'Respecting the environment'.

The Manning Region Operational Plan 2016/2017 identified the need to keep local planning legislation and guides up to date.

TIMEFRAME

There is no timeframe for the adoption of this amendment to DCP 2010.

BUDGET IMPLICATIONS

The proposed amendments will have no additional budget implications as the staff resources have been allocated to undertake amendments to DCP 2010 in line with Council's Operational Plan for the Manning Region.

RISK CONSIDERATION

Amendments to Part E of DCP 2010 will be undertaken in accordance with the *Environmental Planning and Assessment Act 1979* and the associated *Environmental Planning and Assessment Regulation 2000*.

RECOMMENDATION

That Council adopt amended Part E of the Greater Taree Development Control Plan 2010, contained in Attachment A to this report.

ATTACHMENTS

A: Exhibited draft Part E - Flooding Requirements showing proposed post exhibition amendments.

Due to its large size, Attachment A has been circulated in hard copy to the Administrator and senior staff only, as a paper conservation measure. However, this Attachment is publicly available on Council's Website, copies are available at Council offices and copies are available on request.

ANNEXURES

A: Collated Submissions.

MidCoast
Council

Amendment to Greater Taree DCP 2010 - Part E Submissions collated

Submission 1

The existing DCP has as part of its objectives:

"Apply a merit-based approach to all decisions relating to flood affected development that take account of social, economic and ecological as well as flooding issues."

This clause has been deliberately omitted from the objectives in the amendment in an apparent attempt to prohibit any development within the revised FPL2 mapped land.

Clause E4.3 of the existing DCP (& the revised DCP) states:

No subdivision is to occur on land wholly inundated by flooding up to FPL2 event

Considering that the definition of the FPL2 has now changed to include the predicted sea level rise component to the year 2100 (Table 2), the area impacted by clause E4.3 is greatly increased.

Whilst I can understand that Council wants to inhibit the creation of more lots & housing within the floodplain, the change to the DCP will also impact on boundary adjustments as they are considered by Council to be a subdivision. There are potentially many circumstances where a boundary adjustment between neighbouring properties has merit on a land usage or management basis, however removal of the merit-based approach from the objectives & extension of the affected areas will deny landowners the opportunity to better utilise their land.

It also appears that the primary reason to amend the DCP is to introduce the full 2100 sea level rise into the former GTCC area by stealth. Without understanding what is shown in the revised Table 2, landowners in the former GTCC area would be unaware that the hierarchy from the former GLC are imposing what has been adopted in their LGA onto the Manning Valley with significant impacts to landowners oblivious to the changes. Advertising for this change should be more open particularly for residents of the lower reaches of the Manning & include extracts from your revised mapping which shows Harrington & Manning Point wiped off the map. The adoption of the full sea level rise will have dramatic financial impacts on homeowners in those areas & much broader advice to the community should be undertaken.

From a more technical perspective, your on-line mapping shows the extent of the FPL3 affected land, but the DCP refers to land inundated by FPL2. In order for consultants to determine whether a parcel is impacted by the revised DCP, FPL2 should be separately mapped.

Regards,

Eric Gilfillan
Senior Surveyor - B. Surv



Submission 2

Dear General manager,

Firstly it is disappointing for council to exhibit this amendment over the xmas period, when the affect on land owners is so much. May we respectfully suggest that the exhibition period be extended and that a background article be written in the local paper etc. disclosing and explaining what the new FP Levels are based upon. This type of amendment should also be only adopted by an elected council and not staff with all due respect.

As we understand, Greater Taree City Council prior to amalgamation had completed a new flood study which generally showed that the new 2D modelling decreased the 100 year ARI to about the 1978 flood level, which is lower than the previous 1% flood level from 1987. We understand that GTCC were considering adopting a predicted SLR to about the 2050 level. This was as result of including the difference back to the old/current 1% flood level plus a predicted increase in rainfall due to climate change and the current SLR of about 3.7mm per year (as per Baseline Project reports).

It would appear now that without any further consultation that the amalgamated Council have now decreed that the postulated 2100 SLR is to be adopted. That is about a 10mm/year rate of rise, which is far in excess of the current and actual SLR as by the accurate baseline gauges that have been now operating for over 20 years and thereby providing some pretty good data on actually what is happening relative to the land (which is what planning needs to relate to). Therefore if we are looking at the 2100 height, then the rate of rise from today would be more like 12mm/year to get to the 2100 level. The actual rate will need to "j" curve steeply to get there!!! This is a stupid decision and further, has not been ratified by an elected council representing the land owners and public. The effect on land owners in our important floodplain will be dramatic. The exhibited document does not appear to advertise these increases in flood heights, SLR rates and FPL heights. Just because Forster has adopted 2100 under ultra conservative pretensions does not mean that the Manning Valley floodplain (which is a fair bit different to the coastal issues at forster) should be imposed with this level.

One of the main objectives in the NSW floodplain manual is to not isolate people from the important floodplain resource and stagnate development and investment.

It is interesting that even though the SLR maybe occurring, we understand that through the geomorphology process of floodplains, the hydraulic radius of the river channels determines the extent of the river footprint. With a rise in sea level, the floodplains do not get "flooded". The floodplain also rises as each successive flood "drops" alluviums. This can be seen and evidenced with aboriginal shell middens which are now found some 2 feet below the existing surface along the river banks as the sea has been rising in the past 1000 years or so.

With the above background we now wish to point out the effect that this will have on the floodplain occupants as outlined in the proposed DCP amendments:

1. Given that there will be many development instances where acceptable planning outcomes will be recognised (farm sheds, replacement dwellings, boundary adjustments, rural lands subdivisions, minimum lot size subdivisions, etc) then the merit based clause must remain in the objectives. A DCP is only a guideline, but needs to express to the public the wishes of the Council to be seen to be accommodating to good development and treat each proposal on its merits.
2. The issue of existing zoned land or staged developments must be taken into account.
3. The proposed DCP refers to the FPL2 is now to be the postulated 2100 flood level. This is just ludicrous as outlined above.
4. The FPL3 figure is now going to be about 1.7m above the new 100 year ARI level say at Harrington. That is, at the current rate of SLR of say 4mm per year will give us 425 years of safety. Your kidding aren't you.
5. In E4.3 – Subdivision the affect of this clause especially with the increase in the number of lots being affected by the new FPL2 height will not allow any subdivision for say LEP minimum lots

that meet the objective and the owner living on his farm, presumably all Rural Lands SEPP lots not being able to be approved unless there is some sort of exemption in the SEPP, Boundary adjustments, which have become very important in rearranging assets for farmers.

6. In E4.4, again the affect of the postulated FPL2 flood heights is way too conservative, resulting in further disconnection to the land.

It should also be recognised that with modern warning systems (the internet, BOM data, mobile phone warnings, easy access to those warnings, education etc) the issue of risk has been greatly reduced as recently evidenced by the reduced loss of property in the significant 2011 flood.

Why we need to introduce further conservative restrictions on the development of our valley and isolate people from our floodplain based on ultra conservative predictions even though there is better education and warning systems is sending the wrong message to the population is disappointing. We have always suggested that a lower FPL can be adopted based on current trends and introduce a review system every say 20 years based on actual data and not postulated data. To impose the extra costs straight onto development and landowners based on postulated heights is very unfair.

We are available for any meetings to explain and discuss the flooding issues.

Yours faithfully,

Greg Crisp,
Registered Surveyor – B. App Sc – survey & mapping
Director of McGlashan & Crisp Consulting Surveyors Taree – for the past 25 years in the Valley.

DIRECTOR ENGINEERING & INFRASTRUCTURE

2 CAPITAL WORKS REPORT - DEC 2016, JAN 2017 & FEB 2017

Report Author Phil Miles, Manager Projects and Engineering

File No. / ECM Index Corporate Mgmt - Works Depot

Date of Meeting 22 February 2017

SUMMARY OF REPORT

This report provides advice on work currently in progress or recently completed within MidCoast Council by day labour staff and contractors. Also included is advice on work planned in the near future.

