

ORDINARY COUNCIL

Wednesday 15 September 2021

Ordinary Council Meeting

Wednesday, 15 September 2021

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1 Leadership and Governance

What we are trying to achieve

A community that works together in decision making that is defined as ethically, socially and environmentally responsible.

What the result will be

We will have:

- A community that has the opportunity to be involved in decision making
- Open, easy, meaningful, regular and diverse communication between the community and decision makers
- Partnerships and collaborative projects, that meet the community's expectations, needs and challenges
- Knowledgeable, skilled and connected community leaders
- Strong corporate management that is transparent

How we will get there

- 1.1 Inform and engage with the community about what Council does using varied communication channels
- 1.2 Maintain strong partnerships between all stakeholders - local, state and federal — so that they are affective advocates for the community
- 1.3 Demonstrate leadership
- 1.4 Use innovative, efficient and sustainable practices
- 1.5 Ensure strong corporate and financial management that is transparent and accountable

Compliance Item	Legislation/ Regulation/ Clause or Section	Due date	Frequency	Responsible Section	Responsible Reporting Officer	Target	Achieved	Comment
Noxious weeds grant application to Department of Primary Industry with regional weeds plan - 30 April	Biosecurity Act	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Deb Archer	100%	100%	Achieved. Signed December 2020
Details of Council's native title managers to be provided to Minister of Lands	Pursuant to section 8.8 the Crown Land Management Act 2016.	31/10/2020	Annually (Fin Year)	Commercial and Business Units 2020 - 2021	Lucilla Marshall	100%	100%	Report Provided. Reported Annually in October
Gravel Tip Road EPBC Act referral annual monitoring and reporting	Federal legislation, due to road location vicinity to koalas in eastern swamp region	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Deb Archer	100%	100%	Achieved. Annual report completed 23/1/2020 - 22/1/2021
GIPA Annual Report information to be included in Council's Annual Report	GIPA Act 2009 (s125(1))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. The annual GIPA Report was included in Council's 2019-2020 Annual Report. Statistics will be compiled and
GIPA Annual Report to be lodged with the OLG (the Minister) and the Information Commissioner within 4 months of EOFY	GIPA Act 2009 (s125(1))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Information is collected and entered in to the online Information and Privacy Commission (IPC) database on a monthly basis. The 2019-2020 Annual Report was submitted to the IPC in August 2020. It is expected that the due date will be met for the 2020-2021 year
Maintain a register of contracts \$150,000 or more	Local Govt General Regulation (cl217)(1)(a2)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Register maintained and publicly available on Council's website.
Maintain a register of the open access information (if any) that is not publicly available	GIPA Act 2009 (s.6(5))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Information available on Council's external GIPA web page.
Maintain a register that records information about formal access applications (Disclosure Log)	GIPA Act 2009 (s.27)	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Disclosure register updated and made available on Council's external GIPA web page.
Maintain a register of graffiti removal work	Graffiti Control Act 2008 (s.13)	30/06/2021	Annually (Fin Year)	Community Place 2020 - 2021	Lucilla Marshall	100%	90	Partially Achieved. Council has a register for graffiti removal work which is publicly available upon request. However gaps
Report suspected corrupt conduct to ICAC	ICAC Act (s.11)	30/06/2021	Annually (Fin Year)	General Manager's Office 2020 - 2021	Dr Clare Allen	100%	100%	Reported in conjunction with Group Manager Governance.
All registration fees received during the month must be entered into the Companion Animals Register in that month. Registration fees must be remitted to the OLG as detailed on monthly invoices issued	Calendar of Compliance and Reporting Requirements	30/06/2021	Monthly	Regulatory Services 2020 - 2021	Deb Archer	100%	100%	Achieved
Annual Report to be furnished to the Minister (by submitting to the Division of Local Government) and posted on Council's website	Local Govt Act 1993 (s428(5))	30/06/2021	Annually (Fin Year)	Organisational Performance 2020 - 2021	Darren Husdell	100%	100%	Achieved.

final

Asset Management Planning (Asset Management Policy, Asset Management Strategy and Asset Management Plan)	Local Govt Act 1993 (s403) - Resourcing Strategy - Asset Management Planning	30/06/2020	Annually (Fin Year)	Assets and Property Investments 2020 - 2021	Jeff Sharp	100%	100%	Achieved
Audited financial statements & Financial Data Return (FDR) to be lodged	Local Govt Act 1993 OLG Circular 13-38	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Lodged by 31 October 2020 deadline
Audited Reports to be presented to the public	Local Govt Act 1993 (s418)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Audited financial statements presented to the Ordinary Council Meeting in
Auditors Report and Audited Financial Statements to be forwarded to Director General	Local Govt Act 1993 (s417(5))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Lodged by 31 October 2020 deadline
Closing date for Pensioner Concession subsidies claims	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Claim lodged by due date
Community Strategic Plan (to 2023 min) Delivery Program, Operational Plan and Resourcing Strategy	Local Govt Act 1993 (s402) - Community Strategic Plan Local Govt Act 1993 (s404) - Delivery Program and Operational Plan Local Govt Act 1993 (s403) - Resourcing Strategy	30/06/2021	Annually (Fin Year)	Organisational Performance 2020 - 2021	Darren Husdell	100%	100%	Achieved.
Council is required to report on any dog attacks they are made aware of to the OLG within 72 hours of being notified via the Animal Companion Register	Companion Animals Regulation 2008 (cl33A(3))	30/06/2021	Monthly	Regulatory Services 2020 - 2021	Deb Archer	100%	100%	Achieved. 62 dog attacks reported 20/21
Council must have swimming inspection program developed and adopted.	Swimming Pools Act 1992 (s22B)	30/06/2021	Annually (Fin Year)	Regulatory Services 2020 - 2021	Deb Archer	100%	100%	Achieved. Existing policy and program ongoing
Council must review all its delegations during the first 12 months of each term of office	Local Govt Act 1993 (s380)	-	4 Yearly	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Council reviewed delegations in August 2017. A further review will occur within 12 months of the next local government elections in September 2021.
Council must review its Publication information guide and adopt a new Publication Information guide at intervals of not more than 12 months	GIPA Act 2009 (s21)	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	0%	Not complete. To be completed by December 2021
Councils should notify the OLG of any senior staff or address changes via e-mail to enable updating of the directory	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. OLG notified as required.

Delivery Program progress report provided to Council at least every 6 months - presented to September Council meeting	Local Govt Act 1993 (s404(5))	30/06/2021	Annually (Fin Year)	Organisational Performance 2020 - 2021	Darren Husdell	100%	100%	Achieved. Report provided.
Electronic lodgement of Grants Commission General Data Returned	Local Govt Act 1993 (s613)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Return lodged by due date
End of Term Report to be tabled at last meeting of outgoing Council - 31 Aug	Local Govt Act 1993 (s404(5))	31/08/2021	Annually (Fin Year)	Organisational Performance 2020 - 2021	Darren Husdell	100%	100%	Achieved. Report provided.
Financial Report to be audited within 4 months (reminder) (s.416(1))	Local Govt Act (s.416(1))	30/06/2021	Annually (Fin Year)	Financial Services 2020- 2021	Nicole Spencer	100%	100%	Achieved. Independent auditors report included in financial statements
First quarterly rates instalment due by 31 August	Local Govt Act 1993 (s562(3)(b))	30/06/2021	Annually (Fin Year)	Financial Services 2020- 2021	Nicole Spencer	100%	100%	Noted. This is due date for instalments to be received by Council. No action is required by Council for this item
Fourth quarterly rates instalment due 31 May	Local Govt Act 1993 (s562(3)(b))	30/06/2021	Annually (Fin Year)	Financial Services 2020- 2021	Nicole Spencer	100%	100%	Noted. This is due date for instalments to be received by Council. No action is required by Council for this item
Fourth quarterly rates instalment notice to be sent 30 April	Local Govt Act 1993 (s562(5))	30/06/2021	Annually (Fin Year)	Financial Services 2020- 2021	Nicole Spencer	100%	100%	Achieved. Instalments sent by due date
GST Certificate to be submitted to OLG	Local Govt Act 1993	30/06/2021	Annually (Fin Year)	Financial Services 2020- 2021	Nicole Spencer	100%	100%	Achieved. Certificate lodged by due date
Income adjustment for newly rateable Crown Land to be lodged	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Financial Services 2020- 2021	Nicole Spencer	100%	100%	Not required
Last date for Councils to resolve who is conducting their next Ordinary Election (18 months before next election)	Local Govt Act 1993 (s.296(3)(a))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved
Last date to enter into an arrangement with the NSW Electoral Commission for Council's next Ordinary Election (15 months before next election)	Local Govt Act 1993 (s.296(3)(b))	30/06/2021	4 Yearly	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved
Last day for making rates - 31 July	Local Govt Act 1993 (s533)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Rates levied by due date
Last day for Valuer General to provide increase/decrease in values of rateable land - 30 June	Local Govt Act 1993 (s513(2))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. New valuations updated as required.
Ledger balances to be prepared for six monthly inspection by Auditor - 31 January	Local Govt General Regulation (cl228(2)(a))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Ledger balances were prepared and appropriately reconciled
LIRS claim period for all projects approved for funding	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Lodged as required
Lodge completed Pecuniary Interest returns for Councillors & designated persons who held office at 30 June	Local Govt Act 1993 (s449(3))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved
Lodgement of Audited Statement of Compliance with OLG	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Lodged by 31 October 2020 deadline
Lodgement of Pecuniary Interest returns for newly elected Councillors	Local Govt Act 1993 (s449(1))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	NA	To be completed following election in September 2021

Long Term Financial Plan must be updated as part of the development of the Operational Plan - 30 June	Local Govt Act 1993 (s406(2)) IPR Guidelines [March 2013] LTFF 2.4	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Long term financial plan reviewed as part of Operational Plan development.
Notice of presentation of audited Financial Reports due by 28 November	Local Govt Act 1993 (s418(2))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Notice published by required due date
Objections to the inclusion of land to be vested in public bodies lodged - 30 June	Local Govt Act 1993 (s600(6))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	N/A	Not required
Operational Plan adopted	Local Govt Act 1993 (s405(1))	30/06/2021	Annually (Fin Year)	Organisational Performance 2020 - 2021	Darren Husdell	100%	100%	Achieved. Operational Plan adopted
Ordinary Local Government Elections	Local Govt Act 1993 (s252)	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Tasks required to be completed for elections on 4 September 2021
Policy on payment of expenses and provisions of facilities for Mayors & Councillors to be adopted	Local Govt Act 1993 (s252)	30/09/2020	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Adopted following 2016 elections. To be reviewed in line with OLG Model Policy following election in September 2021
Proposed Loan Borrowings Return to be submitted to OLG	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Return submitted by the required due date
Public bodies to provide Council with a list of parcels of land to which rate rebate applies - 30 April	Local Govt Act 1993 (s600(5))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	N/A	Not required
QBRS reported to Council by 28 Feb	Local Govt General Regulation (cl203(1))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Reported to February 2021 Council meeting
QBRS reported to Council by 30 Nov	Local Govt General Regulation (cl203(1))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Reported to November 2020 Council meeting
QBRS reported to Council by 31 May	Local Govt General Regulation (cl203(1))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Reported to May 2021 Council meeting
Rates levied by service of rates and charges notice by 1 August	Local Govt Act 1993 (s546)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Rates levied by due date
Report to Council (cl12.1) and the OLG (cl12.2) on the complaint statistics	Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved.
Request for extension to lodge financial statements to be submitted in writing to OLG (if required)	Local Govt Act 1993 - (s416)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	N/A	Not required
Requests to Valuer General for estimates of changes in value of land for supplementary valuations by 31 May	Local Govt Act 1993 (s513(1))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	N/A	Not required. Actual valuations processed by 30 June
Responsible Accounting Officer (RAO) to prepare a written report monthly for Council on money invested under s.625 of the LG Act	Local Govt General Regulation (cl212)	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Monthly reports submitted to Council

Responsible Accounting Officer (RAO) to report material budget variances from the budget to the following Council meeting	Local Govt General Regulation (cl202(b))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Monthly reports submitted to Council
Review Council adopted Code of Conduct	Local Govt Act 1993 (s.440(7))	-	4 Yearly	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved. Adopted by Council February 2021
Review of General Manager's and other senior staff performance, undertake contact renewal process subject to the terms of the relevant contract/s	Local Govt Act 1993 (s338)	30/06/2021	Annually (Fin Year)	General Manager's Office 2020 - 2021	Dr Clare Allen	100%	100%	Review commenced and ongoing.
Review of Local Approval Policies (other than a local policy adopted since the last general election) as they are revoked	Local Govt Act 1993 (s165(4))	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	NA	Local policies revoked 12 months after declaration of poll for election. The next election to be conducted 4 September 2021
Second quarterly rates instalment due by 30 November	Local Govt Act 1993 (s562(3)(b))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Noted. This is due date for instalments to be received by Council. No action is required by Council for this item
Second quarterly rates instalment notice to be sent 31 October	Local Govt Act 1993 (s562(5))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Instalments sent by due date
Survey of seizures of cats and dogs due	Calendar of Compliance and Reporting Requirements	30/06/2021	Annually (Fin Year)	Regulatory Services 2020 - 2021	Deb Archer	100%	100%	Achieved. Lodged 02/07/2021
Third quarterly rates instalment due by 28 February	Local Govt Act 1993 (s562(3)(b))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Noted. This is due date for instalments to be received by Council. No action is required by Council for this item
Third quarterly rates instalment notice to be sent 31 January	Local Govt Act 1993 (s562(5))	30/06/2021	Annually (Fin Year)	Financial Services 2020 - 2021	Nicole Spencer	100%	100%	Achieved. Instalments sent by due date
Training plan required under the Local Govt (State) Award following consultation with the Consultative Committee. Action arising to be included in the Workforce Mgmt Plan & DP & OP, as appropriate	Local Govt (State) Award 2014 (cl31(iii)(a)) Local Govt Act 1993 (s403(2))	30/06/2021	Annually (Fin Year)	Organisational Performance 2020 - 2021	Darren Husdell	100%	100%	Training and training requirements to accommodate needs is regularly updated and discussed at Consultative Committee
Cairncross Organic Resource Recovery Facility (ORRF) Environment Protection License (EPL) return to the EPA	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Ashley Grummitt	100%	100%	Achieved - 16/11/20. Licence now transferred to operator Remondis.
Cairncross Waste Management Facility (Landfill) Environment Protection License (EPL) return to the EPA	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Ashley Grummitt	100%	100%	Achieved - 9/12/20.

Camden Haven Sewerage Treatment Plant EPL 805	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	100%	Annual return submitted to EPA. 1 non-compliance reported for exceeding pH limit
Dunbogan Environment Protection License (EPL) return to the EPA	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Ashley Grummitt	100%	100%	Achieved - 25/11/20.
Kew-Kendall Sewerage Treatment Plant EPL 10339	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	50%	Annual return not yet submitted for this FY (due 7/8/21). 1 reported non-compliance for exceeding pH limit
Kingfisher Environment Protection Licence (EPL) return to the EPA	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Ashley Grummitt	100%	100%	Achieved - 8/6/21.
Lake Cathie/Bonny Hills Sewerage Treatment Plant EPL 594	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	90%	Annual return submitted to EPA. 4 non-compliances reported over the period (3 due to excessive rainfall events, 1 due to lab restrictions during COVID)
Maintain a public register in accordance with section 308 of the POEO Act	Protection of the Environment Operations Act 1997 (s.308)	30/06/2021	Annually (Fin Year)	Regulatory Services 2020 - 2021	Deb Archer	100%	100%	Achieved. Orders Register maintained in Authority
NSW local government waste and resource recovery data report - June	Protection of the Environment Operations (Waste) Regulation 2005, (cl.14)	30/06/2021	Annually (Fin Year)	Environmental Services 2020 - 2021	Ashley Grummitt	100%	100%	Achieved - 2019/20 report completed 19/08/20.

Port Macquarie Sewerage Treatment Plant EPL 589	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	90%	Annual return submitted to EPA. 1 non-compliance reported over the period due to excessive rainfall event
Waste and Environment Levy return to the EPA	Protection of the Environment Operations Act 1997 (s.88(2)) Protection of the Environment Operations (Waste) Regulation 2005, (cl.5 & 13)	30/06/2021	Annually (Fin Year) reported monthly.	Environmental Services 2020 - 2021	Ashley Grummitt	100%	100%	Achieved - monthly waste levy reporting and payment.
Wauchope Sewerage Treatment Plant EPL 804	Protection of the Environment Operations Act 1997 (s.63) (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	100%	Achieved. Annual Return submitted to EPA. Council have been compliant with licence conditions
PID Annual Report of obligations to be lodged with the OLG (the Minister) and Ombudsman	Public Interest Disclosures Act (s31)	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved, reporting requirements met
PID first half yearly report lodged with the NSW Ombudsman	Public Interest Disclosures Act (s6CA)	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved, reporting requirements met
PID second half yearly report lodged with the NSW Ombudsman	Public Interest Disclosures Act (s6CA)	30/06/2021	Annually (Fin Year)	Governance and Procurement 2020 - 2021	Michael Ferguson	100%	100%	Achieved, reporting requirements met
Koree Pump Station 1 - Water Supply river extraction licence	Water Act 1912 (s.12) Extracted Amounts (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	100%	Achieved. Council have been compliant with licence conditions. Department have not forwarded request for extraction details as yet
Koree Pump Station 2 - Water Supply river extraction licence	Water Act 1912 (s.12) Extracted Amounts (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	100%	Achieved. Council have been compliant with licence conditions. Department have not forwarded request for extraction details as yet

Koree Pump Station 3 - Water Supply river extraction licence	Water Act 1912 (s. 12) Extracted Amounts (Conditions of License)	30/06/2021	Annually (Fin Year)	Water and Sewer 2020 - 2021	Terry Randall	100%	100%	Achieved. Council have been compliant with licence conditions. Department have not forwarded request for extraction details as yet
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AUDIT, RISK & IMPROVEMENT COMMITTEE ANNUAL REPORT 2020-2021

Following the Council elections held on 10 September 2016 the Council at its meeting held on 16 November resolved to establish the Audit, Risk & Improvement Committee. The Council at its meeting held on 21 June 2017 adopted a revised Charter for the Committee and Clause 3.1 Member (voting) provides that the Committee shall comprise:

- Appointed Councillors of the Finance, Corporate Services and Information Technology Portfolio.
- Three (3) Independent external members (not a member of Council) one of which shall be appointed as Chairperson of the Committee.

The Committee therefore currently comprises:

- Councillor Lisa Intemann
- Councillor Geoffrey Hawkins
- Grahame Marchant (Chairperson)
- Stephen O'Rourke
- Michael Parkinson

The Committee members bring a unique range of skills and experience to matters considered by the Committee and has worked together as a cohesive team. It is considered that the Committee has provided valuable advice and recommendations to Council and management on a wide range of issues.

The Committee has met on four occasions during the period to which this report refers:

- 20 August 2020
- 16 November 2020
- 11 February 2021
- 6 May 2021

Several of these Committee meetings were held via Skype and some had to be rescheduled in response to the COVID 19 pandemic restrictions and other issues.

All Committee members have attended all meetings with the exception of Councillor Hawkins who was unable to attend the November and May meetings and Stephen O'Rourke who was unable to attend the August and November meetings. The recently appointed Chief Executive Officer, Dr Clare Allen attended the February meeting and has indicated her strong support for the work of the Committee. Senior Staff have attended various meetings during consideration of matters that are related to their areas of responsibility. The Committee considers that the CEO and Senior Staff value the role of the Committee and have been very responsive in providing reports and other information to the Committee.

Council has provided the Committee with a comprehensive Charter that specifies its scope, responsibilities, authority and relationships with other Council activities and of course its independence.

The Key Functions of the Committee as detailed in the Charter include:

- Compliance
- Risk Management
- Fraud Control
- Financial Management
- Governance
- Implementation of the Community Strategic Plan, Delivery Program and Strategies.
- Service reviews and Performance Management
- Performance of Council Functions
- Internal Audit
- External Audit

In order to address its Key Functions, the Committee has developed a Forward Plan and has undertaken the following work:

COMPLIANCE

Compliance with relevant laws, regulations and associated government and council determined policies is a fundamental governance function.

In determining whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements the committee has:

Reviewed legal and compliance risks as part of the regular review of the Corporate Risk Register. The Committee will further consider this aspect at future meetings.

In reviewing the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies the committee has:

A Legislative Compliance Register has been established and contains details of the key legislative requirements and enables monitoring and reporting on compliance. The Committee has previously supported the mechanisms to monitor legislative compliance, which incorporates a monthly and quarterly reporting cycle. The Committee was provided with the Legislative Compliance 2019-2020 Report which provided a review of the status of compliance for matters contained within the Legislative Compliance Register. The Committee has requested that an annual report be provided to the Committee detailing significant changes to legislative compliance requirements in order for the Committee to be aware of the risks involved in non-compliance with these requirements. Management is giving further consideration to how best to report key legislative compliance requirements on a risk-based approach. The committee has also recommended that consideration be given to developing and implementing a compliance management framework in the context of ABEF and ISO 9001 as applied to council.

A Major Non-Compliance Exceptions Report has also now been developed and is provided to the committee on a regular basis. This Report makes the committee aware of major non-compliance events and what actions are proposed to ensure that the risk of these events occurring again are appropriately managed. Internal audit reviews considered by the committee also often address compliance issues.