SUMMARY OF RECOMMENDATION

That Council note the information included in this report.

FINANCIAL/RESOURCE IMPLICATIONS

Projects listed within this report are included in the 2015/16 Operational Plans of the former Great Lakes, Greater Taree and Gloucester Shire Councils. In addition this report includes projects included in the 2016/17 Operational Plan of MidCoast Council or grant funding that has subsequently been accepted by Council.

Work funded under Council's Road Maintenance Council Contract (RMCC) with Road & Maritime Services (RMS) for the state road sections of The Lakes Way and Failford Road is also included.

LEGAL IMPLICATIONS

Nil.

BACKGROUND

An update on the progress of capital works included in the 2015/16 and 2016/17 Operational Plans for the MidCoast Council area is included in this report. It also includes works undertaken through special grants and the RMCC. The report is provided for the information of Council.

DISCUSSION

Annexure A (Works Program - Monthly Report) provides a summary of the capital works completed in the previous month and those in progress or commencing in the subsequent month. The projects listed to commence in the future are a projection based on work programs at the time of writing this report. The annexure outlines whether the work is being undertaken by day labour staff or contractors.

Within the projects listed in Annexure A, a summary of the main highlights is as follows:

Taree

- Abdoos Bridge replacement on Comboyne Rd is now complete with approaches constructed and awaiting sealing.
-

- Lansdowne Rd and Comboyne Rd rehabilitation projects are now completed.
- The Bucketts Way stage 2 between the Bucketts Way Landfill and Tinonee is complete pending final seal due late February.
- Reconstruction of the souther abutment of Killawara Bridge has commenced with a road closure expected for 3 weeks from 8-February.
- Diamond Beach Road reconstruction has commenced. This will see full pavement reconstruction and drainage upgrade between Blackhead Rd and Diamond Drive over the next 6 months.
- Combined Street and Dennes Street in Wingham are soon to commence rehabilitation works.

Forster

- Councils planned reseal projects will be completed in February.

Bulahdelah

- Markwell Rd remains closed for the construction of Dorney's Bridge. The new concrete bridge has been constructed and the approaches to the new bridge are under construction. Works are expected to be completed by late February.
- Work on the rehabilitation of Bombah Point Road has been completed prior to Christmas.

Stroud

- Gloucester Ave has been reconstructed and sealed. Previously a gravel road, the access for residents along this section has been improved.

Tea Gardens / Hawks Nest

- Work will recommenced on Marine Drive reconstruction. Drainage works and new kerb & gutter work are complete. Work to resume in February on on the reconstruction of the road.
- Works on the rehabilitation of Limekiln Rd and Cooma St have commenced. Works are to be completed by late February.

Smiths Lake

- Works are about to recommence on the rehabilitation of a section of Macwood Road, Smiths Lake. The next stage of the project is to reconstruct the road.

Gloucester

- Continuation of The Bucketts Way Upgrade Project #86 (2.5 Km of reconstruction commencing approx. 6 Km east of Gloucester). Sealing has been completed for 1.5km, with a further 1.0km ready for sealing early February. The work is being undertaken by day labour and sub-contract.
- The Bucketts Way Upgrade - Part Project #84 (0.8km of reconstruction of the approaches to the bridge over the Avon River at Stratford) Project has commenced with completion for March.
- Final trim works are currently underway on the Scone Road Seal Extension Project with sealing to be completed early February.
- Planning and development for SRV – Boundary St and Philip St Intersection Reconstruction Project is underway with testing completed. Site establishment and site preparation works to commence mid February.
- Reseal preparation works for SRV – Bundook Road are now complete. Sealing works are planned for early March.
- Preparation works for additional reseals under the amalgamation will commence February, which includes various urban streets.
- Planning and development for SRV – Geales Bridge Deck Replacement on Scone Road is near completion with demolition/dismantle of existing timber structure to commence mid February.

Further information on these projects is included in Attachment A, in addition to other projects in progress or due to commence in the near future.

CONSULTATION

The management and coordination of all aspects of the Capital Works Program is undertaken in consultation with a wide range of internal and external stakeholders.

The key stakeholders in the preparation of this monthly report include the Transport Assets Section, Projects and Engineering Section, Operations (North and South) Sections and the Finance Section.

COMMUNITY IMPACTS

Community Impacts are considered and managed as part of each Capital Works Program project.

TIMEFRAME

Details are reported within the attachments.

RECOMMENDATION

That Council note the information in this report.

ATTACHMENTS:

A: Summary of projects completed or to be completed December 2016 and January, February 2017

DIRECTOR COMMUNITY SPACES & SERVICES

3 COMMUNITY GRANT FUNDING

Report Author Lyndie Hepple, Community Development Coordinator

File No. / ECM Index Community Services/Community Grants

Date of Meeting 22 February 2017

SUMMARY OF REPORT

In May 2016, Alesco Senior College received funding under the former Great Lakes Council's Community Grants program. The organisation has approached Council with a request to reallocate the funding to a different project.

SUMMARY OF RECOMMENDATION

That Alesco Senior College be permitted to reallocate funding already received in order to improve the outdoor area for students.

FINANCIAL/RESOURCE IMPLICATIONS

The funding has already been granted to Alesco so there are no financial implications.

LEGAL IMPLICATIONS

Nil.

The former Great Lakes Council's annual Community Grants program provided funding to community groups in the Great Lakes area to foster community partnerships and increase participation, accessibility and range of quality community activities and/or programs for residents.

At the May 2016 Council meeting, it was resolved to approve funding of \$1,500 to Alesco Senior College for the purchase of iPads to assist the students' study. The school assists students who have previously disengaged from the mainstream schooling system, and provides case management to assist students obtain an HSC qualification.

The College has advised that they were fortunate that their parent organisation, WEA Coast, set funding aside to purchase laptops for the students, making the purchase of iPads unnecessary.

The College has further advised that the outdoor area used by students during their break times is inadequate as it is overgrown and non-functional. The number of students has doubled this year, and it has become a priority for the outdoor area to be cleaned up and adapted in order to provide a safe, outdoor space for students.

The College has therefore sought permission to reallocate the funding received to the purchase of garden tools to cut back and modify the garden, prepare soil and lay grass to provide a natural and comfortable area for students to use and erect a shed to store a BBQ and sporting equipment.

RECOMMENDATION

That Alesco Senior College be permitted to reallocate funding already received in order to improve the outdoor area for students.

DIRECTOR CORPORATE & BUSINESS SYSTEMS

4 OPERATIONAL PLAN REVIEW 1 JULY - 31 DECEMBER 2016

Report Author Lynn Duffy, Corporate Planning Coordinator

File No. / ECM Index Delivery Program/Operational Plan 2016/2017 - MidCoast Council

Date of Meeting 22 February 2017

SUMMARY OF REPORT

Under the Integrated Planning & Reporting (IP&R) Framework all councils are required to report on progress with implementation of the 4-year Delivery Program and 1-year Operational Plan on a 6-monthly basis. Councils that merged in May 2016 are only required to have a 1-year Operational Plan at this stage.

MidCoast Council adopted its initial combined Operational Plan on 29 June 2016 in line with Department of Premier and Cabinet (DPC) requirements for newly merged Councils. At the time, the three former Councils had all developed plans for the 2016-17 year under the IP&R framework. These plans formed the basis for the combined MidCoast plan.

MidCoast continues to deliver 'business as usual' services to its community whilst also undertaking a number of merger related integration activities. Focus has been placed on a number of key areas initially including: integration of asset and financial information, development of an organisational structure to 'right size' MidCoast and provide staff with security, and community engagement across the MidCoast area.

SUMMARY OF RECOMMENDATION

That the report on the six month Operational Plan activities be noted.

FINANCIAL/RESOURCE IMPLICATIONS

Financial implications are reported separately through the quarterly budget review.

LEGAL IMPLICATIONS

Six month reporting on the Operational Plan is a legislative requirement under IP&R.