RISK MANAGEMENT

The identification and control of risks is fundamental to Council being able to achieve the objectives that it has determined for provision of services to the community.

In reviewing whether management has in place a current and comprehensive risk management framework, and associated procedures for the effective identification and management of business and financial risks the committee has considered the following:

- **Risk Management Framework**

The Committee had previously reviewed a report on the framework architecture. The report detailed that the risk management framework includes all the people, systems, policies and processes that identify, assess, mitigate and monitor all material internal and external sources of risks.

Management has now advised that it is proposed to undertake a further review of Council's risk framework and a review of all risk registers. The Committee supports this proposal and has provided input into an appropriate third party to undertake this review.

The Committee is concerned at the time this is taking to finalise and will be pursuing this matter as part of its work in the coming year. Also, the Committee is intending to then review the implementation and effectiveness of the other key elements of the framework.

- **Corporate Risk Register**

The Corporate Risk Register details the high level corporate wide risks, existing controls, current risk rating, changes proposed to controls and revised risk ratings.

The Register has been reviewed at each meeting and the Committee is aware that management have reviewed and updated the Register on a quarterly basis. The Committee has also been provided with reporting on improvements in the implementation of further controls in relation to the management of Corporate Risks (high residual only that are considered ALARP).

The committee has also raised various matters that will need consideration in relation to managing risks that could result in an adverse impact on the council. The Committee has indicated that it does not consider that "as low as reasonably practicable" (ALARP) is appropriate for high ranked risks in the table and it is expected that this matter will be addressed as part of the above review.

- **Risk Management Working Group**

The objective of the Risk Management Working Group is to assist Council in the fulfilment of its risk management responsibilities by developing, implementing, monitoring and reviewing Council policies, plans and processes associated with risk management that are relevant to the day-to-day operation of Council.

Reports from the meetings of the RMWG have been considered by the Committee. The Committee recommended that management review the ongoing need for the RMWG and management advise that further consideration will be given to aligning the group to the proposed OLG Risk Management and Internal Audit Framework in respect of a senior management group to report to the CEO on risk management issues.

In reviewing whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings the committee has considered the following:

- **Project Management Framework**

The Project Management Policy was adopted by Council on 15 February 2017.

The Committee at its meeting of 10 May 2018 considered the Report from The Institute of Project Management who were tasked with providing a report that gives Council information to develop a plan for continuous improvement of Council's project management capability. The report developed by IPM, acknowledged that: *Overall PHMC must be congratulated for the delivery of a common project management framework (PMF) that is robust, appropriate and ready to be employed across the whole of Council.*

One of the most significant risks for Council in achieving Strategic Objectives is the performance of the organisation in delivering projects. Following a review of the report the Committee considers that a maturity level of 3 is the minimum acceptable. The maturity level rating is a score out of 5 in respect of groups of related processes and concepts bundled together under seven headings. These are:

- Organisational governance
- Management control
- Benefits management
- Stakeholder management
- Risk management
- Financial management
- Resource management

The committee has now been advised that an initial survey has been undertaken of staff to assess the utilisation and knowledge of the existing Project Management Framework. As a result of this survey, it has been advised that a comprehensive review of the Project Management Framework is being undertaken inviting participation from key stakeholders and taking into account the recommendations of the May 2018 Report. The Committee has requested a quarterly report be provided on the progress of actions taken to address the findings.

The Committee is now receiving regular reporting on the Project Delivery Portfolio. This Report has been progressively improved and is providing the Committee with relevant information on the progress of the Council in delivering major projects.

- **Contract Management**

A key element for the successful delivery of projects is the management of contractors engaged to deliver works or services. For contracts valued at more than one million dollars (\$1,000,000), the Infrastructure Delivery section is utilising the industry standard general conditions of contract, GC 21 (edition 2). In May 2017 NSW Public Works Advisory Procurement Consultant Stuart Wood was engaged to prepare an Independent Audit of Council's use of GC21 General Conditions of Contract: Contract Documentation and Contract Management.

The audit found a high level of compliance with the principles, practices and procedures required for the documentation and management of the GC21 due to the sound level of knowledge, skills and experience in the use of GC21 by the Infrastructure Delivery section.

The Committee will consider the organisations performance in this area in future reviews.

- **Other Risk Management Considerations**

The Committee has considered and made recommendations in relation to the identification, assessment of risk and risk mitigation strategies relating to specific matters. These have included:

- The Jardine Lloyd Thompson Local Government Key Risk Report for 2019.
- Climate Change risk assessment.
- Fluoridation Update
- Employee Remuneration Risk

In reviewing the impact of the risk management framework on its control environment and insurance arrangements the committee has considered the following:

- **WH&S Framework**

The Committee has been advised that the draft WHS Strategy is in the final stage of development and will go to the Executive for consideration shortly. The Committee has requested a further report on delivery and milestones in relation to the WHS Strategy, including developing mechanisms to measure and monitor the safety culture within Council. Quarterly Reporting on WHS has now commenced and the Committee has made recommendations for improving the Report to ensure it provides relevant information on the performance of council in this key area.

- **General Insurances Performance Statistic**

The Committee has previously been provided with details of Council's portfolio of insurance policies and the coverage provided. The Committee was satisfied that the portfolio was comprehensive and the report contained trend data on settled claims and premium cost comparisons to previous years. The Committee will further review this area in the future.

- **Material Litigation Matters**

The Committee has received regular reporting on the status of material litigation matters in order to monitor the strategies being implemented to manage the risks to the organisation that may evolve from these proceedings.

It is pleasing to note that there is now only one matter still pending finalisation and is a low risk of an adverse outcome. Management have also advised that they have put in place

improved mechanisms to monitor the status of legal matters and any potential liability arising.

In reviewing whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been periodically tested the committee has considered the following:

- **Business Continuity Planning**

Council has been working with Echelon Risk Management services to develop the Business Continuity Framework. This includes the Business Continuity Plan- Manual, Business Procedure and Divisional Plans. This information is available on the internal website of Council.

The COVID 19 pandemic has required council to implement significant changes to its operations and service delivery. At this stage the committee is not aware of any areas that have not been appropriately managed to minimise the impact on the community.

Cyber Security is a significant emerging risk to the capability of the organisation to continue to operate effectively. In response to this matter being identified as a moderate-risk area in External Audit Reports the Committee has been advised that Disaster Recovery Testing has been undertaken covering the following areas:

- Computer and Storage redundancy testing
- Network redundancy testing
- Business Applications using VMware site recovery manager

The testing resulted in improvements in some areas and management has also advised that it is planned to further strengthen authentication processes.

FRAUD CONTROL

In order to effectively manage fraud risks, adequate internal controls need to be in place and complied with and that these are periodically reviewed and updated.

In reviewing whether management has in place a current and comprehensive fraud control framework and associated procedures for effective identification and management of fraud risks.

The Council adopted a revised Fraud and Corruption Prevention Policy in April 2021. A Fraud and Corruption Prevention Plan has also been developed. This Plan details how the organisation will implement the Policy. The committee has requested further reporting be provided on the implementation of this Plan.

In reviewing whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour the committee has considered the following:

The Committee has requested that management advise the Committee of any enquiry or investigation being carried out. This will ensure that the Committee is abreast of issues as they arise and, if necessary, the Committee may request information on the actions being taken to address any underlying governance issues that may be reflected in these inquiries or investigations.

The Committee has also requested that the CEO report back annually to the Committee on the number and type of enquiries and investigations that were required to be undertaken within Council for the period 1 July to 30 June.

FINANCIAL MANAGEMENT

The Council must be able to demonstrate to all stakeholders that the Financial Performance and Financial Position of the council is in accordance with its long-term financial sustainability plans and that it is continually meeting its legislative requirements and the standards required for external reporting.

In satisfying itself that the annual financial reports comply with applicable Australian Accounting Standards and any other relevant legislation or departmental guidelines and supported by appropriate management sign-off on the statements and the adequacy of internal controls and reviewing the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments the committee has considered the following:

The Annual Financial Report and Audit Report for the year ended 30 June 2020 were reviewed by the Committee. The reports provided statements by management and the External Auditor that the financial reports complied with applicable Australian Accounting Standards. The External Audit opinion indicated that adequate internal controls were in place and that the financial reports accurately reported the financial performance and financial position of Council for the period.

The Committee was satisfied that management has taken appropriate action in response to audit recommendations.

In considering contentious financial reporting matters in conjunction with council's management and external auditors the committee has:

The Committee has been regularly updated by management as to the capability of the organisation to meet financial reporting requirements, particularly in relation to assets and has been satisfied that appropriate actions are being taken to ensure that Council is able to meet these requirements. It has been significant to note the progress being made to establish the required data to effectively manage and report on the wide-ranging portfolio of assets controlled by Council however, there are some ongoing issues around the organisations capability to undertake revaluation of assets in a timely manner, reviewing remaining useful life of infrastructure assets, asset capitalisation and developer contributed asset recognition.

In order to adequately meet the accountability of the Committee in this area a Report has previously been requested that would enable the Committee to consider the basis of construction of the Financial Reports, Accounting Policies applicable and Disclosures required in relation to the impact and applicability of Accounting Standards. It is expected that the Committee would be able to review this information prior to the end of financial year ensuring that any input from the Committee would be taken into account in the final preparation of the Financial Reports. The extent to which this can be enabled will be followed up with management.

In reviewing the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements the committee has considered the following:

The Annual Report for 2020 was reviewed and as far as the Committee are aware it met all the requirements for annual reporting.

GOVERNANCE

The Mayor and Councillors have the overall accountability for the governance of Council. The Council appears to be functioning effectively. The Committee is not aware of any reviews or investigations into the conduct of Council generally, Councillors or staff.

In reviewing whether management has in place relevant policies and procedures, and these are periodically reviewed and updated the committee has considered the following;

The Committee has previously been provided with a detailed schedule of all Council Policies and their status in terms of when the Policy was established and the scheduled date for review. The Committee will undertake a further review of the progress of these reviews during the next period.

During the period, the Committee reviewed the following updated Policies:

- Fraud and Corruption Prevention Policy
- Public Interest disclosure Internal Reporting Policy

In progressively reviewing whether appropriate processes are in place to assess whether policies and procedures are complied with and whether appropriate policies and procedures are in place for the management and exercise of delegations the committee has considered the following;

The current and future Internal Audit Plans include a review of compliance with Council Policies and procedures in various areas. The Committee will also review what systems are in place in regard to compliance with Policies and procedures and management of delegations.

IMPLEMENTATION OF THE COMMUNITY STRATEGIC PLAN, DELIVERY PROGRAM AND STRATEGIES

In progressively reviewing whether management has in place current and comprehensive processes to support the implementation of the Community Strategic Plan, Delivery Program and Strategies the committee has:

During the period covered by this Report the Committee has been provided with the following Reports:

- Quarterly budget review statement and investment reports
- Operational Plan quarterly progress report
- Six monthly Delivery Program 2017 - 2022
- Draft Delivery Program (revised) 2017-2022
- Operational Plan 2020-2021

The committee has noted these reports and has provided various recommendations to management regarding additional information that if provided would improve disclosure of performance of council in achieving objectives detailed in these plans.

The Committee has recommended to management that future reporting should be progressively improved to incorporate more information on actual performance against targets and trends over time.

SERVICE REVIEWS and PERFORMANCE MEASUREMENT

In reviewing whether management has in place a current and comprehensive service review process the committee has:

Business Improvement Strategy

A Business Improvement Strategy has been adopted and focuses on creating a framework for the Business Improvement Office (BIO) to implement a culture of continuous improvement.

The Committee has received regular quarterly reporting on the progress made and what work is envisaged for future periods. These reports indicate that these activities have resulted in significant improvements being implemented in the way services are delivered across various areas of the organisation.

The Committee has been advised that there is now going to be a renewed focus on transformative change to increase capability, plan for the future and build trust within the community. The BIO will now be part of the Transformation Team and it is expected the Committee will receive regular reporting on progress made under this new environment.

Local Government Performance Excellence Program

Council participated in the above program developed by Pricewaterhouse (PwC). The Committee has reviewed the Report and management has advised that aspects of the Report are currently being analysed by Council's Corporate Reporting Analyst to identify potential areas of improvement, noting that some data mapping errors have also been identified which has skewed some results.

In satisfying itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations and satisfying itself that there is a performance management framework linked to organisational objectives and outcomes the Committee has:

Progressively reviewed with management any relevant State Government reports and recommendations.

Section 421B of the Local Government Act gives the Auditor-General the mandate to conduct performance audits. The Auditor-General decides the local government performance audit topics and the councils to be audited. The Auditor-General released the following Performance Audit Reports in 2019/20:

- Governance and internal controls of local infrastructure contributions.
- Credit card management in local government
- Procurement management in local government

The performance audits have resulted in recommendations for improvement that will be applicable to the whole local government sector. The Auditor-General has indicated that the progress of individual councils in implementing these recommendations will be monitored through Audit, Risk & Improvement Committees.

The committee is also aware that a New Risk Management and Internal Audit Framework for Local Councils in NSW is proposed to be released by the Office of Local Government however, this has not as yet taken place. Once released the new Guidelines may require a revision of the Committee's Charter and membership.

PERFORMANCE OF COUNCIL FUNCTIONS

In providing information to the council for the purpose of improving the council's performance of its functions the Committee has:

As previously indicated the committee has reviewed reports on the development and implementation of the suite of documents that comprise the Integrated Planning & Reporting (IP&R) framework. The committee considers that the objectives are well defined but have suggested that council continue to improve the reporting on actual outcomes achieved against the outcomes and objectives contained within the plans.

In this regard the Committee noted that the Office of Local Government has been working on defining measures of performance which can be utilised across local government for some considerable time but are yet to release any guidelines for use by councils.

INTERNAL AUDIT

The internal audit function provides a level of assurance that the Policies, procedures and processes developed and implemented are effective in managing and controlling the risks that are inherent across all the operations of Council.

In reviewing the internal audit coverage and internal audit plan, whether the plan has considered the Risk Management Plan and approving the plan the committee has considered the following:

- **Strategic Internal Audit Plan**

The committee is pursuing the development of a revised Strategic Internal Audit Plan and has provided input to management to progress this process. The committee has been advised that this process has commenced however, the committee will need to pursue this matter as soon as possible in 2021/2022. As an interim measure the Committee agreed to continue to implement internal audit reviews for areas identified but not completed within the previous Strategic Plan.

In considering the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan the committee has considered the following:

- **Internal Audit Function**

The Committee is aware that there is not a separate internal audit function or human resource dedicated to this function. Internal audit is a part of the responsibility of the Group Manager Governance and Procurement. As far as the committee is aware a budget allocation of \$100,000 has continued to be provided in the 2020-2021 Budget for the operation of the Audit Committee and to fund external resources to undertake specific internal audit projects. The Committee has requested that the CEO review this matter including the extent of resources needed to implement an effective Internal Audit Programme and the timely implementation of Agreed Management Actions resulting from these Internal Audits.

In reviewing all audit reports and considering significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices the committee has considered the following:

- **Internal Audit Reports**

In accordance with the Interim Strategic Audit Plan the following reviews were proposed:

- Capital Works Program
- Building Certification
- Accounts Payable
- Waste Facilities

The Capital Works Program review has commenced and a provider has been engaged for the Building Certification review.

The Committee is provided with a report on the status of all outstanding audit report recommendations in order for it to be satisfied that appropriate action is being taken.

The Committee now receives a summary report which indicates the progress that the organisation has made in dealing with the recommendations coming from the various audits. A total of twenty (20) recommendations have been completed for the 2020-2021 financial year to date. Fifty (50) audit recommendations remain outstanding, fourteen (14) of which are overdue by 18 months or greater from the original completion due date.

The actions required to deal with the recommendations would appear to be a matter of competing priorities. The Committee has recommended that owners of recommendations greater than 3 years old be requested to review the need for any further management actions to be undertaken. If no further actions are considered necessary then indicate what mitigation measures have been taken to mitigate the risk and if this is to be removed seek their manager's removal concurrence.

- **Internal Audit Scopes**

The Committee is invited to provide input to the Internal Audit Scope as they are developed for the various review projects.

In periodically reviewing the performance of Internal Audit the committee has considered the following:

- **Internal Audit Key Performance Indicators**

The Committee has endorsed a number of Key Performance Indicators to provide measures of the progress of completion and the effectiveness of the internal audit function. These indicators are as follows:

- Number of audits scheduled
- Number of audits completed by agreed due date
- Percentage of audit plan delivered during the year
- Cost of audits completed against budget allocated (%)
- Number of audit recommendations accepted
- Number of audit recommendations outstanding
- Number of audit recommendations past due date
- Percentage of the audit plan aligned to major corporate risks.

Progress reporting has been provided against these indicators.

EXTERNAL AUDIT

In providing input and feedback on the financial statement and performance audit coverage proposed by external audit, and providing feedback on the external audit services provided the committee has considered the following:

- **Annual Financial Report and Audit Report for year ended 30 June 2020**

The Committee reviewed the Annual Financial Reports and for the year ended 30 June 2020 at its November 2020 meeting. A representative of the Audit Office of NSW and Geoff Dwyer of Thomas Noble and Russell addressed the meeting and provided further information on the reports to the Committee.

The Management Letter on the Final Phase of the Audit for the Year Ended 30th June 2020 issued by the Audit Office was considered by the committee at its February meeting. The Management Letter lists matters identified throughout the course of the audit with recommendations provided by the Auditor for improvement. These recommendations were responded to by Management and will be addressed as per timeframes noted in the letter. The Committee is satisfied that the issues raised in the Audit Report and Management Letter are being addressed by management.

In reviewing all external plans and reports in respect of planned or completed external audits and monitoring the implementation of audit recommendations by management the committee has considered the following:

- **Audit Office – Annual Engagement Plan 2021**

The Audit Office – Annual Engagement Plan for the year ending 30th June 2021 was considered by the Committee at its meeting held in May 2021. The Plan is comprehensive and clearly sets out the role of the external auditor and Council in the preparation and certification of the Annual Financial Reports.

The Annual Engagement Plan identified a number of significant entity level issues and risks that may impact on the audit as follows:

- COVID 19 pandemic
- Revaluation of Infrastructure Property Plant & Equipment (IPPE)
- Assessing the Fair Value of Infrastructure Property, Plant & Equipment

- Quality & timeliness of financial reporting
- Information Technology General Controls

Other key issues are:

- Capital expenditure
- Grant income
- Developer Contributions
- Natural Disaster

Management has confirmed to the Committee that planning and actions have been undertaken to ensure that these risks are addressed and the financial statements will be prepared in compliance with the relevant Accounting Standards.

SUMMARY

The Committee is confident that it is progressively addressing its role and responsibilities as defined in the Charter and has been effective in providing advice and assistance to Council and management in order to improve the governance of Council and its capacity to deliver on its objectives for service provision to the community. The Committee has endorsed a Forward Plan which is aimed at supporting the committee in completing their responsibilities (as per the charter) and to enable Council to plan resources effectively relating to the committee.

The committee considers that the performance of PMHC in the areas relevant to the charter of the AR & I Committee is of a high standard.

Grahame Marchant
Chairman

For and on behalf of the Members of the Audit, Risk & Improvement Committee
1 July 2021



Authorised by: Council
Authorised date:
Effective date:
Next review date:
File Number:

COUNCIL POLICY

Public Interest Disclosure Internal Reporting Policy

1. INTRODUCTION

The purpose of this policy is to establish an internal reporting system for staff and Councillors to report wrongdoing without fear of reprisal. The policy sets out who to report wrongdoing to in Port Macquarie-Hastings Council, what can be reported and how reports of wrongdoing will be dealt with by Port Macquarie-Hastings Council.

This policy is designed to complement normal communication channels between supervisors and staff. Staff are encouraged to raise matters of concern at any time with their supervisors, but also have the option of making a report about a public interest issue in accordance with this policy and the *Public Interest Disclosures Act 1994* (PID Act).

This policy is just one in the suite of Port Macquarie-Hastings Council's complaint handling policies (refer section 4).

The internal reporting system established under this policy is not intended to be used for staff grievances, which should be raised through the grievance procedure. If a staff member makes a report under this policy which is substantially a grievance, the matter will be referred to Human Resources to be dealt with in accordance with the Grievance Procedure.

2. POLICY STATEMENT AND SCOPE

2.1 Organisational commitment

Port Macquarie Hastings Council will not tolerate corrupt conduct, serious maladministration, the serious and substantial waste of public money or contravention of the *Government Information (Public Access) Act 2009* ("GIPA Act") and is committed to the aims and objectives of the *Public Interest Disclosures Act 1994* ("PID Act").

The PID Act has the purpose of ensuring that public officials who wish to make disclosures under the legislation receive protection from reprisals, and that the matters raised in the disclosures are properly investigated.

The PID Act aims to encourage and facilitate the disclosure of serious wrongdoing.

Council wishes to foster an ethical and accountable culture that encourages the disclosure of serious wrongdoing.

Council recognises the value and importance of contributions of staff, Councillors and other Council engaged persons to enhance administrative and management practices and strongly supports disclosures being made by those individuals.

The Policy establishes an internal reporting system for the reporting of disclosures of serious wrongdoing by Council, its staff and Councillors.

The Council will take all reasonable steps to provide protection to staff, Councillors and Council engaged persons who make such disclosures from any detrimental action in reprisal for the making of a disclosure.

2.2 Who does this policy apply to?

This policy will apply to:

- Councillors
- council staff, whether permanent, temporary or casual employees
- consultants
- individual contractors working for Port Macquarie-Hastings Council
- employees of contractors providing services to Port Macquarie-Hastings Council
- other people who perform council official functions whose conduct and activities could be investigated by an investigating authority, including volunteers.

The policy also applies to public officials of another council or public authority who report wrongdoing relating to Port Macquarie-Hastings Council.

2.3 What should be reported?

You should report any suspected wrongdoing within Council, or any activities or incidents you see within Council that you believe are wrong.

Reports about five categories of serious misconduct – corrupt conduct, serious maladministration, serious and substantial waste of public money, breach of the GIPA Act, and local government pecuniary interest contravention – which otherwise meet the criteria of a public interest disclosure, will be dealt with under the PID Act and according to this policy. See below for details about these types of conduct. More information about what can be reported under the PID Act can be found in the NSW Ombudsman's *Guideline B2: What should be reported?*

All other wrongdoing or suspected wrongdoing should be reported to a supervisor, to be dealt with in line with the relevant policies. This might include:

- harassment or unlawful discrimination
- practices that endanger the health or safety of staff or the public.

Even if these reports are not dealt with as public interest disclosures, Council recognises such reports may raise important issues. We will respond to all reports and make every attempt to protect the staff member making the report from reprisal.

(a) Corrupt conduct

Corrupt conduct is the dishonest or partial exercise of official functions by a public official.

For example, this could include:

- the improper use of knowledge, power or position for personal gain or the advantage of others
- acting dishonestly or unfairly, or breaching public trust
- a council official being influenced by a member of public to use their position in a way that is dishonest, biased or breaches public trust.

(b) Serious Maladministration

Maladministration is conduct that involves action or inaction of a serious nature that is contrary to law, unreasonable, unjust, oppressive or improperly discriminatory or based wholly or partly on improper motives.

For example, this could include:

- making a decision and/or taking action that is unlawful
- refusing to grant an approval for reasons that are not related to the merits of their application.
- issuing an order against a person without giving them procedural fairness.
- awarding contracts and tenders to private parties that are related by family, friendship or association.
- failing to make a decision in accordance with official Policy for no appropriate reason.

(c) Serious and substantial waste of public money

Serious and substantial waste is the uneconomical, inefficient or ineffective use of resources that could result in losing or wasting public money.

For example, this could include:

- not following a competitive tendering process for a large scale contract
- having bad or no processes in place for a system involving large amounts of public funds.
- the purchase of unnecessary or inadequate goods and services.
- overstaffing in particular areas.
- staff being remunerated for skills that they do not have, but are required to have under the terms or conditions of their employment.

(d) Breach of the GIPA Act

A breach of the *Government Information (Public Access) Act 2009* (GIPA Act) is a failure to properly fulfil functions under that Act.

For example, this could include:

- destroying, concealing or altering records to prevent them from being released
- knowingly making decisions that are contrary to the legislation
- directing another person to make a decision that is contrary to the legislation
- intentionally overlooking documents that are clearly covered by an access application.

(e) Local government pecuniary interest contravention

A local government pecuniary interest contravention is a failure to comply with requirements under the *Local Government Act 1993* relating to the management of pecuniary interests. These include obligations to lodge disclosure of interests returns, disclose pecuniary interests at council and council committee meetings and leave the meeting while the matter is being discussed. A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person.

For example, this could include:

- a senior council staff member recommending a family member for a council contract and not declaring the relationship
- a Councillor participating in consideration of a DA for a property they or their family have an interest in.

2.4 Assessment of reports

All reports will be promptly and thoroughly assessed to determine what action will be taken to deal with the report and whether or not the report will be treated as a public interest disclosure.

The disclosures coordinator is responsible for assessing reports, in consultation with the Chief Executive Officer where appropriate. All reports will be assessed on the information available to the disclosures coordinator at the time. It is up to the disclosures coordinator to decide whether an investigation should be carried out and how that investigation should be carried out. In assessing a report, the disclosures coordinator may decide that the report should be referred elsewhere or that no action should be taken on the report.

2.5 When will a report be treated as a public interest disclosure?

Council will treat a report as a public interest disclosure if it meets the criteria of a public interest disclosure under the PID Act. These requirements are:

- the report must be about one of the following five categories of serious wrongdoing – corrupt conduct, serious maladministration, serious and substantial waste of public money, breach of the GIPA Act, or local government pecuniary interest contravention
- the person making the disclosure must honestly believe on reasonable grounds that the information shows or tends to show wrongdoing

- the report has to be made to either the Chief Executive Officer or, for reports about the Chief Executive Officer the Mayor, a position nominated in this policy (see section 2.6), an investigating authority or in limited circumstances to an MP or journalist (see section 2.7).

Reports by staff are not public interest disclosures if they:

- mostly question the merits of government policy (see section 2.15)
- are made with the sole or substantial motive of avoiding dismissal or other disciplinary action (see section 2.16).

2.6 Who can receive a report within Port Macquarie-Hastings Council

Staff are encouraged to report general wrongdoing to their supervisor. However, the PID Act requires that, for a report to be a public interest disclosure, it must be made to certain public officials identified in this policy or any supporting procedures.

The following positions are the only people within Council who are authorised to receive a public interest disclosure.

- Chief Executive Officer
- Mayor (for reports about the Chief Executive Officer only)
- Internal Ombudsman who acts as the Disclosures Coordinator -
- Disclosures Officers

The Group Manager Governance will act as the Disclosures Coordinator should the Internal Ombudsman be unable to fulfil this duty due to leave or illness.

Disclosure Officers are appointed by the Chief Executive Officer and are located on the Intranet or can be found in the document titled "*Port Macquarie-Hastings Council Public Interest Disclosures - Disclosures Officers*"

Any supervisor who receives a report that they believe may be a public interest disclosure is obliged to assist the staff member to make the report to one of the positions listed below. The broader responsibilities of these positions are outlined under Roles and Responsibilities (section 3.3).

If your report involves a Councillor, you should make it to the Chief Executive Officer. If your report relates to the Chief Executive Officer, you should make it to the Mayor.

2.7 Who can receive a report outside of Port Macquarie-Hastings Council

Staff and Councillors are encouraged to report wrongdoing within Council, but internal reporting is not your only option. You can also make a public interest disclosure to:

- An investigating authority.
- A Member of Parliament or a journalist, but only in the limited circumstances outlined below.

(a) Investigating authorities

The PID Act lists a number of investigating authorities in NSW that staff and Councillors can report wrongdoing to and the type of wrongdoing each authority can deal with. In certain circumstances it may be preferable to make a report of wrongdoing to an investigating authority, for example a report about either the Chief Executive Officer or the Mayor.

The relevant investigating authorities for Port Macquarie-Hastings Council are:

- the Independent Commission Against Corruption (ICAC) – for disclosures about corrupt conduct
- the NSW Ombudsman – for disclosures about serious maladministration
- the Auditor-General – for disclosures about serious and substantial waste
- the Information Commissioner – for disclosures about a breach of the GIPA Act
- the Office of Local Government – for disclosures about local councils

You should contact the relevant investigating authority for advice about how to make a disclosure to them. Contact details for each investigating authority are provided at the end of this policy.

You should be aware that the investigating authority may well discuss any such reports with Port Macquarie-Hastings Council. We will make every effort to assist and cooperate with the investigating authority to ensure the matter is dealt with appropriately and there is a satisfactory outcome. We will also provide appropriate support and assistance to staff or Councillors who report wrongdoing to an investigating authority, if we are made aware that this has occurred.

(b) Members of Parliament or journalists

To have the protections of the PID Act, staff reporting wrongdoing to a Member of Parliament (MP) or a journalist must have already made substantially the same report to one of the following:

- the Chief Executive Officer
- a person nominated in this policy, including the Mayor for reports about the Chief Executive Officer
- an investigating authority.

Also, the Council or the investigating authority that received your initial report must have either:

- decided not to investigate the matter
- decided to investigate the matter, but not completed the investigation within six months of the original report
- investigated the matter but not recommended any action as a result
- not told the person who made the report, within six months of the report being made, whether the matter will be investigated

Most importantly – to be protected under the PID Act – if you report wrongdoing to an MP or a journalist you will need to be able to prove that you have reasonable grounds for believing that the disclosure is substantially true and that it is in fact substantially true.

(c) Other external reporting

If you report wrongdoing to a person or authority that is not listed above, or make a report to an MP or journalist without following the steps outlined above, you will not be protected under the PID Act. This may mean you will be in breach of legal obligations or Council's code of conduct – by, for example, disclosing confidential information.

For more information about reporting wrongdoing outside the Council, contact the disclosures coordinator or the NSW Ombudsman's Public Interest Disclosures Unit. Their contact details are provided at the end of this policy.

2.8 How to make a report

You can report wrongdoing in writing or verbally. You are encouraged to make a report in writing as this can help to avoid any confusion or misinterpretation. Council's Internal Reporting Form is also available for staff or Councillors to use to make a report and is available on Council's Intranet.

If a report is made verbally, the person receiving the report will make a comprehensive record of the report and ask the person making the report to sign this record. The reporter should keep a copy of this record.

Council also provides a hotline and on-line service for the reporting of Public Interest Disclosures which allows for a reporter to lodge a complaint anonymously.

2.9 Can a report be anonymous?

Yes, there will be some situations where you may not want to identify yourself when you make a report.

Council provides a hotline and on-line service for the reporting of Public Interest Disclosures which allows for a reporter to lodge a complaint anonymously.

Although these reports will still be dealt with by Council, it is best if you identify yourself. This allows us to provide you with any necessary protection and support, as well as feedback about what action is to be taken or has been taken to deal with the issues raised in the report, or the outcome of any investigation.

It is important to realise that an anonymous disclosure may not prevent you from being identified by the subjects of the report or your colleagues. If we do not know who made the report, it is very difficult for Council to prevent any reprisal should others identify you.

2.10 Feedback to staff who report wrongdoing

Staff and Councillors who report wrongdoing will be told what is happening in response to their report.

(a) Acknowledgement

When you make a report, Council will contact you to confirm that your report has been received and to advise:

- the timeframe within which you will receive further updates
- the name and contact details of the people who can tell you what is happening or handle any concerns you may have.

After a decision is made about how your report will be dealt with, Council will send you an acknowledgment letter, providing:

- information about the action that will be taken in response to your report
- the likely timeframes for any investigation or other action
- information about the internal and external resources or services available that you can access for support.

We will provide this information to you within ten working days from the date you make your report. We will also advise you if we decide to accept your report as a public interest disclosure and will provide you with a copy of this policy at that time, as required by the PID Act.

Please note, if you make a report which meets the requirements of the PID Act but the report was made under a statutory or legal obligation or incidental to the performance of your day to day functions, you will not receive an acknowledgement letter or a copy of this policy.

(b) Progress updates

While your report is being dealt with, such as by investigation or making other enquiries, you will be given:

- information about the progress of the investigation or other enquiries and reasons for any delay
- advice of any decision by the *Council* not to proceed with the matter
- advice if your identity needs to be disclosed for the purposes of investigating the matter or making enquiries, and an opportunity to talk about this beforehand.

(c) Feedback

Once the matter has been finalised you will be given:

- enough information to show that adequate and appropriate action was taken and/or is proposed to be taken in response to your disclosure and any problem that was identified
- advice about whether you are likely to be called as a witness in any further matters, such as disciplinary or criminal proceedings.

2.11 Maintaining confidentiality

Port Macquarie-Hastings Council realises reporters may want their identity and the fact they have made a report to remain confidential. This can help to prevent any action being taken against them for reporting wrongdoing.

Where possible and appropriate we will take steps to keep your identity, and the fact you have reported wrongdoing, confidential. We will discuss with you whether it is possible to keep your identity confidential.

If confidentiality cannot be maintained, we will develop a plan to support and protect you from reprisal in consultation with you.

If you report wrongdoing, it is important that you only discuss your report with those responsible for dealing with it. This will include the disclosures coordinator and the Chief Executive Officer, or in the case of a report about the Chief Executive Officer, the disclosures coordinator and the Mayor. The fewer people who know about your report, before and after you make it, the more likely it will be that we can protect you from any reprisal.

Any staff or Councillors involved in the investigation or handling of a report, including witnesses, are also required to maintain confidentiality and not disclose information about the process or allegations to any person except for those people responsible for handling the report.

2.12 Managing the risk of reprisal and workplace conflict

When a staff member or Councillor reports wrongdoing, Council will undertake a thorough risk assessment to identify the risk to you of detrimental action in reprisal for reporting, as well as indirect but related risks of workplace conflict or difficulties. The risk assessment will also identify strategies to deal with those risks and determine the level of protection and support that is appropriate.

Depending on the circumstances, Council may:

- relocate the reporter or the staff member who is the subject of the allegation within the current workplace
- transfer the reporter or the staff member who is the subject of the allegation to another position for which they are qualified
- grant the reporter or the staff member who is the subject of the allegation leave of absence during the investigation of the disclosure.

These courses of action are not punishment and will only be taken in consultation with the reporter.

2.13 Protection against reprisals

Council will not tolerate any reprisal against staff or Councillors who report wrongdoing or are believed to have reported wrongdoing.

The PID Act provides protection for staff and Councillors who have made a public interest disclosure by imposing penalties on anyone who takes detrimental action against another person substantially in reprisal for that person making a public interest disclosure. These penalties also apply to cases where a person takes detrimental action against another because they believe or suspect the other person has made or may have made a public interest disclosure, even if they did not.

Detrimental action means action causing, comprising or involving any of the following:

- injury, damage or loss
- intimidation or harassment
- discrimination, disadvantage or adverse treatment in relation to employment
- dismissal from, or prejudice in, employment
- disciplinary proceedings.

A person who is found to have committed a reprisal offence may face criminal penalties such as imprisonment and/or fines, and may be required to pay the victim damages for any loss suffered as a result of the detrimental action. Taking detrimental action in reprisal is also a breach of Council's code of conduct which may result in disciplinary action. In the case of Councillors, such disciplinary action may be taken under the misconduct provisions of the *Local Government Act 1993* and may include suspension or disqualification from civic office.

It is important for staff and Councillors to understand the nature and limitations of the protection provided by the PID Act. The PID Act protects reporters from detrimental action being taken against them because they have made, or are believed to have made, a public interest disclosure. It does not protect reporters from disciplinary or other management action where the Council has reasonable grounds to take such action.

(a) Responding to allegations of reprisal

If you believe that detrimental action has been or is being taken against you or someone else in reprisal for reporting wrongdoing, you should tell your supervisor, the disclosures coordinator or the Chief Executive Officer immediately. In the case of an allegation of reprisal by the Chief Executive Officer, you can alternatively report this to the Mayor.

All supervisors must notify the disclosures coordinator or the Chief Executive Officer if they suspect that reprisal against a staff member is occurring or has occurred, or if any such allegations are made to them. In the case of an allegation of reprisal by the Chief Executive Officer, the Mayor can alternatively be notified.

If Council becomes aware of or suspects that reprisal is being or has been taken against a person who has made a disclosure, Council will:

- assess the allegation of reprisal to decide whether the report should be treated as a public interest disclosure and whether the matter warrants investigation or if other action should be taken to resolve the issue
- if the reprisal allegation warrants investigation, ensure this is conducted by a senior and experienced member of staff
- if it is established that reprisal is occurring against someone who has made a report, take all steps possible to stop that activity and protect the reporter
- take appropriate disciplinary action against anyone proven to have taken or threatened any action in reprisal for making a disclosure
- refer any breach of Part 8 of the Council's code of conduct (reprisal action) by a Councillor or the Chief Executive Officer to the Office of Local Government.
- refer any evidence of an offence under section 20 of the PID Act to the ICAC or NSW Police Force.

If you allege reprisal, you will be kept informed of the progress and outcome of any investigation or other action taken in response to your allegation.

If you have reported wrongdoing and are experiencing reprisal which you believe is not being dealt with effectively, contact the Office of Local Government, the NSW Ombudsman or the ICAC (depending on the type of wrongdoing you reported). Contact details for these investigating authorities are included at the end of this policy.

(b) Protection against legal action

If you make a public interest disclosure in accordance with the PID Act, you will not be subject to any liability, and no action, claim or demand can be taken against you for having made the public interest disclosure. You will not have breached any confidentiality or secrecy obligations and you will have the defence of absolute privilege in defamation.

2.14 Support for those reporting wrongdoing

Council will make sure that staff who have reported wrongdoing, regardless of whether their report is treated as a public interest disclosure, are provided with access to any professional support they may need as a result of the reporting process – such as stress management or counselling services.

Access to support may also be available for other staff involved in the internal reporting process where appropriate. Reporters and other staff involved in the process can discuss their support options with the disclosures coordinator.

Council's Employee Assistance Program (EAP) is available to all employees and their immediate family. It is a free service offered by Council. Contact details for the EAP service can be found on Council's intranet.

2.15 Sanctions for making false or misleading statements

It is important all staff and Councillors are aware that it is a criminal offence under the PID Act to wilfully make a false or misleading statement when reporting wrongdoing. Council will not support staff or Councillors who wilfully make false or misleading reports. Such conduct may also be a breach of the code of conduct resulting in disciplinary action. In the case of Councillors, disciplinary action may be taken under the misconduct provisions of the *Local Government Act 1993* and may include suspension or disqualification from civic office.

2.16 The rights of persons the subject of a report

Council is committed to ensuring staff or Councillors who are the subject of a report of wrongdoing are treated fairly and reasonably. This includes keeping the identity of any person the subject of a report confidential, where this is practical and appropriate.

If you are the subject of the report, you will be advised of the allegations made against you at an appropriate time and before any adverse findings. At this time you will be:

- advised of the details of the allegation
- advised of your rights and obligations under the relevant related policies and procedures
- kept informed about the progress of any investigation
- given a reasonable opportunity to respond to any allegation made against you
- told the outcome of any investigation, including any decision made about whether or not further action will be taken against you.
- Where the reported allegations against the subject officer are clearly wrong, or have been investigated and unsubstantiated, the subject officer will be supported by Council. The fact of the allegations and any investigation will be kept confidential unless otherwise agreed to by the subject officer.

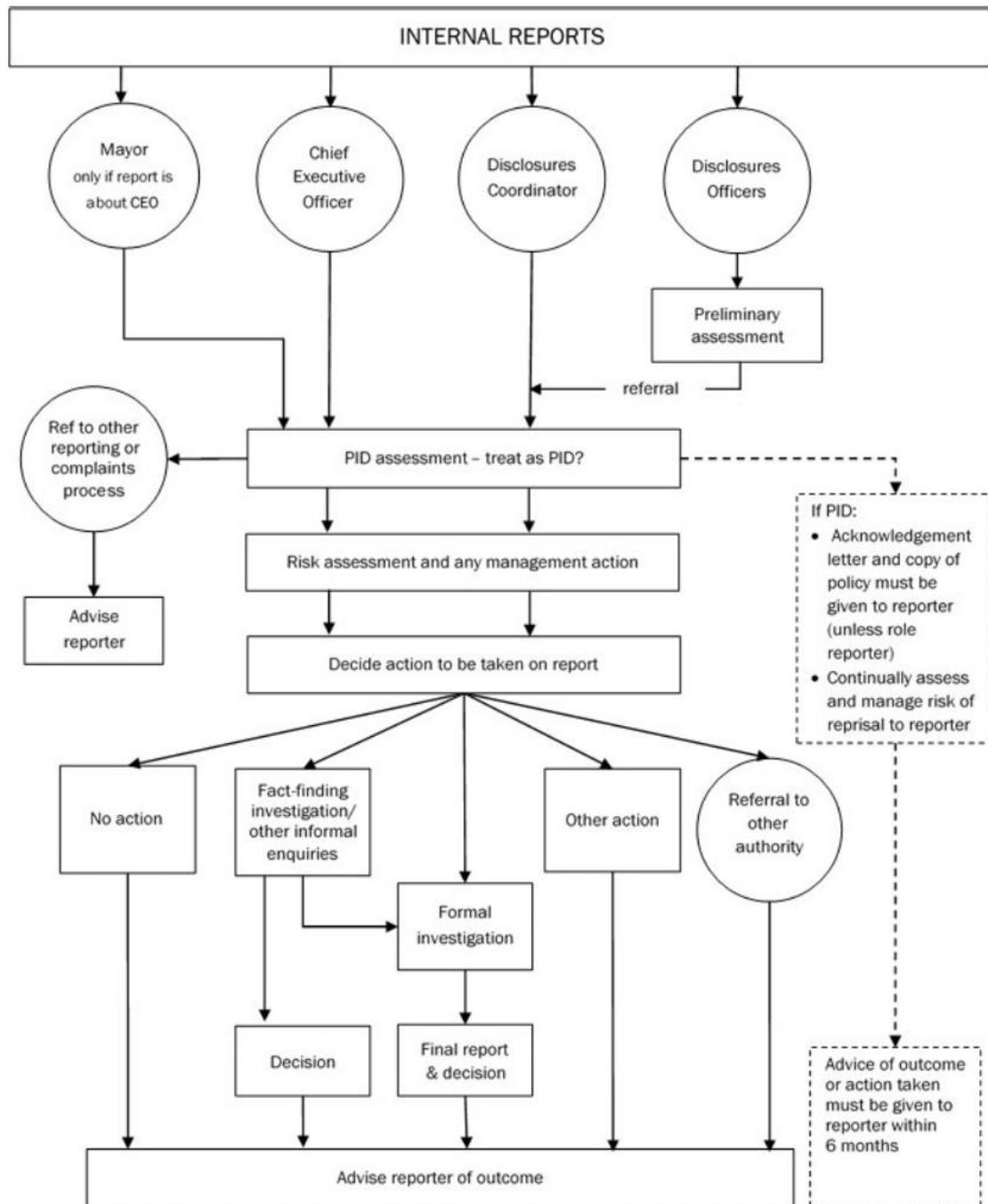
2.17 Review

This policy will be reviewed by the Council every two (2) years.