BACKGROUND

The report provides an overview of progress in the implementation of the 2016-17 MidCoast Operational Plan. Specific details on the status of actions are included in Attachment A. This includes whether the action is on schedule or not, and a comment on the progress or otherwise of the action.

Operational plans are council's commitment to their community on how and where funds will be expended and what services and activities the community can expect to be delivered during the year. These plans link to the Community Strategic Plan, being the long term wishes and aspirations of the community.

As MidCoast does not currently have a single Community Strategic Plan, the initial Operational Plan uses quadruple bottom line reporting as the broad headings for the activities undertaken by Council. These include Environmental Focus, Economic Responsibility, Social Commitment and Civic Leadership. Under each of these broad headings are the Objectives and Strategies from the previous three Council's community plans, and the related actions.

The majority of 'business as usual' externally facing activities and services continue to be delivered to the MidCoast community in line with commitments made in the former Council's plans. Some activities, in particular internal services have been impacted by the need to focus on integration and harmonisation of work processes to allow the merged entity to support the day to day operations of the organisation.

DISCUSSION

Format of the Plan

The format of the 2016-17 Operational Plan 6-monthly update is cumbersome. The Plan had to be exhibited and adopted immediately following the announcement of the 3-way amalgamation of the former Greater Taree City, Great Lakes and Gloucester Shire Councils, with limited time to integrate the activities within the individual Council plans.

Under each of the broad quadruple bottom line headings listed above, are separate groupings of activities undertaken for each of the three regions - Gloucester, Great Lakes and Manning. Each action has been given a 6 month status, a comment on that status and the responsibility area under the new MidCoast organisation structure.

Preparation has commenced for the 2017-18 Operational Plan which will be streamlined with activities from the three regions integrated into one set of activities for the MidCoast Council area.

Status of actions

The large majority of 'business as usual' activities continue to be delivered to the MidCoast community. This includes previously budgeted road maintenance and construction programs, capital works throughout the area, regular asset maintenance such as mowing of parks and sportsgrounds, natural systems works programs and projects, assessment of development and building applications, ageing and disability services etc

Some actions have been 'deferred' as to proceed at this stage does not make good business sense in the new context of the merged entity - the majority of these will proceed as an integration activity where a 'whole of Council' approach will be developed and undertaken.

Examples of these activities include development of a customer service strategy and customer service request system; development of a corporate performance framework; and implementation of a procurement improvement plan. All of these are value adding activities and will now be undertaken across MidCoast Council rather than in the former regions.

Other actions have been delayed or withdrawn as staff work to integrate approaches, priorities, systems and process across the 3 regions.

Certain areas of the Operational Plan have been more significantly impacted than others. For example, the efforts of the Human Resource section have been primarily focussed on facilitating adoption of the organisational structure using internal resources. Focus has also been on development of protocols to facilitate filling positions in the structure, which enables a smooth transition for staff into the new MidCoast structure.

Along with business as usual activities there have been a number of new activities undertaken due to the merger that would not have otherwise been undertaken. These include the development and populating of the new organisational structure, development of a MidCoast identity, new website, integrated asset information and adoption of standard assessment criteria across the area, integrated financial position, centralised call centre, special rate variation engagement and survey, staff culture survey and a number of other activities which are identified in Attachment A.

Comment on the first 6 months

The MidCoast journey to date has focussed on a number of key areas:

Our people and partnerships

Council has focussed on filling the organisational structure with permanent rather than interim appointments. This provides security to staff in a changing environment and allows a focus on service delivery and community outcomes. This then encourages teams to be future focussed - looking at where we are headed rather than where we came from.

Developing partnerships with our community, amongst our staff and with the Government are critical components of successfully forming the new Council.

Engaging with our community

The interim General Manager has held 2 rounds of community meetings, 20 in total across the local government area since May 2016. The Administrator, senior staff and Local Representative Committee members also took part in these sessions.

Initial meetings focussed on Council's work towards an integrated asset management and financial position, and on workforce planning to right size the organisation. The second round provided a strategy to address the priority issues facing the MidCoast community including a proposed special rate variation (SRV) to fund much needed additional works on the road network.

Positive feedback from these sessions indicates that communities value face to face engagement as it assists in the communication and understanding of the Council's future direction. These meetings will continue on a regular basis and provide an opportunity for capacity building within the community and an understanding that we are on a journey together, in partnership.

Integrating our work

A Project Management Office (PMO) has been established to assist with the integration of people, systems and processes required within the merged entity. The MidCoast approach to the PMO is based on embedding integration work within teams as this allows the subject experts to own the integration as part of 'business as usual'. Integration is part of everyone's role at MidCoast Council.

The PMO function within MidCoast provides facilitation, guidance and support to teams. It also provides the link and contact point for DPC and coordination of reporting requirements.

Funding our infrastructure

The MidCoast community has clearly expressed the importance they place on assets - primarily the road network. Over a 4 year period, we have identified an estimated \$16M of merger related savings that will be reinvested into the road network.

An additional \$14M is being applied from the Government's Stronger Communities funding, totalling a \$30M investment that was previously unavailable to the former 3 Councils.

Ongoing asset challenge

MidCoast Council has an annual shortfall in funding for roads of \$5M. We need an additional \$5M per year to stop the decline of our road network. Without that level of funding our backlog of works will continue to increase. This shortfall, combined with a significant backlog (estimate of \$180M) means that for each year we do not fund renewal works, the backlog increases.

In November 2016 Council commissioned a statistically valid community survey to inform a proposal for a special rate variation (SRV) to address this annual shortfall. 76% of residents surveyed supported a SRV at the proposed level or slightly lower, which is a significant result for a newly merged Council.

Council was advised in late December 2016 that newly merged councils were ineligible to apply for a SRV for 2017-18 and hence MidCoast did not proceed with the SRV application. Discussions are continuing with the Government on how to best address this critical funding shortfall.

RECOMMENDATION

That the report on the 6-month Operational Plan activities be noted.

ATTACHMENTS

A: Operational Plan Review - 1 July - 31 December 2016

Due to its large size, Attachment A has been circulated in hard copy to the Administrator and Senior Staff only as a paper conservation measure. However, this Attachment is publicly available on Council's Website, copies are available at Council offices and copies are available on request.

5 QUARTERLY BUDGET REVIEW STATEMENT - DECEMBER 2016

Report Author Phil Brennan, Manager Finance

File No. / ECM Index Financial Management - Management Plan Quarterly Reports

Date of Meeting 22 February 2017

SUMMARY OF REPORT

This report presents the Quarterly Budget Review Statement (QBR) for the period to 31 December 2016 to Council for consideration, as required by Clause 203(1) of the Local Government (General) Regulation 2005.

SUMMARY OF RECOMMENDATION

That the Quarterly Budget Review Statement for the period to 31 December 2016 be noted and the budget variations proposed, including transfers to and from reserves be approved.

FINANCIAL/RESOURCE IMPLICATIONS

After the completion of the December 2016 QBR Council's projected budget result is a surplus of \$216,269. There are variations across the budget and the material variations are outlined in the report.

LEGAL IMPLICATIONS

Council is required by legislation to prepare quarterly budget review statements including an opinion by the Responsible Accounting Officer as to whether the financial position of the Council is considered to be satisfactory.

BACKGROUND

This report presents the Quarterly Budget Review Statement (QBR) for the period to 31 December 2016 to Council for consideration, as required by Clause 203(1) of the Local Government (General) Regulation 2005.

The Quarterly Budget Review Statements (Annexures A and B) for the quarter ended 31 December 2016 provides information on Council's projected financial position for the year ending 30 June 2017.

As Council is aware the 2016/2017 budget consists of the 3 separate budgets that were prepared and relate to the former councils. Following the amalgamation on 12 May 2016 guidance from the Department of Premier and Cabinet was that the Operational Plan and budget of the new Council was to be a composite of the former councils. Council is still operating 3 separate financial computer systems, so this review has been conducted by reviewing each of those budgets and combining the results to provide a consolidated report.