2.18 More information

More information around public interest disclosures is available on our intranet. Staff can also seek advice and guidance from the disclosures coordinator and the NSW Ombudsman's website at www.ombo.nsw.gov.au.

2.19 Internal Reporting Process Flowchart



3. RESPONSIBILITIES AND AUTHORITIES

3.1 The role of council staff and Councillors

Staff and Councillors play an important role in contributing to a workplace where known or suspected wrongdoing is reported and dealt with appropriately. All council staff and Councillors are obliged to:

- report all known or suspected wrongdoing and support those who have made reports of wrongdoing
- if requested, assist those dealing with the report, including supplying information on request, cooperating with any investigation and maintaining confidentiality
- treat any staff member or person dealing with a report of wrongdoing with courtesy and respect
- respect the rights of any person the subject of reports.

Staff and Councillors must not:

- make false or misleading reports of wrongdoing
- victimise or harass anyone who has made a report

Additionally, the behaviour of all council staff and Councillors involved in the internal reporting process must adhere to Port Macquarie-Hastings Council's code of conduct. A breach of the code could result in disciplinary action.

3.2 The role of the Port Macquarie-Hastings Council

Council has a responsibility to establish and maintain a working environment that encourages staff and Councillors to report wrongdoing and supports them when they do. This includes keeping the identity of reporters confidential where practical and appropriate, and taking steps to protect reporters from reprisal and manage workplace conflict.

Council will assess all reports of wrongdoing it receives from staff and Councillors and deal with them appropriately. Once wrongdoing has been reported, Council takes 'ownership' of the matter. This means it is up to Council to decide whether a report should be investigated, and if so, how it should be investigated and by whom. Council will deal with all reports of wrongdoing fairly and reasonably, and respect the rights of any person the subject of a report.

Council must report on our obligations under the PID Act and statistical information about public interest disclosures in our annual report and to the NSW Ombudsman every six months.

To ensure the Council complies with the PID Act and deals with all reports of wrongdoing properly, all staff and Councillors with roles outlined below and elsewhere in this policy will receive training on their responsibilities.

3.3 Roles of key positions

Chief Executive Officer

The Chief Executive Officer has ultimate responsibility for maintaining the internal reporting system and workplace reporting culture, and ensuring Council complies with the PID Act. The Chief Executive Officer can receive reports from staff and Councillors and has a responsibility to:

- assess reports received by or referred to them, to determine whether or not the report should be treated as a public interest disclosure, and to decide how the report will be dealt with
- deal with reports made under Council's code of conduct in accordance with Council's adopted code of conduct procedures
- ensure there are strategies in place to support reporters, protect reporters from reprisal and manage workplace conflict that may arise in relation to a report
- make decisions following any investigation or appoint an appropriate decision-maker
- take appropriate remedial action where wrongdoing is substantiated or systemic problems are identified
- refer actual or suspected corrupt conduct to the Independent Commission Against Corruption (ICAC)

- refer any evidence of a reprisal offence under section 20 of the PID Act to the Commissioner of Police or the ICAC.

Disclosures coordinator

The disclosures coordinator has a central role in Council's internal reporting system. The disclosures coordinator can receive and assess reports, and is the primary point of contact in Council for the reporter. The disclosures coordinator has a responsibility to:

- assess reports to determine whether or not a report should be treated as a public interest disclosure, and to decide how each report will be dealt with (either under delegation or in consultation with the Chief Executive Officer)
- deal with reports made under Council's code of conduct in accordance with Council's adopted code of conduct procedures
- coordinate Council's response to a report
- acknowledge reports and provide updates and feedback to the reporter
- assess whether it is possible and appropriate to keep the reporter's identity confidential
- assess the risk of reprisal and workplace conflict related to or likely to arise out of a report, and develop strategies to manage any risk identified
- where required, provide or coordinate support to staff involved in the reporting or investigation process, including protecting the interests of any officer the subject of a report
- ensure Council complies with the PID Act
- provide six-monthly reports to the NSW Ombudsman in accordance with section 6CA of the PID Act.

Disclosures officers

Disclosures officers are additional points of contact within the internal reporting system. They can provide advice about the system and the internal reporting policy, receive reports of wrongdoing and assist staff and Councillors to make reports.

Disclosures officers have a responsibility to:

- document in writing any reports received verbally, and have the document signed and dated by the reporter
- make arrangements to ensure reporters can make reports privately and discreetly when requested, if necessary away from the workplace
- discuss with the reporter any concerns they may have about reprisal or workplace conflict
- carry out preliminary assessment and forward reports to the disclosures coordinator or Chief Executive Officer for full assessment.

Mayor

The Mayor can receive reports from staff and Councillors about the Chief Executive Officer. Where the Mayor receives such reports, the Mayor has a responsibility to:

- assess the reports to determine whether or not they should be treated as a public interest disclosure, and to decide how they will be dealt with
- deal with reports made under Council's code of conduct in accordance with Council's adopted code of conduct procedures
- refer reports to an investigating authority, where appropriate
- liaise with the disclosures coordinator to ensure there are strategies in place to support reporters, protect reporters from reprisal and manage workplace conflict that may arise in relation to a report
- refer actual or suspected corrupt conduct to the ICAC
- refer any evidence of a reprisal offence under section 20 of the PID Act to the Commissioner of Police or the ICAC.

Supervisors and line managers

Supervisors and line managers play an important role in managing the immediate workplace of those involved in or affected by the internal reporting process. Supervisors and line managers should be aware of the internal reporting policy and are responsible for creating a local work environment where staff are comfortable and confident about reporting wrongdoing. They have a responsibility to:

- encourage staff to report known or suspected wrongdoing within the organisation and support staff when they do
- identify reports made to them in the course of their work which could be public interest disclosures, and assist the staff member to make the report to an officer authorised to receive public interest disclosures under this policy
- implement local management strategies, in consultation with the disclosures coordinator, to minimise the risk of reprisal or workplace conflict in relation to a report
- notify the disclosures coordinator or Chief Executive Officer immediately if they believe a staff member is being subjected to reprisal as a result of reporting wrongdoing, or in the case of suspected reprisal by the Chief Executive Officer, notify the Mayor.

4. REFERENCES

Government Information (Public Access) Act 2009

Local Government Act 1993

Public Interest Disclosures Act 1994

Code of Conduct

Complaints Against & Compliments in Favour of Staff Policy

Complaints Handling Procedure

Grievance Procedure

Making Council Policy

NSW Ombudsman's *Guideline B2: What should be reported?*

NSW Ombudsman's Model internal reporting policy - June 2020

Port Macquarie-Hastings Council Public Interest Disclosures - Disclosures Officers

5. PROCESS OWNER

The Internal Ombudsman is the nominated process owner for this Policy and is responsible for the review of this Policy. A review of this Policy will involve incorporating relevant legislation changes, documentation released from relevant agencies and best practice guidelines.



Authorised by:
 Authorised date:
 Effective date:
 Next review date:
 File Number:

Council Policy

COUNCILLOR INDUCTION AND PROFESSIONAL DEVELOPMENT POLICY

1. INTRODUCTION

The purpose of this policy is to demonstrate Port Macquarie-Hastings Council's commitment to ensuring that the Mayor and Councillors have access to induction and ongoing professional development which will assist them to develop and maintain the skills and knowledge required to effectively perform their civic role and responsibilities under the *Local Government Act 1993* ('the Act').

POLICY STATEMENT AND SCOPE

To ensure elected Councillors:

- Have equal access to professional development opportunities.
- Are afforded appropriate and relevant skill and knowledge development to assist them in their role as elected representatives.
- Have the skills and knowledge to make effective decisions.

This also ensures that Council complies with the requirements of the Office of Local Government's Councillor Induction and Professional Development Guidelines.

This policy applies to all Councillors of Port Macquarie-Hastings Council, including the Mayor.

2. POLICY

Statement of commitment

Council is committed to developing an induction and ongoing professional development program for the Mayor and Councillors to ensure they can fulfil their statutory roles and responsibilities. As part of this program, the Mayor and each Councillor will have a professional development plan that identifies specific gaps in their capabilities (i.e. their knowledge, skills and attributes) and identify professional development activities to build these capabilities.

Induction program

Council will develop an induction program for new and returning councillors as well as a supplementary program for the Mayor to ensure they are provided all the information they need to effectively fulfil their roles in the first few months of Council's term and feel confident in their ability to do so. The induction program will cover:

- an orientation to council facilities and the local government area
- an overview of the key issues and tasks for the new Council including Council's community strategic plan, delivery program, operational plan, resourcing strategy and community engagement plan
- the legislation, rules, principles and political context under which Council operates
- the roles and responsibilities of Councillors and the Mayor
- Council's organisational structure, workforce management strategy and the roles and responsibilities of the Chief Executive Officer, senior staff and other council staff
- what Council does and how it operates, including an overview of integrated planning and reporting, land-use planning, natural resource management, financial management and asset management by Council
- key Council policies and procedures Councillors must comply with including the Code of Conduct and Code of Meeting Practice
- the role of Council meetings and how to participate effectively in them
- the support available to the Mayor and Councillors and where they can go to get more information or assistance, and

- information on the process for taking the oath of office

In the case of the Mayor, the program will also cover:

- how to be an effective leader of the governing body and the Council
- the role of the Chair and how to chair council meetings
- the Mayor's role in integrated planning and reporting
- the Mayor's role and responsibilities under the code of conduct
- the Mayor's role and responsibilities in relation to the Chief Executive Officer's employment
- the Mayor's role at regional and other representative bodies, and
- the Mayor's civic and ceremonial role.

The Mayor and Councillors must have a working knowledge and understanding of these areas by the end of the induction program.

The induction program will also include team building activities to help the governing body establish itself as a cohesive and collaborative team focused on a common purpose with shared values and goals. Activities will aim to ensure the Mayor and Councillors:

- identify how they would like to work together as a team and identify a common vision for the governing body
- build relationships with each other based on trust and mutual respect that facilitates collaboration
- contribute to a positive and ethical culture within the governing body
- work towards consensus as members of the governing body for the benefit of the community
- develop respectful negotiation skills and manage alternative views within the governing body without damaging relationships
- understand what supports or undermines the effective functioning of the governing body
- respect the diversity of skills and experiences on the governing body, and
- communicate and uphold the decisions of Council in a respectful way, even if their own position was not adopted.

Activities should also help the Mayor, as the leader of the governing body, to:

- act as a stabilising influence and show leadership, and
- promote a culture of integrity and accountability within Council and when representing Council in the community and elsewhere.

The Mayor and Councillors, including those re-elected to office, must attend all induction sessions. Council will evaluate the induction program at the end of each council term to determine whether it has achieved these outcomes, and to identify and address areas for improvement.

Ongoing Professional Development Program

An individual ongoing professional development plan will be developed for the Mayor and each Councillor to address any gaps in the capabilities (i.e. the knowledge, skills and attributes) needed to effectively fulfil their role. Each professional development plan will span the Council's term, and identify professional development activities that the Mayor or Councillor will participate in. Professional development activities will be prioritised according to need and approved by the Chief Executive Officer in accordance with Council's Councillor Expenses and Facilities Policy where council funds are required. The Mayor and Councillors are expected to complete all the activities included in their professional development plan.

Professional development activities will, wherever possible, follow the 70/20/10 principle. The 70/20/10 principle requires that:

- 70% of learning activities are provided via learning and developing from experience. For example, on-the-job training, self-directed learning, developmental roles, problem solving, workshops, exposure and practice
- 20% of learning activities are provided via learning and training through others. For example, personal or professional networks, coaching, mentoring, feedback, memberships and professional associations, and
- 10% of learning activities are provided via learning and developing through structured programs. For example, training courses, external or in-house workshops, seminars, webinars

and other e-learning and briefing sessions conducted by the council, external training providers or industry bodies.

The timing of professional development activities for the Mayor and Councillors will be designed in such a way so as to not overload Councillors with learning activities in the early part of Council's term. The timing will reflect what knowledge and skills Councillors and the Mayor need at various points in Council's term to undertake their roles. The Mayor and Councillors will be provided with as much notice as possible for upcoming induction and professional development activities.

Budget

An annual budget allocation will be provided to support the induction and professional development activities undertaken by the Mayor and Councillors. Expenditure will be monitored and reported quarterly.

Approval of Training and/or Training Expenses

Professional development activities that require Council funds are to be approved by the Chief Executive Officer in accordance with Council's Councillor Expenses and Facilities Policy.

Evaluation

Council will evaluate the professional development program at the end of each Council term to assess whether it was effective in assisting the Mayor and Councillors to develop the capabilities required to fulfil their civic roles.

Reporting

The Chief Executive Officer will publically report each year in Council's annual report:

- the name of the Mayor and each individual Councillor that completed Council's induction program (where an induction program has been delivered during the relevant year)
- the name of the Mayor and each Councillor who participated in any ongoing professional development program during the year
- the number of training and other activities provided to the Mayor and Councillors during the year as part of a professional development program, and
- the total cost of induction and professional development activities and any other training provided to the Mayor and Councillors during the relevant year.

3. RESPONSIBILITIES AND AUTHORITIES

The Mayor and each Councillor are responsible for making themselves available to attend any development activities identified in the professional development plan. The Mayor and all Councillors must make all reasonable endeavours to attend and participate in the induction sessions and professional development activities arranged for them during the term of the Council.

The Group Manager Governance is responsible for planning, scheduling and facilitating induction and professional development activities for the Mayor and Councillors in consultation with the Chief Executive Officer.

The Chief Executive Officer has overall responsibility for Council's induction and professional development program.

Additionally, Council will ascertain professional development requirements of Councillors through various means, including but not limited to:

- Councillor surveys
- Councillor feedback
- Observation

The Chief Executive Officer's Office is responsible for maintaining the Councillor Professional Development Register.

4. REFERENCES

Local Government Act 1993
Local Government (General) Regulation 2005
Office of Local Government's Councillor Induction and Professional Development Guidelines

5. PROCESS OWNER

The Group Manager Governance is responsible for implementing and reviewing this Policy prior to each ordinary election.

DRAFT



Authorised by:
 Authorised date: DD/11/2021
 Effective date: DD/11/2021
 Next review date: DD/11/2023
 File Number: D2021/175668

Council Policy SPONSORSHIP POLICY

1. INTRODUCTION

This policy and associated guidelines articulate Council's approach to seeking and receiving sponsorship for Council activities or events.

In seeking strategic sponsorship arrangements for financial or other support, Council's aim is to enhance the financial sustainability and delivery of Council programs, events and services to the community.

2. POLICY STATEMENT AND SCOPE

The policy and associated guidelines aim to standardise sponsorship practices and procedures across Council and ensure an open and transparent process in the interests of public accountability and compliance with relevant legislation.

This policy applies to all incoming sponsorships received by Council, whether in cash or value "in kind".

The policy and associated guidelines apply to all Council staff, and provide information for potential sponsors wishing to sponsor a Council activity or event.

Any sponsorship arrangement that is offered or sought by Council must:

- benefit Council and the community;
- not create an actual or perceived conflict of interest; and
- not fetter or interfere with Council's compliance with and exercise of its legislative obligations under the *Local Government Act 1993*, the *Environmental Planning and Assessment Act 1979* and Council's planning instruments, the *Roads Act 1993* or any other relevant legislation.

Council retains the discretion not to accept sponsorship from any entity for any reason.

The policy should be applied with reference to the Independent Commission Against Corruption's (ICAC) *Sponsorship in the Public Sector* (2006) which provides a guide for public sector agencies in developing policies and procedures for seeking and receiving sponsorship in consideration of the following key principles:

- a sponsorship agreement should not impose or imply conditions that would limit, or appear to limit, Council's ability to carry out its functions fully and impartially;
- there should be no actual conflict between the objectives and/or mission of Council and those of the sponsor;
- in general, Council, having regulatory or inspection responsibilities, should not seek, or accept sponsorship from people or organisations which are, or may be, subject to regulation or inspection by Council during the life of the sponsorship. Where adhering to this principle would unduly limit Council's sponsorship prospects, Council should develop alternative strategies to ensure it can carry out its regulatory or inspection responsibilities in relation to sponsors in an open, fair, accountable and impartial manner;
- sponsorship of a Council activity or event should not involve explicit endorsement of the sponsor or the sponsor's products;
- where sponsorship involves the sponsor providing a product to Council, Council should evaluate that product for its fitness for purpose against objective criteria that are relevant to Council's needs;
- it is inappropriate for any employee of Council to receive a personal benefit from a sponsorship;

- in most circumstances, the public interest is best served by making sponsorship opportunities widely known. To this end, sponsorships should be sought and granted by using broadly based, open processes that are not limited solely to invited sponsors;
- Council should assess sponsorship proposals against predetermined criteria which have been published in advance or which are circulated to organisations as part of a procurement process;
- a sponsorship arrangement is a contract and should be described in a written agreement;
- all sponsorship arrangements should be approved by the Chief Executive Officer (CEO) or another designated senior manager of Council and described in Council's annual report in a form commensurate with the significance of the sponsorship; and
- The *Government Information (Public Access) Act 2009* (GIPA Act) requires government agencies to publish the details of any contracts they have entered into with private sector entities, with a value of \$150,000 or more.

3. RESPONSIBILITIES AND AUTHORITIES

The Group Manager and staff of the section of Council which seeks to enter into a sponsorship arrangement are responsible for implementing this policy in accordance with the associated *Sponsorship Guidelines*.

All proposals to seek sponsorship for Council activities or events require the approval of the relevant Group Manager and Director prior to approaching potential sponsors.

All sponsorship agreements require approval in accordance with the requirements set out in the *Sponsorship Guidelines*.

The Group Manager Commercial Business Units may be contacted for support and advice regarding this policy.

4. REFERENCES

- *Environmental Planning and Assessment Act 1979*;
- *Government Information (Public Access) Act 2009*;
- *Local Government Act 1993*;
- Port Macquarie - Hastings Council *Sponsorship Agreement template*;
- Port Macquarie - Hastings Council *Sponsorship Guidelines*;
- *Roads Act 1993*; and
- *Sponsorship in the public sector*, ICAC May 2006.

5. DEFINITIONS

Sponsorship

Sponsorship is defined by the Independent Commission Against Corruption (ICAC) as follows:

- Sponsorship is a commercial arrangement in which a sponsor provides a cash or in-kind contribution to support an activity in return for certain specified benefits.
- Sponsorship does not include:
 - the selling of advertising space;
 - joint ventures;
 - consultancies;
 - grants;
 - unconditional gifts, donations, bequests or endowments.
- Sponsorship is not philanthropic. A sponsor expects to receive a reciprocal benefit beyond a modest acknowledgement.

Any reference to '\$' or 'dollars' refers to Australian dollars.

6. PROCESS OWNER

Group Manager Commercial Business Units.

7. AMENDMENTS

Name of Document	File Location	Amendments:
Sponsorship Policy - adopted 2013 02 20	D2013/087186	<ul style="list-style-type: none"> Initial Policy
Sponsorship Policy - adopted 2013 02 20 Guidelines	D2013/087188	<ul style="list-style-type: none"> Initial Guidelines
Sponsorship Policy - adopted 2013 02 20 Agreement Template	D2013/087187	<ul style="list-style-type: none"> Initial Agreement Template
Sponsorship Policy	D2021/175668	<ul style="list-style-type: none"> New Policy template Staff position titles updated Minor administrative updates in line with Sponsorship in the public sector, ICAC May 2006 guidelines
Sponsorship Policy - Guidelines	D2021/175669	<ul style="list-style-type: none"> Minor administrative updates in line with Sponsorship in the public sector, ICAC May 2006 guidelines
Sponsorship Policy - Agreement Template	D2021/175671	<ul style="list-style-type: none"> Updated following legal review and advice

Port Macquarie-Hastings Council
PO Box 84
Port Macquarie
NSW Australia 2444
e council@pmhc.nsw.gov.au
ABN 11 236 901 601



25 August 2021

Refers to: CRM: 14415/2021

[REDACTED]

By email: [REDACTED]

Dear [REDACTED]

Council Rates

Thank you for your recent letter to the Mayor dated 13 August 2021 and for raising your concerns in regard to the level of cash reserves held by Council. The Mayor has asked that I respond on her behalf.

Councils are often large and diverse organisations which have many regulatory and compliance requirements including how to raise revenue, and how that can be spent. For context, Port Macquarie-Hastings Council is a large regional Council with an annual expenditure of approximately \$200 million. Whilst every Council has some similarities, they often have characteristics that may set them apart. Port Macquarie-Hastings Council is a large regional Council with high development activity and is also a water authority. These points are relevant in the context of our reserves. Following is a summary outline of the main areas that have seen an increase in reserves being collected.

Development Activity

This Council has experienced large development growth in recent years and this cycle of activity will see larger amounts of developer contributions being received during those years. The purpose of these contributions is to fund infrastructure associated with the growth of an area and consequently are for new infrastructure and are future focussed. The funds cannot be spent on existing infrastructure. There are specific contribution plans which dictate which projects can be funded from these funds and many of the projects are not ready for completion yet (or are not yet needed as growth levels do not yet require the infrastructure). To complicate matters, Councils cannot spend these funds on projects that are not listed in the relevant contribution plans.