The adopted budget position was as follows:

Office	Original Budget Result
Forster	\$0 (Balanced)
Gloucester	\$4,417 (surplus)
Taree	\$258,149 (surplus)
Combined	\$262,566 (surplus)

This gave a combined projected budget result of a surplus of \$262,566. It should be noted that this was an operational budget position and did not include the impact of non-cash items such as depreciation.

The September QBRS (previously reported) also included the impact of the 2015/2016 re-votes which were approved by Council at its October 2016 Ordinary meeting. A total of \$27,570,451 of operating and capital expenditure was added into the adopted 2016/2017 budget. These expenditures were funded by a variety of sources including unexpended revenue, environmental levy, section 94 contributions, grant funding and restricted assets.

DISCUSSION

The adjustments proposed to the 3 office budgets following the completion of the December Review are set out in the table below. These are for the material items, there are some smaller offsetting adjustments between line items and small income and expenditure items with a value under \$500 that have not been separately identified.

Reduced Costs / Increased Revenue	\$
<i>Taree Office</i>	
Staff Costs - GM - Budget Saving in operating budget due to reduction in Executive positions following amalgamation.	(39,750)
Rates Income - Additional Rate Levy - nett including adjustments for postponed and pension concessions.	(126,329)
Staff Costs - Exec Leader CS - Budget Saving in operating budget due to reduction in Executive positions following amalgamation.	(69,564)
Operations - Governance - Saving in Public Liability / Professional Indemnity Insurance Premium due to amalgamation.	(330,000)
Library Services - Staff Costs - Budget saving in operating budget due to voluntary staff departures following amalgamation.	(103,000)
Customer Service Staff - Budget saving in operating budget due to voluntary staff departures following amalgamation.	(92,176)
Community Development Donations - Decrease budget to remove component contained within Special Rate Variation Expenditure Program. SRV unsuccessful therefore funds not available.	(1,553)
<i>Gloucester Office</i>	
Interest on Investments - Additional interest projected to be earned on invested funds for financial year	(70,000)
Trainee Subsidies - Additional subsidy received in excess of budgeted amount.	(5,000)
Proceeds from Sale of Land - completion of sale of land in Gloucester to Anglican Care.	(350,000)
<i>Forster Office</i>	
Emergency Services Property Levy Contribution - Contribution from State Government towards Council's cost of preparation and implementation of requirements of ESPL.	(72,500)
Council Catering - Budget Saving due to amalgamation - catering not required for Council meetings.	(10,000)
Accounting Section Staff - Budget saving in operating budget due to voluntary staff departures following amalgamation.	(20,000)
Community Development Staff - Budget saving in operating budget due to voluntary staff departures following amalgamation.	(13,000)
Records Staff - Budget saving in operating budget due to voluntary staff departures following amalgamation.	(8,000)

Reduced Costs / Increased Revenue	\$
Human Resources - Recruitment - Savings in operational budgets - Medical Examinations \$5,000 & Advertising \$25,000 due to minimal external recruitment of staff due to amalgamation.	(30,000)
Councillor Travelling Expenses - Original budget transferred to Office of Administrator but no longer required.	(20,000)
Income - Engineering DA / Subdivisions Fees - increase in projected income based on current trends.	(30,000)
Income - Damage Bond Administration Fees - increase in projected income based on current trends.	(30,000)
Additional Costs / Decreased Revenue	
<i>Taree Office</i>	
Community Housing - Decrease in expected rental due to vacant tenancy - 29 Mackay St Chatham.	4,000
Community Housing - Additional Repairs & maintenance requirements - 29 Mackay St Chatham	4,000
Transfer to Merger Savings Reserve - create reserve and transfer savings associated with merger for future allocation.	634,240
<i>Gloucester Office</i>	
Employee Expenses - Increase budget for Human Resources staff following changes to structure and operations following amalgamation.	30,000
Consultative Committee Expenses - increase budget to cover staff time associated with attendance at Consultative Committee meetings due increase in duration and frequency of meetings during merger implementation	5,000
Aged Care Unit Rental Income - Decrease anticipated rental income due to vacancy in tenancy of aged care unit.	13,350
Tidy Town Expenditure - Increase budget for costs associated with attendance at Orange at Tidy Towns function.	2,500
Transfer to Restricted Investment - Restrict sale proceeds from sale of land to Anglican Care for consideration of allocation to projects.	350,000
<i>Forster Office</i>	
Council Property Services - Legal Expenses - increase budget to cater for legal costs associated with handback of North Arm Cove land to Council by property owners.	5,000
Labour Hire Expenses - new budget for payment to labour hire firm for use of contract labour in 2010. Original firm went into liquidation and debt purchased by new firm who sought payment from Council of the original debt. Legal advice confirmed that Council required to pay the debt to the new firm.	44,182
Accounting Services - Valuation Fees - increase budget to meet costs associated with valuation of council investment properties and infrastructure assets associated with audit of 2015/2016 financial statements.	5,000
Human Resources - Consultative Committee - increase budget to meet costs associated with staff attendance at CC meetings. Larger committee and more meetings being held to meet demands associated with amalgamation.	30,000
Development Assessment Legal Expenses - Increase budget to meet legal expenses associated with action taken in respect of illegal activity.	25,000
Compliance Salaries - reduction in budget for second quarter of 2016/2017 for continuing vacancy in Compliance area. Budget required in new structure but unable to fill position at this time.	32,000

Adjustments which do not impact on projected result	
Taree Office	
Election Expenses - remove cost and funding from reserve of deferred September 2016 election from budget.	317,000
Wingham Town Hall Clock Tower - Include project expenditure and funding from OEH in budget	26,460
Heritage Review - Include project expenditure and funding from OEH in budget	10,000
Manning ASS Project - NRM Partnership project - include project expenditure and funding from LLS and Environmental Levy in budget	100,000
Saltwater to Tuncurry NRM Partnership Project - include project expenditure and funding from LLS and Environmental Levy in budget.	40,000
Endeavour Place Boat Ramp Upgrade Project - include project expenditure and funding from Stormwater Levy in budget.	43,300
Additional Roadworks Projects - include project expenditure and funding from internal reserves approved by Council at Ordinary Meeting of 14 December 2016.	4,000,000
Gloucester Office	
Roads to Recovery - Additional works and funding for works in the Gloucester area	732,804
NSW Regional Living Expo - Destination Gloucester fundraising allow for additional expenditure on this project.	3,178
VIC Marketing Expenses - Additional VIC marketing income received allows for additional expenditure on this project	7,950
RMS Flood Damage Income - funding approved for flood damage restoration works	555,560
Forster Office	
Redundancy Expenses - Voluntary redundancy payments made during period offset by transfer from Merger Implementation Funds - zero nett cost to budget.	269,766
Forster Boat Harbour Wharf Repair - Budget for additional works to complete project added with corresponding funding from reserve held for that purpose. No not effect on operating budget.	84,528
Accounting Service - Long Term Financial Plan Subscription - Budget for LTFP software reduced as already funded from Merger Implementation costs for this financial year. Savings transferred to Merger Savings Reserve.	7,500
Merger Implementation Costs - Create budget for projects approved from New Councils Implementation Fund with offsetting funding from Reserve created in previous year after funds received from State Government.	5,000,000
Stronger Communities Fund - Create budget for projects approved from Stronger Communities Fund with offsetting funding from Reserve created in previous year after funds received from State Government.	15,000,000
Strategic Planning - Fame Cove Development Project - Include budget and funding from contributions.	319,889
Strategic Planning - Palms Oasis Rezoning - Include budget for works program and funding from developer.	25,000
Strategic Planning - Gloucester Heritage Scoping Study - Include budget for consultant to undertake work and grant funding from State Government	10,000

The budget result for the 3 offices following the completion of the December Quarterly Budget Review is as set out below. It shows the original budget position, September result, December result and projected 30 June year end result.