Water and Sewer

Council is a water authority. Not every Council is (as separate Water Authorities exist eg Sydney Water and Hunter Water). The provision of water and sewer services requires large capital investment, with large projects often occurring cyclically and requiring a combination of reserve funds and borrowing to fund these large infrastructure requirements.

Waste is also an area where funds collected from Domestic Waste activity must be quarantined for this purpose.

These funds cannot be spent on Council's general activities such as roads, libraries etc.

pmhc.nsw.gov.au

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PORT MACQUARIE OFFICE
17 Burrawan Street, Port Macquarie NSW 2444
t 02 6581 8111

WAUCHOPE OFFICE
49 High Street, Wauchope NSW 2446
t 02 6581 8111

LAURIETON OFFICE
9 Laurie Street, Laurieton NSW 2443
t 02 6581 8111



Refers to: CRM: 14415/2021

Composition of Council reserves.

Council's total cash and investments balance as at 30 June 2021 is \$347 million, with approximately 97% of this held in restricted reserves and the remainder required to settle outstanding creditors at 30 June 2021.

The restricted reserves are comprised of external and internal reserves.

What Are External Restrictions on the reserves (\$277 million or 80% of the total)

- Most of Council's reserves are externally restricted and relate to the areas explained above (that is, developer contributions collected for future projects, and funds collected from water, sewer and waste activity which must be restricted by law for those purposes);
- Must be used for specified purposes – purpose for which they were raised;
- Determined by various legislative and contractual requirements;
- Level of external reserves will often vary depending on growth / development cycles;
- Water and sewer represent significant reserves and will be expended in accordance with forward work plans, (30 year plans); and
- Developer contributions are used in growth areas for growth related projects.

What Are Internal Restrictions (20% of the total)?

- Held by Council for specific future purposes (staff leave liabilities, unexpended grants, deposits and bonds) etc;
- Support Council approved projects which are, for various reasons, awaiting commencement or continuation, or for some time in future; and
- May be the result of a Council resolution, strategic objective, statutory requirement, plan requirement.

Please find below a list of some of the larger capital projects due for delivery in the coming years to be funded from the *external restrictions* (which alone account for \$250 million):

- Thrumster Sewerage Treatment Plant: \$60.1m
- Cowarra Dam Water Treatment / Filtration Plant: \$80.3m
- Construction of the Northern and Southern Arm Trunk Mains: \$36.0m
- Continuation of Construction of Kew Sewer Treatment Plant Upgrade: \$14.0m
- Construction of the Trunk Main from Bonny Hills to Kew reservoir: \$15.3m
- Pre-construction and Construction of various reservoirs across the LGA: \$21.5m
- Cairncross Material Recovery Facility Upgrade: \$15.0m
- Cairncross Organic Resource Recovery Facility: \$10.0m
- Cairncross Landfill Expansion: \$3.5m

The remaining balance is *internally restricted* and is largely allocated to specific projects or operational purposes as determined by Council. Some of these funds are for:

- Ocean Drive Duplication: \$10.5m
- Plant Replacement Program: \$6.2m
- Employee Leave Entitlements: \$4.3m
- New depot Works: \$2.9m



Refers to: CRM: 14415/2021

- Town Centre MasterPlan Priority Projects (in line with Committee recommendations): \$1.5m
- Ferry inspections, slippings, rehabilitation works: \$1.2m

A complete list of the reserves each year is published in Councils' audited annual financial statements. The financial statements for year ended 30 June 2021 are not yet complete.

Increase in Cash Reserves in the last year

Council's cash reserves have increased in the past year. The main movements have been due to receipt of a portion of the Maria River Road project grant of \$11m. In addition, the funds that have been collected from development have also increased by \$11.1m.

For comparative purposes, please find below reserve balances for some other large NSW Councils for 2019/2020:

Council	Amount in Reserve in 2019/2020
Tweed Council	\$394.3m
Lake Macquarie	\$284.8m
Newcastle City	\$353.1m

I trust the above provides more information around Council's cash reserves and some of the committed project allocations. Should you require any further information, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rebecca Olsen".

Rebecca Olsen
Director, Corporate Performance

cc. Mayor Pinson and Councillors

BUDGET VARIATIONS - August 2021											
Section	Project	Project Description	Capital/ Operating	Division	Full Year Original Budget	Full Year Current Budget	Actuals to August 2021	New Yearly Proposed Budget - August 2021	Movement	Funding Source	EFFECT ON FUNDING POSITION
Adjustments which impact Council's Budget Position											
Budget increase required to cover amount of Council's Outdoor Dining 2021/2022 Insurance Premium.											
Property & Leasing	134	Insurances	Operating	Development & Environment	1,000	1,000	2,979	2,979	-1,979	Revenue	-1,979
Budget adjustments required to cover salaries within the Communications section.											
Communications	285	Communications	Operating	Chief Executive Office	715,383	715,383	110,442	792,383	-77,000	Revenue	-77,000
Communications	554	Statutory Notices Advertising	Operating		100,000	100,000	0	63,000	37,000	Revenue	37,000
Communications	10987	Overheads Income	Operating		-945,231	-945,231	-157,538	-969,191	23,960	Revenue	23,960
Customer Service Centre	290	Customer Service Centre	Operating		1,550,269	1,550,269	237,420	1,510,269	40,000	Revenue	40,000
Customer Service Centre	10545	Overheads Income	Operating		-2,059,447	-2,059,447	-343,241	-2,051,063	-8,384	Revenue	-8,384
Reallocation of various funding sources to cover estimated expenditure on Rawdon Island Bridge structural repairs.											
Transport and Traffic	42226	Rawdon Island Bridge Structural Repairs	Capital	Infrastructure / Corporate	0	0	277,200	1,200,000	-1,200,000	Revenue	-1,200,000
Transport and Traffic	43000	Bridge Rehabilitation Program	Capital		50,000	50,000	0	0	50,000	Revenue	50,000
Transport and Traffic	19349	Reserve Funding	Capital		-3,408,283	-1,812,564	0	-2,142,564	330,000	Reserve	330,000
Corporate	10920	Operating Grants - Financial Assistance Grant (FAG)	Operating		-7,304,300	-7,304,300	-849,727	-7,683,300	379,000	Grant	379,000
Total adjustments which impact Council's Budget Position									-427,403		-427,403
Grants & Other Funding											
To recognise \$12,000 grant funding and \$10,000 Council funding for the Live and Local Music Program.											
Destination & Cultural Development	42228	Live and Local Music Program	Operating	Strategy & Growth	0	0	0	22,000	-22,000	Grant/Revenue	-10,000
Destination & Cultural Development	19051	Operating Grants	Operating		-27,350	-65,296	-72,634	-77,296	12,000	Grant	0
Destination & Cultural Development	395	Creative Place Making	Operating		91,570	91,570	1,480	81,570	10,000	Revenue	10,000

BUDGET VARIATIONS - August 2021											
Section	Project	Project Description	Capital/ Operating	Division	Full Year Original Budget	Full Year Current Budget	Actuals to August 2021	New Yearly Proposed Budget - August 2021	Movement	Funding Source	EFFECT ON FUNDING POSITION
To bring to account grant funding received from Local Land Services for a Noxious Weeds project.											
Natural Resources	42188	Japanese Walnut Incursion	Operating	Development & Environment	0	0	0	5,000	-5,000	Grant	0
Natural Resources	19231	Operating Grants	Operating		-42,391	-83,671	0	-88,671	5,000	Grant	0
Total Grants & Other Funding									27,000		0
Reserve Movements											
Budget adjustment to cover costs associated with the maintenance of Shelly Beach Corridor, Lakeside Woods, Red Ochre project, Glenview Park & Bakers Estate. Council collected these funds under a VPA Agreement.											
Natural Resources	41830	Shelly Beach Corridor Env Mgmt	Operating	Development & Environment	0	0	5,003	5,003	-5,003	S.711	0
Natural Resources	41807	Lakeside Woods Env Mgmt	Operating		0	0	7,080	7,080	-7,080	S.711	0
Natural Resources	41843	Red Ochre Env Mgmt Lands	Operating		0	0	2,610	2,610	-2,610	S.711	0
Natural Resources	41720	Glenview Estate Wauchope	Operating		0	0	9,570	9,570	-9,570	S.711	0
Natural Resources	42230	Bakers Estate Mtce Works	Operating		0	0	6,742	6,742	-6,742	S.711	0
Natural Resources	19236	S 7.11 Funding	Operating		0	0	0	-31,005	31,005	S.711	0
Budget adjustments required to cover salaries within the Communications section.											
Communications	285	Communications	Operating	Chief Executive Office	715,383	792,383	110,442	977,383	-185,000	Reserve	0
Communications	10987	Overhead Income	Operating		-945,231	-969,191	-157,538	-1,080,006	110,815	Reserve	0
Communications	10985	Reserve Funding	Operating		0	0	0	-74,185	74,185	Reserve	0
Total Reserve Movements									216,005		0
Movement between Projects											
Transfer of funds between linked sewer projects - Accounting entry only											
Sewerage Services	39625	Sewer Rising Main from SPS KK6 to Kew STP	Capital	Infrastructure	0	0	12,685	100,000	-100,000	Reserve	0
Sewerage Services	39319	SPS#71 Construction	Capital		312,010	312,010	42,410	212,010	100,000	Reserve	0

BUDGET VARIATIONS - August 2021											
Section	Project	Project Description	Capital/ Operating	Division	Full Year Original Budget	Full Year Current Budget	Actuals to August 2021	New Yearly Proposed Budget - August 2021	Movement	Funding Source	EFFECT ON FUNDING POSITION
To recognise change of funding source allocated to the Town Green West Playground Project - Accounting entry only											
Parks & Recreation	42139	Town Green West Playground	Capital	Development & Environment	0	528,567	7,226	153,567	375,000	Reserve	0
Parks & Recreation	19280	Reserve Funding	Capital		-1,209,922	-2,346,535	0	-1,971,535	-375,000	Reserve	0
Parks & Recreation	42139	Town Green West Playground	Capital		0	153,567	7,226	528,567	-375,000	Grant	0
Parks & Recreation	19282	Capital Grants	Capital		-5,786,640	-5,762,268	0	-6,137,268	375,000	Grant	0
Total Movements between Projects									475,000		0
2020-2021 Works Program Finalisation and adjustments to 21/22 Works Program											
Project movement between financial years											
Natural Resources	41740	Sophora Tomentosa Reintroductions Grant	Operating	Development & Environment	0	0	0	2,327	-2,327	Grant	0
Natural Resources	19231	Operating Grants	Operating		-42,391	88,671	0	86,344	2,327	Grant	0
Transport and Traffic	42182	Bago Road - Stage 3B	Capital	Infrastructure	0	682,123	287,307	683,561	-1,438	Grant	0
Transport and Traffic	19342	Capital Grants	Capital		-14,851,963	-17,202,519	-103,677	-17,203,957	1,438	Grant	0
Infrastructure Planning	41884	19/20 & 20/21 CPTIGS Bus Shelters	Capital	Infrastructure	0	0	0	2,321	-2,321	Grant	0
Infrastructure Planning	19332	Capital Grants	Capital		0	-345,703	0	-348,024	2,321	Grant	0
Destination & Cultural Development	41826	Bicentenary Activities	Operating	Strategy & Growth	0	11,200	0	13,791	-2,591	Contributions	0
Destination & Cultural Development	10245	Operating Contributions	Operating		-6,090	-17,290	0	-19,881	2,591	Contributions	0
Natural Resources	41735	Koala Recovery Strategy	Operating		150,000	182,760	2,439	181,497	1,263	Reserve	0
Natural Resources	19239	Reserve Funding	Operating		-888,662	-981,277	0	-980,014	-1,263	Reserve	0
Biosecurity	40225	Weed Control on Council Owned Land	Operating		122,900	154,788	19,744	171,728	-16,940	Reserve	0

BUDGET VARIATIONS - August 2021											
Section	Project	Project Description	Capital/ Operating	Division	Full Year Original Budget	Full Year Current Budget	Actuals to August 2021	New Yearly Proposed Budget - August 2021	Movement	Funding Source	EFFECT ON FUNDING POSITION
Biosecurity	19469	Reserve Funding	Operating		0	-31,868	0	-48,808	16,940	Reserve	0
Aquatic Facilities	42079	Port Macquarie Aquatic Facility	Capital		748,215	903,657	3,523	903,236	421	Reserve	0
Aquatic Facilities	19279	Reserve Funding	Capital		-792,215	-947,657	0	-947,236	-421	Reserve	0
Parks & Recreation	41950	Rainbow Beach Sports Fields	Capital		3,336,428	3,338,527	7,273	3,295,109	43,418	s711	0
Parks & Recreation	19286	Section 711 Funding	Capital		-4,029,369	-4,047,603	0	-4,004,185	-43,418	s711	0
Drainage	41768	Stormwater Renewal Program	Capital		250,000	278,000	3,389	354,463	-76,463	Reserve	0
Drainage	19399	Reserve Funding	Capital		-576,035	-956,415	0	-1,032,878	76,463	Reserve	0
Water Supply	29545	Marbuk Motorised Valve	Capital		600,000	738,918	0	724,677	14,241	Reserve	0
Water Supply	19229	Reserve Funding	Capital		-6,874,297	-8,944,162	0	-8,929,921	-14,241	Reserve	0
Water Supply	29546	Pre Construction Works - Trunk Main from Bonny Hills to Kew (Area 12) Reservoir - Stage 1	Capital		250,000	354,871	12,015	289,316	65,555	Reserve	0
Water Supply	19229	Reserve Funding	Capital		-6,874,297	-8,929,921	0	-8,864,366	-65,555	Reserve	0
Water Supply	20215	Thrumster Reclaimed Water Interim Supply Rising Main to Thrumster Reservoir	Capital		3,100,000	4,876,076	1,623,779	4,870,528	5,548	Reserve	0
Water Supply	19229	Reserve Funding	Capital		-6,874,297	-8,864,366	0	-8,858,818	-5,548	Reserve	0
Sewerage Services	30147	Continuation of Construction of Kew STP Upgrade	Capital		500,000	534,895	15,353	533,605	1,290	Reserve	0
Sewerage Services	19219	Reserve Funding	Capital		-4,666,154	-5,557,386	0	-5,556,096	-1,290	Reserve	0
Destination & Cultural Development	42089	Cultural Industries - Networking & Mentoring	Operating		20,000	25,344	7,945	25,224	120	Reserve	0
Destination & Cultural Development	19055	Reserve Funding	Operating		-938,356	-1,355,747	0	-1,355,627	-120	Reserve	0
Infrastructure Planning	42113	Footpath - The Parade: Ocean St to Surf Carpark	Capital		0	18,269	2,753	14,587	3,682	Grant	0
Infrastructure Planning	19332	Capital Grants	Capital		0	-345,703	0	-342,021	-3,682	Grant	0

BUDGET VARIATIONS - August 2021											
Section	Project	Project Description	Capital/ Operating	Division	Full Year Original Budget	Full Year Current Budget	Actuals to August 2021	New Yearly Proposed Budget - August 2021	Movement	Funding Source	EFFECT ON FUNDING POSITION
Infrastructure Planning	42123	Rural Road Safety Improvements - Linemarking, Signs	Capital		0	63,392	0	42,853	20,539	Grant	0
Infrastructure Planning	19332	Capital Grants	Capital		0	-342,021	0	-321,482	-20,539	Grant	0
Transport and Traffic	41464	Footpath, Cycleway and Pedestrian Management	Capital		0	107,679	2,976	105,740	1,939	Reserve	0
Transport and Traffic	19342	Capital Grants	Capital		-14,851,963	-17,202,519	-103,677	-17,118,769	-83,750	Grant	0
Transport and Traffic	19349	Reserve Funding	Capital		-3,408,283	-2,142,564	0	-2,224,375	81,811	Reserve	0
Transport and Traffic	41925	Kew Main Street	Capital		1,211,316	1,489,642	0	1,486,851	2,791	Reserve	0
Transport and Traffic	19349	Reserve Funding	Capital		-3,408,283	-2,224,375	0	-2,221,584	-2,791	Reserve	0
PM Town Centre Masterplan	41471	TCMP - Port Macquarie Foreshore Walk Project	Capital		0	59,818	49,204	56,879	2,939	Reserve	0
PM Town Centre Masterplan	19359	Reserve Funding	Capital		0	-59,818	0	-56,879	-2,939	Reserve	0
Drainage	42020	Gross Pollutant Trap Audit & Maintenance Planning	Operating		0	70,000	0	13,000	57,000	Grant	0
Drainage	19391	Operating Grants	Operating		0	-70,000	0	-13,000	-57,000	Grant	0
Bushfire Control	42011	Bushfire Disaster Recovery Funding	Operating		0	205,593	1,145	200,410	5,183	Grant	0
Bushfire Control	19251	Grant Funding	Operating		0	-66,909	0	-61,726	-5,183	Grant	0
Bushfire Control	42149	Bushfire Community Recovery Fund Stream 2	Operating		0	66,909	1,652	47,314	19,595	Grant	0
Bushfire Control	19251	Grant Funding	Operating		0	-61,726	0	-42,131	-19,595	Grant	0
Destination & Cultural Development	42111	ArtWalk 2021	Operating		111,763	149,610	51,844	149,374	236	Reserve	0
Destination & Cultural Development	19055	Reserve Funding	Operating		-938,356	-1,355,627	0	-1,355,391	-236	Reserve	0
Transport and Traffic	42033	Boundary Street Detailed Design	Capital		429,000	719,495	66,852	684,931	34,564	Reserve	0
Transport and Traffic	19349	Reserve Funding	Capital		-3,408,283	-2,221,584	0	-2,187,020	-34,564	Reserve	0
Transport and Traffic	42070	Install Roundabout - Owen & Home St	Capital		0	56,508	294,789	46,141	10,367	Grant	0

BUDGET VARIATIONS - August 2021											
Section	Project	Project Description	Capital/ Operating	Division	Full Year Original Budget	Full Year Current Budget	Actuals to August 2021	New Yearly Proposed Budget - August 2021	Movement	Funding Source	EFFECT ON FUNDING POSITION
Transport and Traffic	19342	Capital Grants	Capital		-14,851,963	-17,286,269	-103,677	-17,275,902	-10,367	Grant	0
Fleet Management	42156	Wauchope Emulsion Tank Replacement & Aggregate Bin	Capital		0	97,143	14,802	37,985	59,158	Reserve	0
Fleet Management	19139	Reserve Funding	Capital		-2,500,000	-2,765,675	0	-2,706,517	-59,158	Reserve	0
Parks & Recreation	42110	Westport Park Boat Ramp Facility Upgrade	Capital		937,000	964,450	21,565	957,596	6,854	Grant	0
Parks & Recreation	19282	Capital Grants	Capital		-5,786,640	-6,137,268	0	-6,130,414	-6,854	Grant	0
									254,623		0
ORGANISATIONAL TOTAL - THIS REVIEW									972,628		-427,403
FORECAST FOR FINANCIAL YEAR ENDED 30 JUNE 2022											
Original Budget as at 1 July 2021					Balanced	0					
<u>Plus: Adjustments</u>											
July Review					Balanced	0					
August Review					Shortfall	-427,403					
FORECAST FOR 30 JUNE 2022					Shortfall	-427,403					
Notes:	1	The result shown above is the general fund result. All surpluses/deficits in the water, sewerage and waste funds are transferred to/from reserves.									
	2	Reserve are internal restrictions that hold funds for a specific purpose, e.g. The airport has its own reserve and all income and expenditure relating to the airport is credited/debited to that reserve.									
	3	Council projects are funded from a variety of funding sources. Below is a definition of the various types of funding that are used to fund projects.									
		<i>Revenue - All funds that are generated through rates, annual charges, fees and charges, interest etc. These funds are untied and can be expended on any project that Council considers appropriate.</i>									
		<i>Grants - Government grants can either be monetary or otherwise and may be tied or untied. Tied grants are required to be used for a specific purpose such as the construction of a road. Untied grants may be applied for any purpose council considers appropriate.</i>									
		<i>Contributions - Contributions are non-reciprocal transfers to Council in the sense that Council is not required to give value in exchange for the contributions directly to the contributor. Examples are contributions given by ratepayers towards capital works in their vicinity.</i>									
		<i>Reserves - Reserves are internal restrictions held for a specific purpose, e.g. The airport has its own reserve and all income and expenditure relating to the airport is credited/debited to that reserve.</i>									
		<i>S7.11 and S64 Contributions - Section 7.11 of the NSW Environmental and Planning Act (1979) and section 64 of the Local Government Act (1993) provides NSW local government with a formal legal framework for levying developers for the provision of infrastructure, services and amenities - known as developer contributions.</i>									
	4	Some projects are funded by multiple funding sources, e.g. a capital project may be funded by s7.11 funds, grants and revenue. The effect on capital column will only show the revenue funding adjustment as the other types of funding will have an income line budget adjustment shown in the report.									



Monthly Investment Report

July 2021



IMPERIUM MARKETS

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Authorised Representative of Libertas Financial Planning Pty Ltd AFSL 429 718
Phone: +61 2 9053 2987
Email: michael.chandra@imperium.markets
Level 9 Suite 02, 3 Spring Street, Sydney NSW 2000



Executive Summary

Compliance

Compliance Measure	Within Policy Limits (Y/N)	Reason if Not Compliant
Term to Maturity	Yes – Compliant	n/a
Counterparty	Yes – Compliant	n/a
Credit Quality	Yes – Compliant	n/a

Performance

As at 31/07/2021	1m (actual)	1m (% p.a.)	FYTD (actual)	FYTD (% p.a.)
AusBond Bank Bill Index	0.00%	0.04%	0.00%	0.04%
Council's Portfolio[^]	0.15%	1.74%	0.15%	1.74%
Outperformance	0.15%	1.70%	0.15%	1.70%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

Impact of COVID-19 to Council's Portfolio

COVID-19 has adversely impacted financial markets, which in turn, has also affected Council's investment portfolio. We provide a quick summary in this section.

With regards to financial markets, shares (equities) experienced a significant correction in March 2020 but have recently reached all-time highs due to the unprecedented fiscal and monetary policy support from global central banks and governments. **The RBA cut rates to record lows on 3rd November 2020 to 0.10%, consistent with most global central banks resetting their rates back to emergency levels.** Despite the Delta variant causing a surge in global infections (including Australia), equity markets have continued their rally over the course of 2021, focusing on the multiple vaccines available and ongoing fiscal and monetary policy easing measures. Longer-term bond yields have fallen significantly over the past few months, with the market pushing back on expectations of global central banks tightening in the immediate future.

With regards to the medium-longer term outlook for financial markets, of importance is the RBA's outlook and expectations for the Australian economy. They would like to see the following three economic indicators improve before they even consider increasing interest rates:

1. The unemployment rate to drop to around 4.5% (currently it sits at 4.9% and has not been below 4.5% since 2008);
2. "Until actual (underlying) inflation is sustainably within the 2-3% target range" (it has not been within their target band for the past 5 years); and
3. Wage growth to surpass +3% (it has not been above this level for the past 8 years).

Their current forward guidance and base case suggests conditions for a rate rise "**will not be met until 2024**".

The biggest impact to Council's investment portfolio is with regards to its largest exposure being assets held in bank term deposits, which accounts for around ~91½% of Council's total investment, and cash



(~7½% of the total investment portfolio). **The biggest risk that PMHC faces over the medium-longer term in this environment is not the potential loss of capital (given all the banks are well capitalised and regulated by APRA), but the rapid loss of interest income as interest rates have plummeted.**

Council's term deposit portfolio was yielding 1.70% p.a. at month-end, with a weighted average duration of around 751 days or 2.06 years. **This average duration will provide some income protection against the low interest rate environment over the next 18 months.** As existing deposits mature however, they will inevitably be reinvested at much lower prevailing rates.

We note the current interest rates in the term deposit market:

- The highest deposit rate from any rated ADI in the market is now ~1.32% p.a. for 5 years;
- The highest deposit rates amongst the "AA-" rated ADIs (major banks) is now yielding between 0.40%-1.10% p.a. (depending on term);
- The highest deposit rates amongst the "A" rated ADIs was yielding between 0.68%-1.32% p.a. (depending on term);
- The highest deposit rates amongst the "BBB" rated ADIs was yielding between 0.45%-1.15% p.a. (depending on term).

Given official rates have fallen to record lows, Council is likely to see a rapid decline in interest income over future financial years. Its budgeted income over the medium-longer term needs to be revised to reflect the low interest rate environment. Returns between 0.40%-0.80% p.a. may potentially be the "norm" over the next few financial years, especially if rolling the majority of surplus funds for terms less than 2-3 years. Yields may in fact be lower if electing to invest for terms under 12 months.

Council is protecting its income from falling more rapidly by investing maturing assets in the 3-5 year term horizon, locking in rates above 1.00% p.a.



Council's Portfolio

Asset Allocation

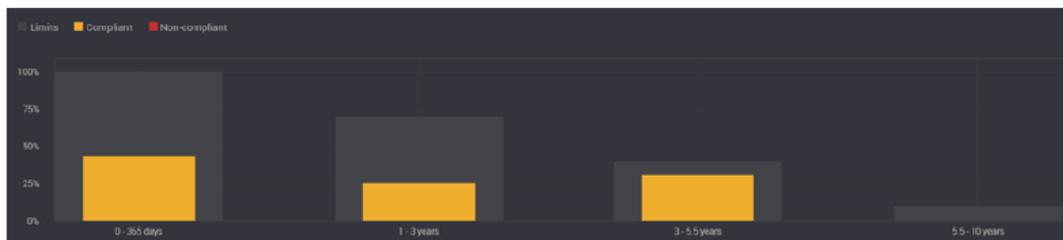
The portfolio is predominately directed to fixed term deposits (91.44%). The remainder of the portfolio is directed to the overnight cash account with Westpac (7.66%) and the single FRN with Bendigo-Adelaide (0.90%).

With the RBA cutting interest rates in November 2020 to 0.10%, the priority should be to lock in any remaining attractive medium-longer dated fixed deposits or senior fixed bonds that may still be available to address reinvestment risk as margins continue to compress.



Term to Maturity

All maturity limits (minimum and maximum) comply with the Investment Policy. Medium-Term (3-5½ years) assets account for around 31% of the total investment portfolio, with capacity of around \$31m at month-end.



Where there is (counterparty) capacity to invest in attractive 3-5½ year investments, we recommend this be allocated to new any remaining attractive fixed term deposits or fixed bonds (refer to respective sections below).



Compliant	Horizon	Invested (\$)	Invested (%)	Min. Limit (%)	Max. Limit (%)	Available (\$)
✓	0 - 365 days	\$149,120,375	43.77%	0%	100%	\$191,557,081
✓	1 - 3 years	\$86,500,000	25.39%	0%	70%	\$151,974,219
✓	3 – 5½ years	\$105,057,081	30.84%	0%	40%	\$31,213,901
✓	5½ - 10 years	\$0	0.00%	0%	10%	\$34,067,746
		\$340,677,456	100.00%			

Counterparty

As at the end of July, Council did not have an overweight position to any single ADI. Overall, the portfolio is diversified across the investment grade credit spectrum (rated BBB- or higher), with no exposure to unrated ADIs.

Compliant	Issuer	Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	NAB	AA-	\$90,000,000	26.42%	30.00%	\$12,203,237
✓	WBC (St George)	AA-	\$69,620,375	20.44%	30.00%	\$32,582,862
✓	Rabobank	A+	\$8,000,000	2.35%	20.00%	\$60,135,491
✓	ICBC Sydney	A	\$64,000,000	18.79%	20.00%	\$4,135,491
✓	ING Bank Aus.	A	\$15,500,000	4.55%	20.00%	\$52,635,491
✓	Aus Military Bank	BBB+	\$7,500,000	2.20%	10.00%	\$26,567,746
✓	BOQ	BBB+	\$27,000,000	7.93%	10.00%	\$7,067,746
✓	Bendigo	BBB+	\$3,057,081	0.90%	10.00%	\$31,010,665
✓	AMP	BBB	\$2,000,000	0.59%	10.00%	\$32,067,746
✓	Auswide	BBB	\$24,000,000	7.04%	10.00%	\$10,067,746
✓	MyState	BBB	\$13,000,000	3.82%	10.00%	\$21,067,746
✓	Newcastle PBS	BBB	\$17,000,000	4.99%	10.00%	\$17,067,746
			\$340,677,456	100.00%		

We remain supportive of the regional and unrated ADI sector (and have been even throughout the GFC period). They continue to remain solid, incorporate strong balance sheets, while exhibiting high levels of capital – typically, much higher compared to the higher rated ADIs. Some unrated ADIs have up to 25-40% more capital than the domestic major banks, and well above the Basel III requirements.

RBA Governor Lowe has commented that they have not seen any signs of stress in the financial system and that unlike during the GFC, the banks (all ADIs) now have cash, are well capitalised and are acting as “shock absorbers” in the current crisis.

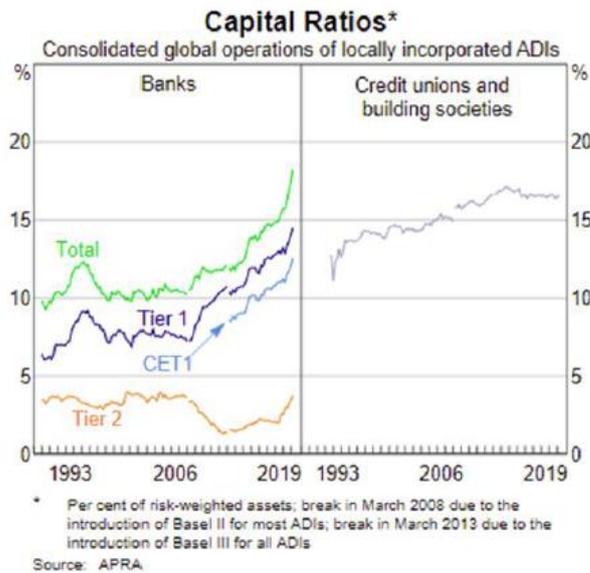
Overall, the lower rated ADIs (BBB and unrated) are generally now in a better financial position than they have been historically (see the Capital Ratio figure below). We believe that deposit investments with the lower rated ADIs should be continued going forward, particularly when they offer ‘above market’ specials. Not only would it diversify the investment portfolio and reduce credit risk, it would also improve the portfolio’s overall returns.

In the current environment of high regulation and scrutiny, all domestic (and international) ADIs continue to carry high levels of capital. There is minimal (if any) probability of any ADI defaulting on



their deposits going forward – this was stress tested during the GFC. APRA’s mandate is to “*protect depositors*” and provide “*financial stability*”.

The biggest single risk that depositors face in the current low interest rate environment is not capital or credit risk, but reinvestment risk. Interest rates are now at their effective lower bound of 0.10%.





Fossil Fuel Investments

What is Council's current exposure to institutions that fund fossil fuels?

Using the following link <http://www.marketforces.org.au/banks/compare>, based on the Council's investment portfolio balance as at 31/07/2021 (\$340.68m), we can roughly estimate that ~60% of the investments have some form of exposure.

How would Council modify its Investment Policy to cater for divestment of fossil fuels?

If the major banks were withdrawn from investments, some members of the community may look at that remaining list of ADIs (banks) and say *"Why the do we have all our money with those no-name institutions? I've never even heard of them. We don't want to take risks with our money after councils lost \$100's of millions speculating in the GFC"*. It will be difficult to please everyone. We suggest starting the discussion with all Councillors asking *"are you comfortable investing all the money with the lower rated regionals and credit unions?"* If not, then a full divestment campaign will be complicated.

Some ways to potentially 'make changes' to the policy, or at least have a discussion, includes:

- *"Where possible within policy and without compromising the risk and return profile, we favour..."*
- *"We have not yet made a decision to divest because it will have implications on credit quality, ratings and income, but we are actively discussing..."*

What would be implications on our portfolio credit rating?

By adopting a free fossil fuel policy or an active divestment strategy, this would eliminate the major banks rated "AA-" as well as some other "A" rated banks (AMP, BoQ and ING). Council would be left with a smaller sub-sector of banks to choose to invest with.

What would be risks and implications on Council's portfolio performance?

Some implications include:

- High concentration risk – limiting Council to a selected number of banks;
- Increased credit/counterparty risk;
- May lead to a reduction in performance (most of the senior FRN issues are with the higher rated ADIs) which could result in a significant loss of income generated – could be in excess of hundreds of thousands of dollars per annum;
- Underperformance compared to other Councils.

It may be contrary to Council's primary objective to preserve capital as the investment portfolio's risk would increase (all things being equal). Council may not be maximising its returns – this is one of the primary objectives written in the Investment Policy.



Council's exposure is summarised as follows:

Counterparty	Credit Rating	Funding Fossil Fuel
NAB	AA-	Yes
WBC (St George)	AA-	Yes
Rabobank	A+	No
ICBC, Sydney	A	No
ING Bank Australia	A	Yes
Australian Military	BBB+	No
BoQ	BBB+	Yes
Bendigo-Adelaide	BBB+	No
AMP	BBB	Yes
Auswide	BBB	No
MyState Bank	BBB	No
Newcastle Permanent	BBB	No

^^The underlying exposure in these managed funds includes the domestic major banks.

Source: <https://www.marketforces.org.au/info/compare-bank-table/>

Summary	Amount	Invested %
Yes	\$204,120,375	60%
No	\$136,557,081	40%
	\$340,677,456	100%



Credit Quality

The portfolio remains diversified from a credit ratings perspective. The portfolio is entirely directed to the investment grade ADIs (BBB- or higher), with zero allocation to unrated ADIs. There is high capacity to invest in the higher rated ADIs (A or higher), particularly after the downgrades of BoQ and Bendigo-Adelaide Bank in May 2017.

There is currently substantial capacity to invest with the “BBB” rated ADIs (~\$26m remaining at month-end), although most ADIs in this sector are currently full on liquidity due to the combination of low credit growth and the term funding facility (TFF) provided by the RBA (access to cheap funding).

If there are any attractive deposits being offered in the “BBB” rated sector (outside of BoQ, which Council is close to maximum limits), we will inform Council to take advantage and invest accordingly.

All ratings categories are within the current Policy limits:

Compliant	Credit Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	AA Category	\$159,620,375	46.85%	100%	\$181,057,081
✓	A Category	\$87,500,000	25.68%	60%	\$116,906,473
✓	BBB Category	\$93,557,081	27.46%	35%	\$25,680,028
✓	Unrated ADIs	\$0	0.00%	5%	\$17,033,873
		\$340,677,456	100.00%		



Performance

Council's performance for the month ending 31 July 2021 is summarised as follows:

Performance (Actual)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.01%	0.03%	0.05%	0.01%	0.14%
AusBond Bank Bill Index	0.00%	0.01%	0.01%	0.00%	0.05%
Council's T/D Portfolio	0.15%	0.45%	0.92%	0.15%	2.01%
Council's FRN Portfolio	0.08%	0.25%	0.49%	0.08%	1.02%
Council's Portfolio[^]	0.15%	0.45%	0.92%	0.15%	2.00%
Outperformance	0.14%	0.44%	0.90%	0.14%	1.95%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

Performance (Annualised)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.10%	0.10%	0.10%	0.10%	0.14%
AusBond Bank Bill Index	0.04%	0.04%	0.03%	0.04%	0.05%
Council's T/D Portfolio	1.74%	1.81%	1.86%	1.74%	2.01%
Council's FRN Portfolio	1.00%	1.00%	1.00%	1.00%	1.02%
Council's Portfolio[^]	1.74%	1.80%	1.85%	1.74%	2.00%
Outperformance	1.70%	1.76%	1.83%	1.70%	1.95%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

For the month of July, the total portfolio (excluding cash) provided a solid return of +0.15% (actual) or +1.74% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.00% (actual) or +0.04% p.a. (annualised). Over the past year, the portfolio returned a very strong +2.00% p.a., outperforming bank bills by 1.95% p.a.

The strong performance continues to be driven by the handful of deposits still yielding above 3% p.a. However, some of these individual deposits are approaching maturity and will be reinvested at much lower prevailing rates.

We are pleased that PMHC remains amongst the best performing Councils in the state of NSW where deposits are concerned, earning on average, around \$2,800,000 in additional interest income compared to its peers (refer to our May 2021 rankings). We have been pro-active in our advice about protecting interest income and addressing reinvestment risk for many years and encouraged to maintain a long duration position. This is now reflected by the high performance of the investment portfolio. Of the 78 individual deposits PMHC held, 12 are still yielding higher than 3.00% p.a. That is, around 15% of outstanding deposits held is earning an interest rate that is thirty times the prevailing cash rate of 0.10%.



Council's Term Deposit Portfolio & Recommendation

As at the end of July 2021, Council's deposit portfolio was yielding 1.70% p.a. (down 8bp from the previous month), with an average duration of ~2.06 years. Where possible, we recommend Council at least maintains this average duration. In the low interest rate environment, the biggest collective risk that the local government sector has faced over the post-GFC era has been the dramatic fall in interest rates - from 7¼% to the historical low levels of 0.10%.

As the past decade has highlighted (post-GFC era), we have seen too many portfolios' roll a high proportion of their deposits between 3-6 months, resulting in their deposits being reinvested at lower prevailing rates. That is, depositors have overpaid for liquidity and generally not insured themselves against the low interest rate environment by diversify their funding across various tenors (out to 5 years) but rather placed all their 'eggs in one basket' and kept all their deposits short. **Reinvestment risk has collectively been and continues to be the biggest detriment to depositors' interest income over the post-GFC period.**

At the time of writing, we see value in:

ADI	LT Credit Rating	Term	T/D Rate
ICBC, Sydney	A	5 years	1.32% p.a.
NAB	AA-	5 years	1.15% p.a.
ICBC, Sydney	A	4 years	1.10% p.a.
BoQ	BBB+	4 years	1.00% p.a.
NAB	AA-	4 years	0.95% p.a.
ICBC, Sydney	A	3 years	0.90% p.a.
AMP Bank	BBB	3 years	0.80% p.a. [^]
BoQ	BBB+	3 years	0.80% p.a.
AMP Bank	BBB	2 years	0.75% p.a. [^]
NAB	AA-	3 years	0.70% p.a.
ICBC, Sydney	A	2 years	0.69% p.a.
NAB	AA-	2 years	0.60% p.a.

[^] AMP T/Ds – contact us to receive an additional 0.20% p.a. rebated commission on top of the rate shown above

The above deposits are suitable for investors looking to provide some income protection and mitigate reinvestment/rollover risk in the low interest rate environment.

For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (dependent on daily funding requirements):



ADI	LT Credit Rating	Term	T/D Rate
Judo Bank	Unrated ADI	12 months	0.90% p.a.
AMP Bank	BBB	11-12 months	0.75% p.a.^
Bank of Sydney	Unrated ADI	6 months	0.59% p.a.
ME Bank	BBB+	6-12 months	~0.50% p.a.
BoQ	BBB+	9-12 months	0.45% p.a.
CBA	AA-	12 months	~0.40% p.a.
NAB	AA-	12 months	0.35% p.a.
Bendigo-Adelaide	BBB+	9-12 months	0.35% p.a.

[^] AMP T/Ds – contact us to receive an additional 0.20% p.a. rebated commission on top of the rate shown above

Amongst the investment grade sector, short-dated term deposits (maturing less than 12 months) are yielding under 0.50% p.a. (most are under 0.40% p.a.). We believe there is not much value being offered in short-dated deposits.

In contrast, there is an upward pick-up in yield for investors that can take advantage of 2-5 year fixed T/Ds whilst official rates are stuck at depressed levels at least for the next two to three years. For those investors that do not require high levels of liquidity and can stagger their investments longer-term, they will be rewarded over coming years if they roll for a minimum term of 2 years (we note some investors tend to roll for 3-5 years), potentially yielding, on average, more than double the return compared to those investors that purely invest in short-dated deposits.



Senior FRNs & Recommendations

Over July, amongst the senior major bank FRNs, physical credit securities tightened by around 3-4bp at the long-end of the curve. Secondary market securities remain tight on a historical basis on the back of the RBA announcing it will continue its QE program, albeit tapered to \$4bn a week, from \$5bn, with the pace to be maintained until at least mid-November 2021. The RBA will maintain the 80/20 split between CGS and Semis. There are talks however that the RBA may reverse their decision on tapering due to the ongoing outbreak and extended lockdown in Sydney.

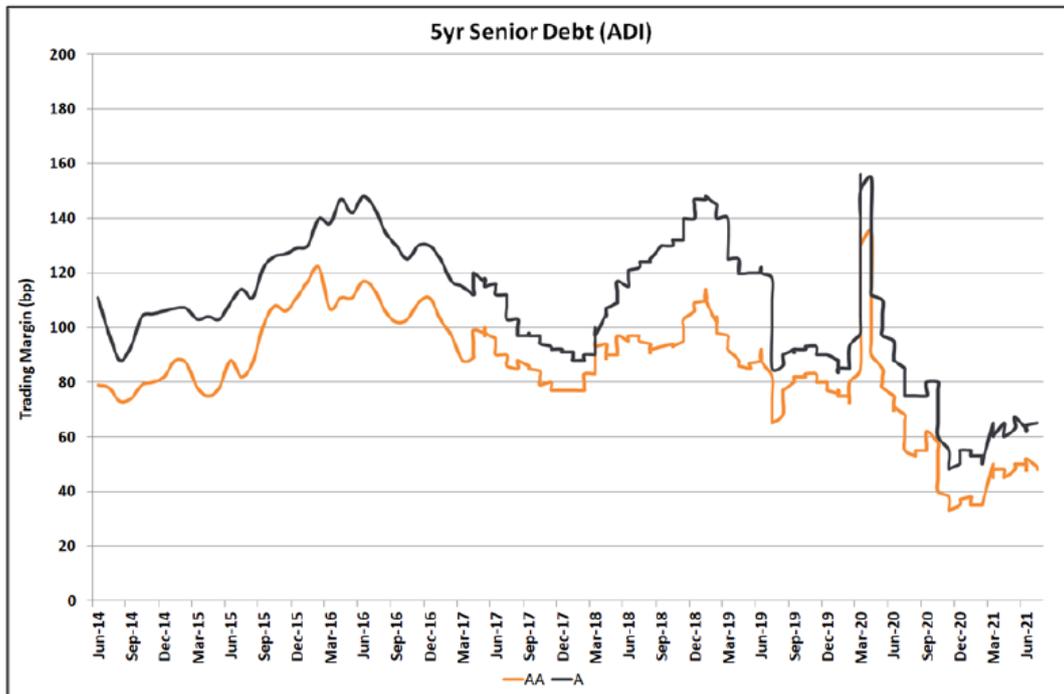
A new 5 year senior major bank FRN would now be issued around the +48bp, which remains tight on a historical basis. We may finally see some primary issuances in Q3-Q4 this year from the major banks after the RBA's term funding facility (TFF) ended in June. The lack of supply from new (primary) issuances has played a major role with the rally in credit markets over the past year.