Office	Original Budget	September Result	December Result	Projected 30 June Result
Forster	\$0	\$323,779 (deficit)	\$129,960 (surplus)	\$193,819 (deficit)
Gloucester	\$4,418 (surplus)	\$39,368 (deficit)	\$23,360 (surplus)	\$11,590 (deficit)
Taree	\$258,149(surplus)	\$44,147 (surplus)	\$119,382 (surplus)	\$421,678 (surplus)
Combined	\$262,567(surplus)	\$319,000 (deficit)	\$272,702 (surplus)	\$216,269 (surplus)

This projected result is considered to be reasonable given that the major savings have been transferred into a Merger Savings Reserve. Further information on the balance of this Reserve and of items charged against the New Council Implementation Fund are provided later in this report.

The items that are primarily responsible for this improved projected position are the additional rates levied from the Taree office, additional interest on investments from the Gloucester office and increased income from Engineering activities in the Forster Office and the ESPL contribution received from the State Government.

The March Quarterly Budget Review will afford an opportunity to identify any further one-off or ongoing savings and will assist in confirming the 2017/2018 budget which is currently being prepared.

Merger Savings Reserve

As mentioned above, savings resulting from the merger have been transferred into a Merger Savings Reserve. This is a way of capturing the hard dollar savings which can then be reallocated into projects or to merger implementation costs should the initial \$5 million State Government Implementation Fund be fully expended.

A decision was also taken that redundancy expenditure should be expensed against the Implementation Fund rather than against the salary budget provided within each of the offices budgets.

At the completion of the December Review the following amounts had been transferred into the Merger Savings Reserve.

Office	\$
Forster	581,137
Gloucester	606,927
Taree	1,148,759
Combined	2,336,823

New Council Implementation Fund

As Council is aware the State Government provided \$5 million to assist with implementation expenses associated with the amalgamation. Guidelines were provided that give direction as to what is considered to be allowable expenditure from the fund. A works program has been prepared and forwarded to the Government outlining items that it is expected that Council will have to procure or services that it will have engage to assist in the implementation. The amount nominated in that return exceeds the \$5 million funding. As such the Merger Savings Reserve outlined above will assist in ensuring that implementation is properly executed.

To date the following amounts have been expended or committed from the New Council Implementation Fund:

Office	\$
Forster	719,639.70
Gloucester	251,128.47
Taree	1,121,023.43
Total	2,091,791.60

This leaves approximately \$2.9 million unexpended of the New Council Implementation Funds held in investments. Given that the \$5 million was invested in \$1 million parcels, Council will redeem the next maturing investment to cover expenditure incurred to date.

Responsible Accounting Officer's Statement

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

It is my opinion that the Quarterly Budget Review Statement for Mid-Coast Council for the quarter ended 31 December 2016 indicates that Council's projected financial position at 30 June 2017 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

SIGNED:

DATE: 13 February 2017



Phil Brennan
Responsible Accounting Officer
Mid-Coast Council

RECOMMENDATION

That the Quarterly Budget Review Statement for the period to 31 December 2016 be noted and the budget variations proposed, including the transfers to and from reserves be approved.

ANNEXURE:

A: Quarterly Budget Review Statements

Mid-Coast Council		Quarterly Budget Review Statement for the period 01/10/16 to 31/12/16					
Income & Expenses Budget Review Statement		Income & Expenses Budget Review Statement					
Budget review for the quarter ended 31 December 2016		Budget review for the quarter ended 31/12/16					
Income & Expenses - General Fund		Income & Expenses - General Fund					
(\$000's)	Original Budget 2016/17 000'	Changes Revoted 000'	Sep QBRs 000'	Revised Budget 2016/17 000'	Variations for this Dec Qtr 000'	Projected Year End Result 000'	Actual YTD figures 000'
Income							
Rates and Annual Charges	86,526		11	86,537	268	86,805	86,988
User Charges and Fees	12,976		(731)	12,245	(326)	11,919	5,803
Interest and Investment Revenues	3,294		10	3,304	464	3,768	1,448
Other Revenues	12,412		(87)	12,325	344	12,669	9,008
Grants & Contributions - Operating	28,428	1,455	4,399	34,282	105	34,387	16,263
Grants & Contributions - Capital	12,922	3,939	11,224	28,085	1,441	29,526	6,466
Net gain from disposal of assets	2,117			2,117	350	2,467	471
Total Income from Continuing Operations	158,675	5,394	14,826	178,895	2,646	181,541	126,447
Expenses							
Employee Costs	49,816	451	(1,045)	49,222	189	49,411	25,222
Borrowing Costs	3,657		6	3,663	16	3,679	1,548
Materials & Contracts	46,744	7,907	4,056	58,707	5,123	63,830	29,992
Depreciation	41,050			41,050	2,620	43,670	11,351
Other Expenses	17,010	165	(1,414)	15,761	930	16,691	5,368
Net Loss from disposal of assets				-		-	
Total Expenses from Continuing Operations	158,277	8,523	1,603	168,403	8,878	177,281	73,481
Net Operating Result from Continuing Operation	398	(3,129)	13,223	10,492	(6,232)	4,260	52,966
Discontinued Operations - Surplus/(Deficit)				-		-	
Net Operating Result from All Operations	398	(3,129)	13,223	10,492	(6,232)	4,260	52,966
Net Operating Result before Capital Items	(12,524)	(7,068)	1,999	(17,593)	(7,673)	(25,266)	46,500

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/12/2016 and should be read in conjunction with the total QBRs report

B: Quarterly Budget Review Statements

Mid-Coast Council		Quarterly Budget Review Statement for the period 01/10/16 to 31/12/16					
Capital Budget Review Statement		Capital Budget Review Statement					
Budget review for the quarter ended 31 December 2016		for the period 01/10/16 to 31/12/16					
Capital Budget - General Fund		Capital Budget Review Statement					
(\$000's)	Original Budget 2016/17 000'	Approved Changes Revoted 000'	Sep QBRS	Revised Budget 2016/17 000'	Variations for this Dec Qtr 000'	Projected Year End Result 000'	Actual YTD figures 000'
Capital Expenditure							
New Assets							
- Plant & Equipment	250	1,444		1,694	(100)	1,594	104
- Land & Buildings	3,214	3,217	5,866	12,297	(120)	12,177	26
- Roads, Cycleway & Other Infrastructure	872	215		1,087	733	1,820	1,126
- Landfills	4,725	2,533		7,258	(598)	6,660	4,410
- Cemeteries	100			100		100	
Renewal Assets (Replacement)							
- Plant & Equipment	3,759	301		4,060		4,060	1,494
- Land & Buildings	676	662	16	1,354	19	1,373	317
- Roads, Cycleway & Other Infrastructure	23,206	7,576	6,992	37,774	19,566	57,340	17,090
- SRV Gloucester Renewal	1,143		(271)	872		872	5
- Library Books, Office equipment etc	290	140	(10)	420		420	64
- Computer Upgrades	235	4	5	244		244	13
- Tuncurry CDD Improvements							
- Cemeteries							
Loan Repayments (Principal)	10,041		17	10,058		10,058	5,128
Transfer To Reserves	4,478		539	5,017	458	5,475	2,000
Other Expenditure	885	2,931	3	3,819	90	3,909	1,328
Other Expenditure Waste							
Total Capital Expenditure	53,874	19,023	13,157	86,054	20,048	106,102	33,105
Capital Funding							
Rates & Other United Funding	25,428		668	26,096	85	26,181	25,898
Capital Grants & Contributions	14,571	4,403	11,100	30,074	1,157	31,231	8,878
Reserves:							
- External Restrictions/Reserves	79	2,045		2,124	484	2,608	4,150
- Internal Restrictions/Reserves	2,243	9,370	1,389	13,002	18,972	31,974	26,074
Loans	9,436	3,205		12,641	(1,000)	11,641	2,567
Receipts from Sale of Assets							
- Plant & Equipment & Land & Buildings	2,117			2,117	350	2,467	436
Total Capital Funding	53,874	19,023	13,157	86,054	20,048	106,102	68,003
Net Capital Funding - Surplus/(Deficit)							34,898

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31 December 2016 and should be read in conjunction with the total QBRS report

6 INVESTMENTS REPORT - JANUARY 2017

Report Author Phil Brennan, Manager Finance

File No. / ECM Index Investments - Monthly Reports

Date of Meeting 22 February 2017

SUMMARY OF REPORT

This report provides details of the funds invested by Mid-Coast Council under section 625 of the Local Government Act 1993 as required by clause 212 of the Local Government (General) Regulation 2005.