Amongst the "A" and "BBB" rated sector, the securities were also marked around 2-4bp tighter at the long-end of the curve, with minimal volumes again being offered in the primary market during July. While turnover in the secondary market is still predominately dominated by commonwealth, semi-government and major bank senior paper, given the lack of supply, we have started to observe that even a handful of regional bank senior paper has sometimes been trading inside "mid" levels over recent months.

Credit securities remain tight on a historical level but are looking slightly more attractive following the widening experienced since the start of the calendar year. FRNs will continue to play a role in investor's portfolios mainly on the basis of their liquidity and the ability to roll down the curve and gross up returns over ensuing years (in a relatively stable credit environment).

Senior FRNs (ADIs)	31/07/2021	30/06/2021
"AA" rated – 5yrs	+48bp	+52bp
"AA" rated – 3yrs	+22bp	+25bp
"A" rated – 5yrs	+65bp	+64bp
"A" rated – 3yrs	+40bp	+42bp
"BBB" rated – 3yrs	+48bp	+52bp

Source: IBS Capital



Source: IBS Capital

We now generally **recommend switches** ('benchmark' issues only) into new attractive primary issues (or longer-dated alternatives), out of the following senior FRNs that are maturing:

- **On or before mid-2024 for the "AA" rated ADIs (domestic major banks);**
- On or before mid-2022 for the "A" rated ADIs; and
- Within 12 months for the "BBB" rated ADIs (consider case by case).

Investors holding onto the above senior FRNs ('benchmark' issues only) in their last 1-2 years are now generally holding sub-optimal investments and are not maximising returns by foregoing realised capital gains. In the current low interest rate environment, any boost in overall returns should be locked in when it is advantageous to do so.

In late August 2019, Council placed a bid of \$3m into the new Bendigo (BBB+) 5 year FRN at +97bp maturing 06/09/2024 (ISIN: AU3FN0050019). This FRN should be viewed as a 3½-4 year holding period, with the ability to 'roll down the curve', realise capital gains which would boost the overall return of the investment portfolio. The security was marked around +35bp (from +40bp the previous month) or a capital price ~\$101.90 at month-end. We recommend Council holds this FRN.



Senior Bonds - Northern Territory Treasury Corporation (NTTC)

We are aware of the following senior retail bond offering from Northern Territory Treasury Corporation (NTTC) effective 1st July 2021:

Maturity Date	Rate % p.a. [^]	Interest Paid
15/12/2022	0.40%	Annually
15/12/2023	0.60%	Annually
15/12/2024	1.00%	Annually
15/12/2025	1.20%	Annually
15/12/2026	1.50%	Annually

^{^^}The rates offered in the above table can be reviewed and changed at any time from Treasury. The rate for broker sponsored applications will be dropped by 0.20% p.a. effective 1 October 2020.

Any investor interested in this product should avoid placing through the broker channel and contact Imperium Markets to receive the full commission of 0.25% (plus GST) on the face value of the investment, in the form of an additional rebate. If placed through the brokers, they are likely to keep the 0.25% commission (on the face value of the investment).

Overview	Description
Issuer	Northern Territory Government
Credit Rating	Aa3 (Moody's), which is AA- equivalent (S&P)
Type	Fixed senior (retail) bonds
Program	Territory Bonds Issue 111
Date for applications	01/07/2021 – 30/11/2021
Liquidity	Weekly redemptions available, subject to the prevailing market rate and administration costs ^{^^}

^{^^} Note given this is a retail bond offering (min. parcel size of \$5,000), for wholesale investors, we would not consider this to be a liquid investment (the largest redemptions to date have only been \$200-\$300k).

The product should be viewed as a hold-to-maturity product, noting there are significant penalty costs including admin fees, the prevailing market interest rate, and factors in any associate commissions that were previously paid. Given the longer-term outlook for official interest rates, **any investor with capacity should consider placing a small parcel (up to \$5m) in the 15/12/2024, 15/12/2025 and 15/12/2026 maturities through Imperium Markets** to receive an effectively higher rate, once factoring in the rebated commission.



Economic Commentary

International Market

Global financial markets remained cautious with the surge in infections occurring in developed markets despite high levels of vaccination, underscoring that fully vaccinated people while being protected from severe cases and hospitalisation, can still transmit the virus.

US equity markets continued to surpass their all-time highs after strong earnings swept away any Delta concerns with up to 90% of companies beating expectations. The base case in the US is that the rise in Delta infections will not see restrictions tightened.

In the US, the S&P 500 Index gained +2.27%, while the tech-heavy NASDAQ Index added +1.16%. Equities were mixed across Europe's main indices, with gains led by France's CAC (+1.61%) and Germany's DAX (+0.09%). UK's FTSE fell -0.07% over the month.

The US unemployment rate rose to 5.9% in June (from 5.8% in May), driven by lower participation. Overall the level of payrolls is still 6.8 million below pre-pandemic February 2020 levels and is still below the level of substantial progress needed by the US Fed to lift rates or start tapering QE.

The US CPI print for both headline and core jumped +0.9% m/m in June. The annual rates which are being impacted by base effects were also much stronger than expected with **core at +4.5% y/y and headline at +5.4% y/y.**

The ECB dropped its 18-year, ambiguous "below, but close to 2%" goal for a simple "2% over the medium-term" option inflation target. ECB President Lagarde said their current €1.85 trillion bond-buying plan will run "at least" until March 2022 and then likely be followed by a "transition into a new format".

In mid-July, UK Prime Minister Johnson confirmed "Freedom Day", from which all COVID-related restrictions on UK citizens were no longer mandatory. **UK CPI surprised on the upside for the second month running, with core inflation now running above target, at +2.3%.**

The Bank of Canada delivered its Monetary Policy Report, keeping its cash rate unchanged at 0.25%, and tapering its bond buying from \$3b/week to \$2b/week. The average of Canada's three core inflation measures is running at 2.3%, above its 2% target.

The MSCI World ex-Aus Index rose +1.79% for the month of July:

Index	1m	3m	1yr	3yr	5yr	10yr
S&P 500 Index	+2.27%	+5.12%	+34.37%	+15.99%	+15.12%	+13.02%
MSCI World ex-AUS	+1.79%	+4.54%	+33.27%	+12.74%	+12.44%	+9.17%
S&P ASX 200 Accum. Index	+1.10%	+5.80%	+28.56%	+9.48%	+10.05%	+9.83%

Source: S&P, MSCI



Domestic Market

The RBA made three important decisions on policy in its July meeting. **The QE program was tapered to \$4bn a week, from \$5bn**, with the pace to be maintained until at least mid-November 2021. **The 3yr yield curve control (YCC) target was not extended**. Their updated forward guidance on the cash rate opens the possibility of rate hikes earlier than 2024, noting *“the Bank’s central scenario for the economy is that this condition will not be met before 2024”*.

Sydney’s lockdown was extended to at least the end of August. Fiscal support was announced, with businesses having a turnover of up to \$250 million and experiencing a 30% reduction in turnover will receive each week 40% of their state payroll payments, based on the 2020-21 average, at a minimum of \$1,500 and capped at \$10,000 per week. There were temporary lockdowns in multiple other states (VIC and SA) during July, albeit not as severe as NSW.

Headline employment was +29k in June after May’s strong +115.2k, and the level of employment is now 1.2% above pre-pandemic February 2020 levels. **The unemployment rate fell to 4.9% from 5.1%** and is at its lowest level since December 2010.

Q2 headline inflation grew strongly at +0.8% q/q, taking the annual rate to +3.8%, on base effects from free childcare in Q2 2020, which should start to fall back next quarter. **The RBA’s preferred trimmed-mean measure rose +0.5% q/q and +1.6% y/y**.

The trade surplus increased by \$1.5bn to \$9.7bn, with the rise almost entirely driven by record high iron ore exports with ‘metal ores and mineral’ exports lifting +11% (or \$1.8bn) to \$18.0bn.

APRA announced it would again provide regulatory relief for banks offering temporary assistance to COVID-19 impacted borrowers.

During the month, the domestic equity market swept aside the extended lockdowns in Sydney, with the S&P ASX 200 Index surpassing new highs, on the prospects of the RBA extending its stimulus program and keeping rates lower for longer.

The Australian dollar fell -1.82%, finishing the month at US73.81 cents (from US75.18 cents the previous month).

Credit Market

The main global credit indices remained flat over July, while the Australian iTraxx widened on the extension of the lockdown in Greater Sydney. The indices now trade back to their levels experienced in late 2020:

Index	July 2021	June 2021
CDX North American 5yr CDS	50bp	48bp
iTraxx Europe 5yr CDS	47bp	47bp
iTraxx Australia 5yr CDS	63bp	58bp

Source: Markit



Fixed Interest Review

Benchmark Index Returns

Index	July 2021	June 2021
Bloomberg AusBond Bank Bill Index (0+YR)	+0.00%	+0.00%
Bloomberg AusBond Composite Bond Index (0+YR)	+1.76%	+0.69%
Bloomberg AusBond Credit FRN Index (0+YR)	+0.11%	+0.08%
Bloomberg AusBond Credit Index (0+YR)	+1.00%	+0.33%
Bloomberg AusBond Treasury Index (0+YR)	+2.01%	+0.99%
Bloomberg AusBond Inflation Gov't Index (0+YR)	+2.70%	+0.79%

Source: Bloomberg

Other Key Rates

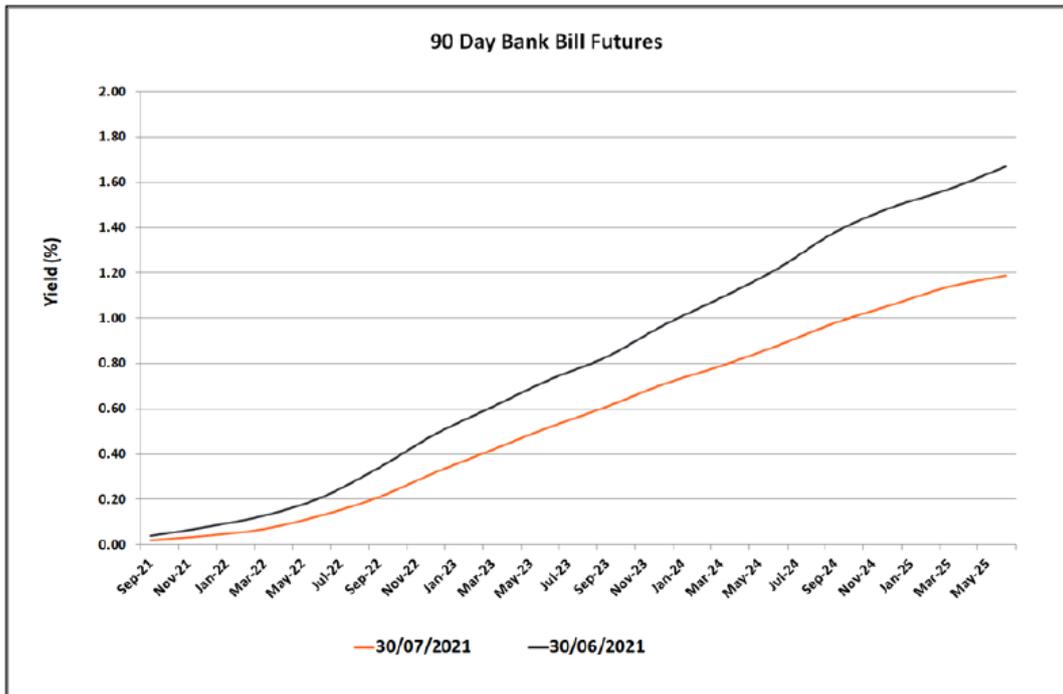
Index	July 2021	June 2021
RBA Official Cash Rate	0.10%	0.10%
90 Day (3 month) BBSW Rate	0.02%	0.03%
3yr Australian Government Bonds	0.12%	0.20%
10yr Australian Government Bonds	1.15%	1.49%
US Fed Funds Rate	0.00%-0.25%	0.00%-0.25%
10yr US Treasury Bonds	1.24%	1.45%

Source: RBA, AFMA, US Department of Treasury



90 Day Bill Futures

Over July, bill futures fell across the board, primarily driven by the extended lockdown in Greater Sydney. Overall, bill futures continue to depict a low rate environment over the long-run, despite the steeping curve in recent months:



Source: ASX



Fixed Interest Outlook

Delta variant concerns have persisted, resulting in global bond yields to drift significantly lower. Adding to the downward pressure on bond yields has been that global central banks have maintained their dovish stance, pushing back on the market's concerns surrounding rising inflationary pressures. Central banks have continued to dismiss the current and expected rise of inflation as 'transitory', citing deep scars from the pandemic that are at work to add to the pre-existing structural downward pressures on inflation.

US Fed Chair Powell reiterated the economic recovery still has not progressed enough to begin QE tapering. The US economy is travelling in the right direction, but the standard of substantial progress is far away and is not within sight.

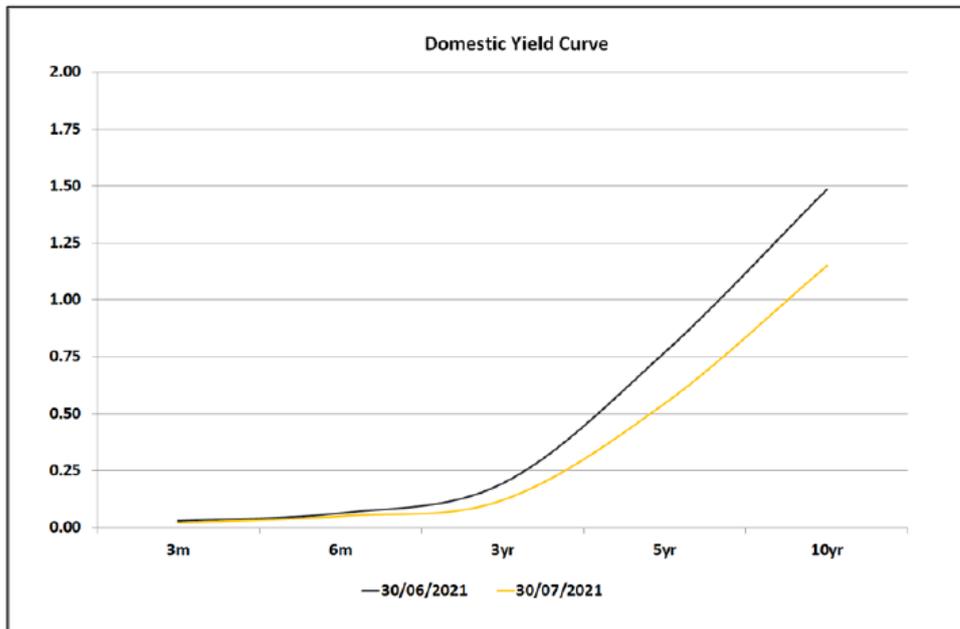
In Australia, sporadic outbreaks are likely to be controlled via short-lived restrictions until the vaccination rate lifts substantially, with a target set between 70-80%. The RBA has factored in these snap lockdowns as part of their economic projections. Conceivably, the RBA's base case scenario does not see rate hikes until 2024 (conditions for an official rate rise "***will not be met until 2024***"), while their upside scenario is consistent with rate hikes in 2023, dependent on the flow of ongoing economic data.

They would like to see the following three economic indicators improve before they even consider increasing interest rates:

1. The unemployment rate to drop to around 4.5% (currently it sits at 4.9% and has not been below 4.5% since 2008);
2. "*Until actual (underlying) inflation is sustainably within the 2-3% target range*" (it has not been within their target band for the past 5 years); and
3. Wage growth to surpass +3% (it has not been above this level for the past 8 years).

Governor Lowe has remained relatively dovish with his comments, indicating an earlier rate hike prior to 2024 would require "*strong, unequivocal evidence that the pick-up in the economy is translating into wages growth and inflation is sustainably higher*".

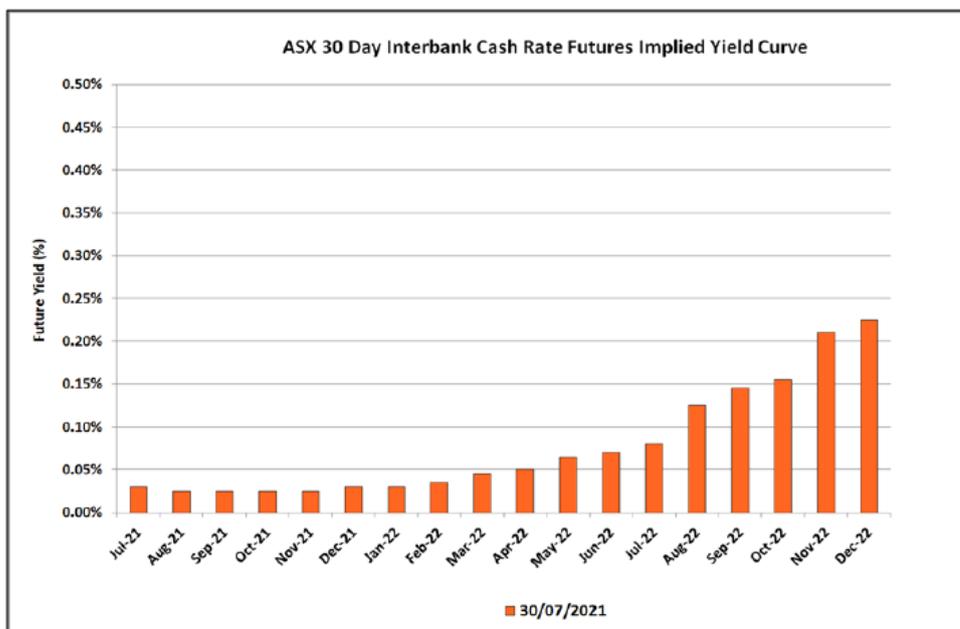
The domestic bond market continues to suggest a prolonged low period of interest rates. Over the month, yields fell up to 34bp at the long-end of the curve:



Source: AFMA, ASX, RBA

RBA Deputy Governor Debelle reiterated that the RBA would be looking for actual, rather than forecast wages growth and inflation when deliberating on monetary policy. Their current forward guidance remains poised for a rate hike in 2024 at the earliest.