SUMMARY OF RECOMMENDATION

That the report be received and noted.

FINANCIAL/RESOURCE IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

A monthly report on Investments made and held by Council together with a statement by Council's Responsible Accounting Officer is required by legislation.

BACKGROUND

Clause 212 of the Local Government (General) Regulation 2005 requires that the Responsible Accounting Officer of Council must provide Council with a written report setting out all money invested under section 625 of the Local Government Act, at the last day of the month immediately preceding the meeting.

This report represents the position as at 31 January 2017. It is a consolidation of the investments made by the 3 offices under the existing policies. As previously reported this will remain the case for most, if not all, of 2016/2017 as the financial systems, policies and operations are merged.

Over the next few months the previous Investment Policies will be reviewed and consolidated into a new Investment Policy which will be presented to Council for adoption. It is proposed that this draft policy will be referred to an appropriate external adviser to peer review the contents against relevant guidelines and industry best practice. Once adopted each office will start to realign the investment portfolios to match the new policy settings.

DISCUSSION

The following comments are made in respect of the individual offices:

Gloucester Office

Total invested funds held by the Gloucester Office at 31 January 2017 amounted to **\$7,661,383**. The average return on invested funds was 2.59%. It should be noted that this is not a weighted average return.

The Gloucester policy limits for investments held per rating and per institution and the actual results are set out below.

Per rating	Policy Limit	Actual
A1+ or above	100%	44%
A1 or below	65%	56%
Unrated (max. of \$250k)	34%	3%
Per Single Institution		
A1+ or above	80%	24%
A1 or below	34%	20%
Unrated	34%	4%

It should also be noted that in 2007 the former Gloucester Shire Council purchased a CDO investment with the Commonwealth Bank worth \$500,000 which subsequently reduced down to zero as a result of the Global Financial Crisis (GFC).

Council instructed Piper Alderman (now Squire Patton Boggs) through International Litigation Partners Pty Ltd on a no-win - no-fee basis to try and recoup the lost investment. The initial case has been settled for the group of claimants represented against the Commonwealth Bank, recouping \$150,000 of the original \$500,000 capital for Council.

Squire Patton Boggs have submitted a second claim against the Fitch rating agency for any amounts unrecovered from the Commonwealth Bank (Fitch was the rating agency behind the Palladin investment purchased by Council). This claim is proceeding through various court hearings at present.

The CDO is not included on the list of investments (Attachment A) due to the investment being fully provided for back in 2008.

Taree Office

The Taree Office cash position as at 31 January 2017 was as follows:

	Balance
	(\$'000)
Cash on Hand and at Bank (Ledger balance)	\$1,328
Investment Portfolio (Attachment A)	\$39,600
Total Funds	\$40,928

Investment movements during the month were:

Opening Balance	\$41,200
New Investments	\$9,000
Withdrawn Investments	(\$10,600)
Net Movement Cash at Call	\$0
Closing Balance	\$39,600

The weighted average return on the Taree Office investment portfolio at the end of January 2017 was 2.73%.

The Taree Office investments are being maintained in a series of term deposits with short maturities (typically 90 days) in accordance with previous policy directions.

Forster Office

The Forster Office investments at 31 January 2017 amounted \$79,227,644. This includes the \$20 million from the NSW Government as part of the merger arrangements. This includes \$15 million in Stronger Communities Fund investments and \$4 million in New Councils Implementation Fund investments.

The Forster Office investment portfolio remains weighted to shorter investments, however more floating rate notes have been acquired in recent months.

The following table provides a summary of movement of Investments for the month of January 2017.

Investment Type	Opening Balance 01/01/2017	Movement	Closing Balance 31/01/2017	Portfolio %
Term Deposits	\$47,000,000	\$0	\$47,000,000	59.32%
Managed FRNs & FTDs	\$29,050,000	\$0	\$29,050,000	36.67%
On Call Deposits	\$3,171,434	\$6,201	\$3,177,644	4.01%
Total	\$79,221,434	\$6,210	\$79,227,644	100.00%

Whilst Attachment A provides a detailed summary of each investment held by the Forster Office, the following table provides an analysis of those investments based on their maturity horizon, the actual amount and percentage of portfolio, the benchmark return and the actual weighted average return for the month.

Investment Horizon	Amount Invested	Actual % of Portfolio	Targeted Minimum Return	Weighted Average Monthly Return	Investment
On Call	\$3,177,644	4.01%	Cash Rate (1.78%)	2.08%	On Call Accounts
0-3 Months	\$25,250,000	31.87%	BBSW +20-40 (1.97%)	2.95%	Term Deposits, FRNs, FTFDs
3-6 Months	\$21,750,000	27.45%	BBSW +30-50 (2.07%)	2.81%	Term Deposits, FRNs, FTDs
6-12 Months	\$6,000,000	7.57%	BBSW +40-60 (2.17%)	3.28%	Term Deposits, FRNs, FTDs
1-2 Years	\$2,300,000	2.90%	BBSW +80-100 (2.57%)	2.96%	Term Deposits, FRNs, FTDs
Greater	\$20,750,000	26.20%	BBSW +100 (2.77%)	3.14%	Term Deposits, FRNs, FTDs
Total	\$79,227,644	100.00%			

Council uses a weighted average when determining the return (interest rate) on investments within any given period. A weighted average calculation takes into account the interest rate applied to each investment and the actual amount of each investment. The greater the amount invested the more weight its interest rate carries.

The following table provides a break-up of Council's investments into long and short term with their corresponding credit ratings.

Long Term Credit Rating	% of Portfolio	Short Term Credit Rating	% of Portfolio
AA	12.62%	A1	34.30%
A	8.52%	A2	34.46%
BBB & Unrated	5.05%	Unrated	5.05%
Total	26.19%	Total	73.81%

Long term investments are investments with a maturity of greater than 2 years.

CONSOLIDATED INVESTMENT POSITION

The following is a summary of the individual positions from each of the offices.

Office	Amount Invested
Gloucester Office	\$7,661,383
Taree Office	\$39,600,000
Forster Office	\$79,227,644
Total	\$126,489,027

RECOMMENDATION

That the report be received and noted.

ANNEXURES

A: Mid-Coast Council Investments at 31 January 2017

Financial Securities as at		31 January 2017		Amount Invested	Maturity Date	Held With	Credit Rating
Investment Date	Interest Rate	Security Type	Duration				
<u>FORSTER OFFICE INVESTMENTS</u>							
<u>Floating Rate Notes</u>							
11/12/2015	BBSW +110	FRN		\$750,000.00	11/06/2019	AMP	A1/A+
24/06/2014	BBSW +110	FRN		\$1,000,000.00	24/06/2019	Bank of Queensland	A1/AA
24/10/2014	BBSW +113	FRN		\$1,000,000.00	22/12/2017	Bank of Queensland	A1/AA
12/11/2014	BBSW +130	FRN		\$1,000,000.00	6/11/2019	Bank of Queensland	A1/AA
19/06/2013	BBSW + 1.2	FRN		\$1,000,000.00	17/05/2017	Bendigo & Adelaide	A2/BBB
27/11/2013	BBSW +1.30	FRN		\$1,000,000.00	27/11/2018	Bendigo & Adelaide	A2/BBB
18/08/2015	BBSW+110	FRN		\$1,000,000.00	18/08/2020	Bendigo & Adelaide	A2/BBB
28/01/2016	BBSW +115	FRN		\$1,000,000.00	18/01/2021	CBA	A1/AA+
9/03/2016	BBSW +195	FRN		\$1,000,000.00	9/03/2021	Credit Suisse	A1/A
20/03/2014	BBSW +130	FRN		\$1,000,000.00	20/03/2017	CUA	A2/BBB+
24/02/2014	BBSW +130	FRN		\$1,000,000.00	24/02/2017	Greater Bank	A2/BBB
9/08/2016	BBSW+152	FRN		\$1,000,000.00	7/06/2019	Greater Bank	A2/BBB
30/08/2016	BBSW+155	FRN		\$1,500,000.00	30/08/2019	Greater Bank	A2/BBB
3/03/2015	BBSW+110	FRN		\$2,000,000.00	3/03/2020	Macquarie Bank	A1/A
7/07/2015	BBSW+110	FRN		\$1,000,000.00	3/03/2020	Macquarie Bank	A1/A
5/11/2015	BBSW+108	FRN		\$1,000,000.00	5/11/2020	NAB	A1/AA
26/02/2015	BBSW+110	FRN		\$500,000.00	27/02/2018	Newcastle Permanent	A2/BBB+
15/12/2015	BBSW +110	FRN		\$800,000.00	27/02/2018	Newcastle Permanent	A2/BBB+
21/08/2014	BBSW +110	FRN		\$1,000,000.00	17/08/2017	Police Bank	A2/BBB+
4/03/2016	BBSW + 150	FRN		\$1,000,000.00	4/03/2021	RaboBank	A1/A+
20/10/2015	BBSW +125	FRN		\$1,000,000.00	20/10/2020	Suncorp	A1/A+
4/12/2014	BBSW+1.05	FRN		\$1,000,000.00	4/12/2017	Teachers Mutual Bank	A2/BBB+
28/10/2016	BBSW+140	FRN		\$500,000.00	28/10/2019	Teachers Mutual Bank	A2/BBB+
				<u>\$23,050,000.00</u>	Floating Rate Notes		

<u>Floating Term Deposits</u>									
19/02/2015	3.2800%	FTD	\$1,000,000.00	21/02/2020	ING	A1/AA			
11/12/2014	3.6000%	FTD	\$1,000,000.00	11/12/2019	NAB	A1/AA			
11/12/2014	3.6000%	FTD	\$1,000,000.00	11/12/2019	NAB	A1/AA			
11/12/2015	3.0000%	FTD	\$1,000,000.00	1/12/2020	WESTPAC	A1/AA			
			\$4,000,000.00						
<u>Floating Term Deposits</u>									
	1.4000%	On call	\$152,455.98		CBA	A1/AA+			
	2.1100%	On call	\$3,025,188.01		T-Corp	A1/AAA			
		On Call	\$3,177,643.99						
<u>Term Deposits</u>									
12/08/2016	2.9500%	Term Deposit	\$1,250,000.00	16/03/2017	AMP	A1/A+			
14/11/2016	2.7000%	Term Deposit	\$1,750,000.00	18/05/2017	AMP	A1/A+			
9/01/2017	2.8000%	Term Deposit	\$1,000,000.00	13/07/2017	Newcastle Permanent	A2/BBB+			
19/08/2016	2.8500%	Term Deposit	\$1,000,000.00	16/02/2017	Bananacoast CU	NR			
5/01/2017	2.7500%	Term Deposit	\$1,000,000.00	6/07/2017	Bank of Queensland	A1/AA			
6/12/2016	2.8000%	Term Deposit	\$1,000,000.00	8/06/2017	Beyond Bank	A2/BBB+			
23/09/2016	2.7000%	Term Deposit	\$1,000,000.00	20/04/2017	Defence Bank	A2/BBB+			
7/09/2016	2.6500%	Term Deposit	\$1,000,000.00	9/02/2017	Greater Bank	A2/BBB			
7/09/2016	2.7500%	Term Deposit	\$1,000,000.00	9/03/2017	Greater Bank	A2/BBB			
23/10/2014	5.5400%	Term Deposit	\$1,000,000.00	23/10/2017	ING	A1/AA			
7/09/2016	2.6500%	Term Deposit	\$1,000,000.00	2/02/2017	ME Bank	A2/BBB+			
9/09/2016	2.6500%	Term Deposit	\$1,000,000.00	2/03/2017	ME Bank	A2/BBB+			
7/10/2016	2.7500%	Term Deposit	\$1,000,000.00	27/04/2017	My State Bank	A2/BBB			
17/10/2016	2.7700%	Term Deposit	\$1,000,000.00	11/05/2017	My State Bank	A2/BBB			
25/11/2016	2.7500%	Term Deposit	\$1,000,000.00	1/06/2017	My State Bank	A2/BBB			
19/01/2017	2.6000%	Term Deposit	\$1,000,000.00	20/04/2017	NAB	A1/AA			
12/01/2017	2.8000%	Term Deposit	\$1,000,000.00	20/04/2017	ING	A1/AA			
25/11/2016	2.7400%	Term Deposit	\$1,000,000.00	26/05/2017	NAB	A1/AA			
25/11/2016	2.7400%	Term Deposit	\$1,000,000.00	1/06/2017	NAB	A1/AA			
7/10/2016	2.8000%	Term Deposit	\$1,000,000.00	3/08/2017	NAB	A1/AA			

27/02/2015	3.4000%	Term Deposit	735	\$1,000,000.00	3/03/2017	Police Credit Union SA	NR
30/09/2016	2.7500%	Term Deposit	181	\$1,000,000.00	30/03/2017	Police Credit Union SA	NR
15/02/2015	6.5000%	Term Deposit	1095	\$1,000,000.00	14/02/2017	RaboDirect	A1/A+
28/06/2016	2.9700%	Term Deposit	240	\$1,000,000.00	23/02/2017	Rural Bank	A2/BBB+
7/09/2016	2.7500%	Term Deposit	189	\$1,000,000.00	15/03/2017	St George	A1/AA-
21/09/2016	2.8200%	Term Deposit	204	\$1,000,000.00	13/04/2017	St George	A1/AA-
13/10/2016	2.6500%	Term Deposit	203	\$1,000,000.00	4/05/2017	St George	A1/AA-
6/12/2016	2.8000%	Term Deposit	212	\$1,000,000.00	6/07/2017	Suncorp	A1/A+
2/09/2016	2.6500%	Term Deposit	216	\$1,000,000.00	6/04/2017	Suncorp	A1/A+
		Term Deposits		\$30,000,000.00			
Stronger Communities Investments							
22/12/2016	2.8000%	Term Deposit	182	\$2,000,000.00	22/06/2017	AMP	A1/A+
27/06/2016	BBSW+148	FRN		\$1,000,000.00	18/05/2021	Bank of Queensland	A1/AA
22/09/2016	2.7500%	Term Deposit	210	\$1,000,000.00	20/04/2017	Beyond Bank	A2/BBB+
24/06/2016	3.0000%	Term Deposit	364	\$1,000,000.00	23/06/2017	CUA	A2/BBB+
23/06/2016	3.0000%	Term Deposit	371	\$2,000,000.00	29/06/2017	CUA	A2/BBB+
27/10/2016	2.6500%	Term Deposit	175	\$1,000,000.00	20/04/2017	ME Bank	A2/BBB+
17/11/2016	2.7500%	Term Deposit	181	\$1,000,000.00	17/05/2017	ME Bank	A2/BBB+
24/11/2016	2.7500%	Term Deposit	182	\$1,000,000.00	25/05/2017	ME Bank	A2/BBB+
23/12/2016	2.8500%	Term Deposit	188	\$2,000,000.00	29/06/2017	My State Bank	A2/BBB
19/01/2017	2.6000%	Term Deposit	91	\$2,000,000.00	20/04/2017	NAB	A1/AA
25/11/2016	2.7600%	Term Deposit	195	\$1,000,000.00	8/06/2017	Suncorp	A1/A+
				\$15,000,000.00			
Implementation Funds Investments							
27/10/2016	2.7500%	Term Deposit	365	\$1,000,000.00	27/10/2017	Bananacoast CU	NR
24/06/2016	2.8500%	Term Deposit	272	\$1,000,000.00	23/03/2017	Bank of Queensland	A1/AA
27/06/2016	BBSW+148	FRN		\$1,000,000.00	18/05/2021	Bank of Queensland	A1/AA
24/06/2016	2.9800%	Term Deposit	239	\$1,000,000.00	18/02/2017	NAB	A1/AA
				\$4,000,000.00			
TOTAL FORSTER OFFICE INVESTMENTS							\$79,227,643.99

GLOUCESTER OFFICE INVESTMENTS

<u>Term Deposits</u>									
20/09/2016	2.6500%	Term Deposit	175	\$500,000.00	14/03/2017	Bank of Queensland	A2		
20/09/2016	2.6000%	Term Deposit	182	\$500,000.00	21/03/2017	People's Choice Credit Union	A2		
2/11/2016	2.6500%	Term Deposit	111	\$250,000.00	21/02/2017	ME Bank	A2		
15/11/2016	2.7500%	Term Deposit	140	\$500,000.00	4/04/2017	ME Bank	A2		
22/11/2016	2.7500%	Term Deposit	126	\$500,000.00	28/03/2017	ME Bank	A2		
29/11/2016	2.6500%	Term Deposit	119	\$500,000.00	28/03/2017	NAB	A1+		
6/12/2016	2.7500%	Term Deposit	133	\$500,000.00	18/04/2017	Beyond Bank Australia	A2		
6/12/2016	2.8000%	Term Deposit	210	\$500,000.00	4/07/2017	Suncorp	A2		
20/12/2016	2.6000%	Term Deposit	126	\$500,000.00	25/04/2017	NAB	A1+		
20/12/2016	2.5500%	Term Deposit	140	\$250,000.00	9/05/2017	Bankwest	A1+		
9/01/2017	2.5500%	Term Deposit	64	\$500,000.00	14/03/2017	Bankwest	A1+		
10/01/2017	2.5800%	Term Deposit	91	\$250,000.00	11/04/2017	NAB	A1+		
17/01/2017	2.5500%	Term Deposit	126	\$250,000.00	23/05/2017	NAB	A1+		
24/01/2017	2.5500%	Term Deposit	147	\$500,000.00	20/06/2017	Bankwest	A1+		
31/01/2017	2.8500%	Term Deposit	126	\$250,000.00	6/06/2017	Bank of Sydney	Unrated		
		Term Deposits		\$6,250,000.00					
<u>On Call Bank Accounts</u>									
31/01/2017	1.6500%	On Call		\$1,411,383					
		On Call		\$1,411,383					
TOTAL GLOUCESTER OFFICE INVESTMENT				\$7,661,383.00					

TAREE OFFICE INVESTMENTS

<u>Term Deposits</u>										
3/11/2016	2.6200%	Term Deposit	90	\$2,000,000.00	1/02/2017	BankWest	A1+/AA-			
3/11/2016	2.7200%	Term Deposit	90	\$1,200,000.00	1/02/2017	NAB	A1+/AA-			
10/11/2016	2.7400%	Term Deposit	90	\$3,000,000.00	8/02/2017	NAB	A1+/AA-			
16/11/2016	2.7200%	Term Deposit	91	\$5,000,000.00	15/02/2017	NAB	A1+/AA-			
23/11/2016	2.7200%	Term Deposit	91	\$2,000,000.00	22/02/2017	NAB	A1+/AA-			
25/11/2016	2.7500%	Term Deposit	96	\$4,500,000.00	1/03/2017	Members Equity Bank Pty Ltd	A2/BBB+			
30/11/2016	2.7500%	Term Deposit	98	\$2,500,000.00	8/03/2017	Bank of Queensland Ltd	A2/A-			
2/12/2016	2.7500%	Term Deposit	96	\$1,700,000.00	8/03/2017	Bank of Queensland Ltd	A2/A-			
7/12/2016	2.7500%	Term Deposit	98	\$2,000,000.00	15/03/2017	Newcastle Permanent	A2/BBB+			
9/12/2016	2.7000%	Term Deposit	96	\$1,500,000.00	15/03/2017	Bank of Queensland Ltd	A2/A-			
14/12/2016	2.7500%	Term Deposit	98	\$2,000,000.00	22/03/2017	Newcastle Permanent	A2/BBB+			
23/12/2016	2.7500%	Term Deposit	96	\$1,200,000.00	29/03/2017	Newcastle Permanent	A2/BBB+			
23/12/2016	2.9000%	Term Deposit	124	\$2,000,000.00	26/04/2017	Members Equity Bank Pty Ltd	A2/BBB+			
5/01/2017	2.6400%	Term Deposit	90	\$1,500,000.00	5/04/2017	NAB	A1+/AA-			
11/01/2017	2.7000%	Term Deposit	91	\$3,500,000.00	12/04/2017	Members Equity Bank Pty Ltd	A2/BBB+			
19/01/2017	2.7000%	Term Deposit	90	\$3,000,000.00	19/04/2017	Beyond Bank	A2/BBB+			
25/01/2017	2.5900%	Term Deposit	98	\$1,000,000.00	3/05/2017	NAB	A1+/AA-			

Term Deposits

\$39,600,000.00

TOTAL TAREE OFFICE INVESTMENTS

\$39,600,000.00

TOTAL MID-COAST COUNCIL INVESTMENT \$126,489,026.99

B: Responsible Accounting Officer's Certificate

Investment Certificate

In accordance with the provisions of the Local Government (General) Regulations, Part 9 Division 5 Clause 212, I certify that Council's Investments have been made in accordance with the Local Government Act 1993, Regulations and Council's Investment Policy.

This certificate is to be read in conjunction with the Investment Report and Annexures for the month of January 2017.



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Phil Brennan
Responsible Accounting Officer
10 February 2017

CLOSED COUNCIL

**7 CONTRACT 2016 17/23 WOOTTON CRESCENT DRAINAGE UPGRADE,
TAREE**

Report Author Phil Miles, Manager Projects and Engineering, Taree

File No. / ECM Index CW004

Date of Meeting 22 February 2017

REASON FOR CONFIDENTIALITY

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) and 10A(2)(d) 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.

It is considered that it would be contrary to the public interest for this matter to be discussed in an open meeting. The disclosure of information such as valuation ranges and negotiated prices prior to acceptance may disadvantage Council in ensuring that only a reasonable price is paid for land and that ratepayers are not impacted by Council having to pay a premium.

(d) commercial information of a confidential nature that would if disclosed:

(i) prejudice the commercial position of the person who supplied it.

Tender details, should they be revealed, may result in commercial disadvantage to parties involved in the tender process. Some information provided to Council by tenderers is provided on the basis that Council will treat it as commercial in confidence.

It is not in the public interest to reveal all details of these tenders or the assessment process. Tenderers have provided sensitive information about their operations in the confidence that their details will not be made public by Council. The practice of publication of sensitive information provided by tenderers could result in the withholding of such information by tenderers and reduction in the provision of information relevant to Council's decision.

8 TRANSFER OF LAND IN PAYMENT OF RATES - NORTH ARM COVE

Report Author Lee Howard, Revenue Coordinator

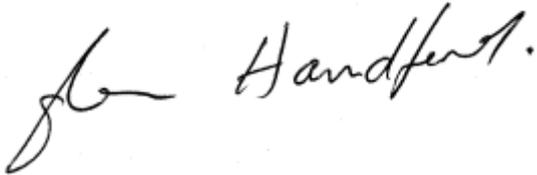
File No. / ECM Index Rate Recovery

Date of Meeting 22 February 2017

REASON FOR CONFIDENTIALITY

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

- (b) the personal hardship of any resident or ratepayer

A handwritten signature in black ink, appearing to read "Glenn Handford". The signature is written in a cursive style with a large initial "G".

Glenn Handford
INTERIM GENERAL MANAGER