The market has somewhat pushed back the 15bp rate hike factored in by the end of 2022 last month:



Source: ASX



Disclaimer

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Investment Report

01/07/2021 to 31/07/2021



Portfolio Valuation as at 31/07/2021

Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Value	Accrued	Accrued MTD
NAB	AA-	TD	GENERAL	Annual	02/08/2018	03/08/2021	3.0700	5,000,000.00	152,238.36	13,036.99
Westpac	AA-	TD	GENERAL	At Maturity	21/01/2021	23/08/2021	0.2000	20,000.00	21.04	3.40
ICBC Sydney Branch	A	TD	GENERAL	Annual	30/08/2019	30/08/2021	1.6200	5,000,000.00	74,342.47	6,879.45
NAB	AA-	TD	GENERAL	At Maturity	31/08/2020	31/08/2021	0.8000	5,000,000.00	36,712.33	3,397.26
NAB	AA-	TD	GENERAL	Annual	31/08/2020	31/08/2021	0.8000	5,000,000.00	36,712.33	3,397.26
Westpac	AA-	TD	GENERAL	Quarterly	13/09/2018	14/09/2021	2.8800	5,000,000.00	18,542.47	12,230.14
NAB	AA-	TD	GENERAL	Annual	27/09/2018	28/09/2021	3.0500	5,000,000.00	128,267.12	12,952.05
Auswide Bank	BBB	TD	GENERAL	Annual	30/09/2019	30/09/2021	1.7500	4,000,000.00	58,493.15	5,945.21
Westpac	AA-	TD	GENERAL	Quarterly	13/09/2018	12/10/2021	2.8900	5,000,000.00	18,606.85	12,272.60
Auswide Bank	BBB	TD	GENERAL	Annual	23/10/2019	25/10/2021	1.6500	5,000,000.00	63,739.73	7,006.85
Auswide Bank	BBB	TD	GENERAL	At Maturity	25/11/2019	25/11/2021	1.7000	5,000,000.00	143,219.18	7,219.18
ICBC Sydney Branch	A	TD	GENERAL	Annual	05/12/2018	07/12/2021	3.0100	4,000,000.00	78,177.53	10,225.75
ICBC Sydney Branch	A	TD	GENERAL	Annual	16/12/2019	16/12/2021	1.5700	4,000,000.00	39,228.49	5,333.70
ING Direct	A	TD	GENERAL	Annual	30/01/2020	31/01/2022	1.6500	5,000,000.00	41,589.04	7,006.85
Newcastle Permanent	BBB	TD	GENERAL	Quarterly	07/02/2019	08/02/2022	3.0500	4,000,000.00	28,745.21	10,361.64
Westpac	AA-	TD	GENERAL	Annual	21/02/2017	21/02/2022	3.6100	2,000,000.00	31,649.32	6,132.05
NAB	AA-	TD	GENERAL	Annual	21/02/2017	21/02/2022	3.4600	5,000,000.00	75,835.62	14,693.15
ING Direct	A	TD	GENERAL	Annual	02/03/2020	02/03/2022	1.5000	5,000,000.00	31,232.88	6,369.86



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Value	Accrued	Accrued MTD
BOQ	BBB+	TD	GENERAL	Annual	15/03/2017	15/03/2022	3.8000	2,000,000.00	28,942.47	6,454.79
Newcastle Permanent	BBB	TD	GENERAL	Quarterly	12/03/2019	22/03/2022	2.9000	4,000,000.00	14,936.99	9,852.05
Newcastle Permanent	BBB	TD	GENERAL	Annual	27/03/2019	29/03/2022	2.8000	5,000,000.00	47,945.21	11,890.41
Newcastle Permanent	BBB	TD	GENERAL	Quarterly	18/04/2019	19/04/2022	2.7000	4,000,000.00	3,846.58	3,846.58
Westpac	AA-	TD	LOCAL BRANCH	At Maturity	21/05/2021	23/05/2022	0.2500	10,000.00	4.93	2.12
BOQ	BBB+	TD	GENERAL	Annual	28/05/2019	30/05/2022	2.4000	4,000,000.00	17,095.89	8,153.42
BOQ	BBB+	TD	GENERAL	Annual	02/06/2021	02/06/2022	0.4000	5,000,000.00	3,287.67	1,698.63
Rabobank Australia Branch	A+	TD	GENERAL	Annual	08/06/2017	07/06/2022	3.2200	5,000,000.00	23,819.18	13,673.97
Australian Military Bank	BBB+	TD	GENERAL	Annual	19/06/2020	20/06/2022	1.1500	2,000,000.00	2,583.56	1,953.42
Australian Military Bank	BBB+	TD	GENERAL	Annual	19/06/2020	20/06/2022	1.1500	2,000,000.00	2,583.56	1,953.42
Australian Military Bank	BBB+	TD	GENERAL	Annual	23/06/2020	23/06/2022	1.0500	3,500,000.00	3,926.71	3,121.23
Westpac	AA-	TD	GENERAL	Quarterly	23/06/2020	23/06/2022	1.0100	3,500,000.00	3,777.12	3,002.33
Westpac	AA-	TD	GENERAL	Quarterly	24/06/2020	24/06/2022	1.0200	5,000,000.00	5,309.59	4,331.51
NAB	AA-	TD	GENERAL	Annual	02/08/2018	02/08/2022	3.2200	4,000,000.00	127,741.37	10,939.18
NAB	AA-	TD	GENERAL	Annual	16/08/2018	16/08/2022	3.0500	4,000,000.00	116,652.05	10,361.64
ICBC Sydney Branch	A	TD	GENERAL	Annual	28/08/2019	29/08/2022	1.6400	5,000,000.00	75,934.25	6,964.38
Auswide Bank	BBB	TD	GENERAL	At Maturity	06/09/2019	06/09/2022	1.8000	3,000,000.00	102,821.92	4,586.30
Westpac	AA-	TD	LOCAL BRANCH	Annual	13/09/2017	13/09/2022	3.4100	3,000,000.00	89,967.95	8,688.49
Rabobank Australia Branch	A+	TD	GENERAL	Annual	13/09/2017	13/09/2022	3.3800	3,000,000.00	89,176.44	8,612.05
MyState Bank	BBB	TD	GENERAL	Annual	29/09/2020	29/09/2022	0.8500	5,000,000.00	35,630.14	3,609.59



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Value	Accrued	Accrued MTD
Westpac	AA-	TD	GENERAL	Quarterly	29/09/2020	29/09/2022	0.7200	5,000,000.00	3,254.79	3,057.53
Auswide Bank	BBB	TD	GENERAL	Annual	30/09/2019	30/09/2022	1.7500	4,000,000.00	58,493.15	5,945.21
ICBC Sydney Branch	A	TD	GENERAL	Annual	23/10/2019	24/10/2022	1.7000	3,000,000.00	39,402.74	4,331.51
ICBC Sydney Branch	A	TD	GENERAL	Annual	31/10/2019	31/10/2022	1.7300	5,000,000.00	65,171.23	7,346.58
ING Direct	A	TD	GENERAL	Annual	27/02/2020	27/02/2023	1.6000	2,500,000.00	17,095.89	3,397.26
BOQ	BBB+	TD	GENERAL	Annual	28/05/2019	29/05/2023	2.5500	4,000,000.00	18,164.38	8,663.01
BOQ	BBB+	TD	GENERAL	Annual	19/06/2020	19/06/2023	1.3500	2,000,000.00	3,032.88	2,293.15
BOQ	BBB+	TD	GENERAL	Annual	27/06/2019	27/06/2023	2.2000	5,000,000.00	10,246.58	9,342.47
AMP Bank	BBB	TD	GENERAL	Annual	29/07/2021	31/07/2023	0.7500	2,000,000.00	123.29	123.29
MyState Bank	BBB	TD	GENERAL	Annual	14/09/2020	14/09/2023	0.9000	4,000,000.00	31,660.27	3,057.53
MyState Bank	BBB	TD	GENERAL	Annual	14/09/2020	14/09/2023	0.9000	4,000,000.00	31,660.27	3,057.53
ICBC Sydney Branch	A	TD	GENERAL	Annual	27/11/2019	27/11/2023	1.7600	6,000,000.00	71,460.82	8,968.77
ICBC Sydney Branch	A	TD	GENERAL	Annual	16/12/2019	18/12/2023	1.8100	4,000,000.00	45,225.21	6,149.04
Auswide Bank	BBB	TD	GENERAL	At Maturity	02/03/2020	04/03/2024	1.7500	3,000,000.00	74,363.01	4,458.90
BOQ	BBB+	TD	GENERAL	Annual	18/06/2020	18/06/2024	1.4500	3,000,000.00	5,243.84	3,694.52
ING Direct	A	TD	GENERAL	Annual	23/06/2020	24/06/2024	1.2500	3,000,000.00	4,006.85	3,184.93
Bendigo and Adelaide	BBB+	FRN	GENERAL	Quarterly	06/09/2019	06/09/2024	0.9950	3,057,081.00	4,497.95	2,535.21
BOQ	BBB+	TD	GENERAL	Annual	27/09/2019	27/09/2024	2.0000	2,000,000.00	33,643.84	3,397.26
NAB	AA-	TD	GENERAL	Annual	16/10/2020	16/10/2024	0.8000	5,000,000.00	31,671.23	3,397.26
NAB	AA-	TD	GENERAL	Annual	18/11/2020	18/11/2024	0.7000	5,000,000.00	24,547.95	2,972.60



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Value	Accrued	Accrued MTD
NAB	AA-	TD	GENERAL	Annual	29/01/2021	29/01/2025	0.7200	4,000,000.00	14,518.36	2,446.03
NAB	AA-	TD	GENERAL	Annual	02/03/2021	03/03/2025	0.9500	4,000,000.00	15,824.66	3,227.40
ICBC Sydney Branch	A	TD	GENERAL	Annual	18/06/2020	18/06/2025	1.7500	2,000,000.00	4,219.18	2,972.60
NAB	AA-	TD	GENERAL	Annual	26/07/2021	28/07/2025	1.0000	5,000,000.00	821.92	821.92
ICBC Sydney Branch	A	TD	GENERAL	Annual	16/10/2020	16/10/2025	1.2000	5,000,000.00	47,506.85	5,095.89
ICBC Sydney Branch	A	TD	GENERAL	Annual	17/11/2020	17/11/2025	1.3000	6,500,000.00	59,497.26	7,176.71
NAB	AA-	TD	GENERAL	Annual	17/11/2020	17/11/2025	0.8500	3,500,000.00	20,947.26	2,526.71
ICBC Sydney Branch	A	TD	GENERAL	Annual	03/12/2020	03/12/2025	1.2000	5,000,000.00	39,616.44	5,095.89
NAB	AA-	TD	GENERAL	Annual	07/12/2020	08/12/2025	0.9000	5,000,000.00	29,219.18	3,821.92
ICBC Sydney Branch	A	TD	GENERAL	Annual	07/12/2020	08/12/2025	1.2000	5,000,000.00	38,958.90	5,095.89
NAB	AA-	TD	GENERAL	Annual	29/01/2021	29/01/2026	0.9100	4,000,000.00	18,349.59	3,091.51
NAB	AA-	TD	GENERAL	Annual	02/03/2021	02/03/2026	1.2100	4,000,000.00	20,155.62	4,110.68
Westpac	AA-	TD	GENERAL	Quarterly	09/03/2021	09/03/2026	1.2500	5,000,000.00	9,075.34	5,308.22
NAB	AA-	TD	GENERAL	Annual	16/03/2021	16/03/2026	1.2500	5,000,000.00	23,630.14	5,308.22
NAB	AA-	TD	GENERAL	Annual	26/05/2021	26/05/2026	1.2500	5,000,000.00	11,472.60	5,308.22
ICBC Sydney Branch	A	TD	GENERAL	Annual	02/06/2021	02/06/2026	1.4000	2,500,000.00	5,753.42	2,972.60
NAB	AA-	TD	GENERAL	Annual	02/06/2021	02/06/2026	1.3000	2,500,000.00	5,342.47	2,760.27
Westpac	AA-	TD	GENERAL	Quarterly	23/06/2021	23/06/2026	1.3200	5,000,000.00	7,052.05	5,605.48
Westpac	AA-	TD	GENERAL	Quarterly	23/06/2021	23/06/2026	1.3200	5,000,000.00	7,052.05	5,605.48
NAB	AA-	TD	GENERAL	Annual	26/07/2021	27/07/2026	1.2000	5,000,000.00	986.30	986.30



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Value	Accrued	Accrued MTD
ICBC Sydney Branch	A	TD	GENERAL	Annual	28/07/2021	28/07/2026	1.3200	2,000,000.00	289.32	289.32
Westpac	AA-	CASH	GENERAL	Monthly	31/07/2021	31/07/2021	0.3500	26,090,374.71	7,753.47	7,753.47
TOTALS								340,677,455.71	2,814,345.20	444,913.24



Monthly Investment Report

August 2021

 <p>IMPERIUM MARKETS</p>	<p>Imperium Markets Pty Ltd ABN: 87 616 579 527 Authorised Representative of Libertas Financial Planning Pty Ltd AFSL 429 718 Phone: +61 2 9053 2987 Email: michael.chandra@imperium.markets Level 9 Suite 02, 3 Spring Street, Sydney NSW 2000</p>
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Executive Summary

Compliance

Compliance Measure	Within Policy Limits (Y/N)	Reason if Not Compliant
Term to Maturity	Yes – Compliant	n/a
Counterparty	Yes – Compliant	n/a
Credit Quality	Yes – Compliant	n/a

Performance

As at 31/08/2021	1m (actual)	1m (% p.a.)	FYTD (actual)	FYTD (% p.a.)
AusBond Bank Bill Index	0.00%	0.02%	0.00%	0.03%
Council's Portfolio[^]	0.14%	1.64%	0.29%	1.69%
Outperformance	0.14%	1.62%	0.29%	1.66%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

Impact of COVID-19 to Council's Portfolio

COVID-19 has adversely impacted financial markets, which in turn, has also affected Council's investment portfolio. We provide a quick summary in this section.

With regards to financial markets, shares (equities) experienced a significant correction in March 2020 but have continued to surpass their all-time highs due to the unprecedented global fiscal and monetary policy support. **The RBA cut rates to record lows on 3rd November 2020 to 0.10%, consistent with most global central banks resetting their official rates back to emergency levels.** Despite the Delta variant causing a surge in global infections and imposing further lockdowns (including Australia), equity markets have continued their rally over the course of 2021, focusing on the accelerated vaccine rollout and gradual easing of restrictions. Longer-term bond yields have fallen sharply since the start of the calendar year, with the market pushing back on expectations of global central banks tightening in the immediate future.

With regards to the medium-longer term outlook for financial markets, of importance is the RBA's outlook and expectations for the Australian economy. They would like to see the following three economic indicators improve before they even consider increasing interest rates:

1. The unemployment rate to drop to around 4.0% (currently sitting at 4.6% and masked by a drop in the participation rate), noting it has not been below 4.5% since 2008;
2. "Until actual (underlying) inflation is sustainably within the 2-3% target range" (it has not been within their target band for the past 5 years); and
3. Wage growth to surpass +3% (it has not been above this level for the past 8 years).

The RBA's base case (forecast) suggests conditions for a rate rise "**will not be met until 2024**".

The biggest impact to Council's investment portfolio is with regards to its largest exposure being assets held in bank term deposits, which accounts for around ~90% of Council's total investment, and cash (~9% of the total investment portfolio). **The biggest risk that PMHC faces over the medium-longer**



term in this environment is not the potential loss of capital (given all the banks are well capitalised and regulated by APRA), but the rapid loss of interest income as interest rates have plummeted.

Council's term deposit portfolio was yielding 1.66% p.a. at month-end, with a weighted average duration of around 779 days or 2.13 years. **This average duration will provide some income protection against the low interest rate environment over the next 18 months.** As existing deposits mature however, they will inevitably be reinvested at much lower prevailing rates.

We note the current interest rates in the term deposit market:

- The highest deposit rate from any rated ADI in the market is now ~1.30% p.a. for 5 years;
- The highest deposit rates amongst the "AA-" rated ADIs (major banks) is now yielding between 0.40%-1.15% p.a. (depending on term);
- The highest deposit rates amongst the "A" rated ADIs was yielding between 0.60%-1.30% p.a. (depending on term);
- The highest deposit rates amongst the "BBB" rated ADIs was yielding between 0.43%-1.15% p.a. (depending on term).

Given official rates have fallen to record lows, Council is likely to see a rapid decline in interest income over future financial years. Its budgeted income over the medium-longer term needs to be revised to reflect the low interest rate environment. Returns between 0.40%-0.80% p.a. may potentially be the "norm" over the next few financial years, especially if rolling the majority of surplus funds for terms less than 2-3 years. Yields may in fact be lower if electing to invest for terms under 12 months.

Council is protecting its income from falling more rapidly by investing maturing assets in the 3-5 year term horizon, locking in the majority of 'new' placements above 1.00% p.a.



Council's Portfolio

Asset Allocation

The portfolio is predominately directed to fixed term deposits (89.97%). The remainder of the portfolio is directed to the overnight cash account with Westpac (9.13%) and the single FRN with Bendigo-Adelaide (0.90%).

With the RBA cutting interest rates in November 2020 to 0.10%, the priority should be to lock in any remaining attractive medium-longer dated fixed deposits or senior fixed bonds that may still be available to address reinvestment risk as margins continue to compress.



Term to Maturity

All maturity limits (minimum and maximum) comply with the Investment Policy. Medium-Term (3-5½ years) assets account for around 31% of the total investment portfolio, with capacity of around \$31m at month-end.



Where there is (counterparty) capacity to invest in attractive 3-5½ year investments, we recommend this be allocated to new any remaining attractive fixed term deposits or fixed bonds (refer to respective sections below).



Compliant	Horizon	Invested (\$)	Invested (%)	Min. Limit (%)	Max. Limit (%)	Available (\$)
✓	0 - 365 days	\$147,126,463	43.19%	0%	100%	\$193,557,837
✓	1 - 3 years	\$88,500,000	25.98%	0%	70%	\$149,979,010
✓	3 – 5½ years	\$105,057,837	30.84%	0%	40%	\$31,215,883
✓	5½ - 10 years	\$0	0.00%	0%	10%	\$34,068,430
		\$340,684,300	100.00%			

Counterparty

As at the end of August, Council did not have an overweight position to any single ADI. Overall, the portfolio is diversified across the investment grade credit spectrum (rated BBB- or higher), with no exposure to unrated ADIs.

Compliant	Issuer	Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	NAB	AA-	\$75,000,000	22.01%	30.00%	\$27,205,290
✓	WBC	AA-	\$84,626,463	24.84%	30.00%	\$17,578,827
✓	Rabobank	A+	\$8,000,000	2.35%	20.00%	\$60,136,860
✓	ICBC Sydney	A	\$59,000,000	17.32%	20.00%	\$9,136,860
✓	ING Bank Aus.	A	\$15,500,000	4.55%	20.00%	\$52,636,860
✓	Aus Military Bank	BBB+	\$10,500,000	3.08%	10.00%	\$23,568,430
✓	BOQ	BBB+	\$29,000,000	8.51%	10.00%	\$5,068,430
✓	Bendigo	BBB+	\$3,057,837	0.90%	10.00%	\$31,010,593
✓	AMP	BBB	\$2,000,000	0.59%	10.00%	\$32,068,430
✓	Auswide	BBB	\$24,000,000	7.04%	10.00%	\$10,068,430
✓	MyState	BBB	\$13,000,000	3.82%	10.00%	\$21,068,430
✓	Newcastle PBS	BBB	\$17,000,000	4.99%	10.00%	\$17,068,430
			\$340,684,300	100.00%		

We remain supportive of the regional and unrated ADI sector (and have been even throughout the GFC period). They continue to remain solid, incorporate strong balance sheets, while exhibiting high levels of capital – typically, much higher compared to the higher rated ADIs. Some unrated ADIs have up to 25-40% more capital than the domestic major banks, and well above the Basel III requirements.

RBA Governor Lowe has commented that they have not seen any signs of stress in the financial system and that unlike during the GFC, the banks (all ADIs) now have cash, are well capitalised and are acting as “shock absorbers” in the current crisis.

Overall, the lower rated ADIs (BBB and unrated) are generally now in a better financial position than they have been historically (see the Capital Ratio figure below). We believe that deposit investments with the lower rated ADIs should be continued going forward, particularly when they offer ‘above market’ specials. Not only would it diversify the investment portfolio and reduce credit risk, it would also improve the portfolio’s overall returns.

In the current environment of high regulation and scrutiny, all domestic (and international) ADIs continue to carry high levels of capital. There is minimal (if any) probability of any ADI defaulting on



their deposits going forward – this was stress tested during the GFC. APRA’s mandate is to “*protect depositors*” and provide “*financial stability*”.

The biggest single risk that depositors face in the current low interest rate environment is not capital or credit risk, but reinvestment risk. Interest rates are now at their effective lower bound of 0.10%.





Fossil Fuel Investments

What is Council's current exposure to institutions that fund fossil fuels?

Using the following link <http://www.marketforces.org.au/banks/compare>, based on the Council's investment portfolio balance as at 31/08/2021 (\$340.68m), we can roughly estimate that ~61% of the investments have some form of exposure.

How would Council modify its Investment Policy to cater for divestment of fossil fuels?

If the major banks were withdrawn from investments, some members of the community may look at that remaining list of ADIs (banks) and say "*Why the do we have all our money with those no-name institutions? I've never even heard of them. We don't want to take risks with our money after councils lost \$100's of millions speculating in the GFC*". It will be difficult to please everyone. We suggest starting the discussion with all Councillors asking "*are you comfortable investing all the money with the lower rated regionals and credit unions?*" If not, then a full divestment campaign will be complicated.

Some ways to potentially 'make changes' to the policy, or at least have a discussion, includes:

- *"Where possible within policy and without compromising the risk and return profile, we favour..."*
- *"We have not yet made a decision to divest because it will have implications on credit quality, ratings and income, but we are actively discussing..."*

What would be implications on our portfolio credit rating?

By adopting a free fossil fuel policy or an active divestment strategy, this would eliminate the major banks rated "AA-" as well as some other "A" rated banks (AMP, BoQ and ING). Council would be left with a smaller sub-sector of banks to choose to invest with.

What would be risks and implications on Council's portfolio performance?

Some implications include:

- High concentration risk – limiting Council to a selected number of banks;
- Increased credit/counterparty risk;
- May lead to a reduction in performance (most of the senior FRN issues are with the higher rated ADIs) which could result in a significant loss of income generated – could be in excess of hundreds of thousands of dollars per annum;
- Underperformance compared to other Councils.

It may be contrary to Council's primary objective to preserve capital as the investment portfolio's risk would increase (all things being equal). Council may not be maximising its returns – this is one of the primary objectives written in the Investment Policy.



Council's exposure is summarised as follows:

Counterparty	Credit Rating	Funding Fossil Fuel
NAB	AA-	Yes
WBC (St George)	AA-	Yes
Rabobank	A+	No
ICBC, Sydney	A	No
ING Bank Australia	A	Yes
Australian Military	BBB+	No
BoQ	BBB+	Yes
Bendigo-Adelaide	BBB+	No
AMP	BBB	Yes
Auswide	BBB	No
MyState Bank	BBB	No
Newcastle Permanent	BBB	No

^^The underlying exposure in these managed funds includes the domestic major banks.

Source: <https://www.marketforces.org.au/info/compare-bank-table/>

Summary	Amount	Invested %
Yes	\$206,126,463	61%
No	\$134,557,837	39%
	\$340,684,300	100%



Credit Quality

The portfolio remains diversified from a credit ratings perspective. The portfolio is entirely directed to the investment grade ADIs (BBB- or higher), with zero allocation to unrated ADIs. There is high capacity to invest in the higher rated ADIs (A or higher), particularly after the downgrades of BoQ and Bendigo-Adelaide Bank in May 2017.

There is currently substantial capacity to invest with the "BBB" rated ADIs (~\$20m remaining at month-end), although most ADIs in this sector are currently full on liquidity due to the combination of low credit growth and the term funding facility (TFF) provided by the RBA (access to cheap funding).

If there are any attractive deposits being offered in the "BBB" rated sector (outside of BoQ, which Council is close to maximum limits), we will inform Council to take advantage and invest accordingly.

All ratings categories are within the current Policy limits:

Compliant	Credit Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	AA Category	\$159,626,463	46.85%	100%	\$181,057,837
✓	A Category	\$82,500,000	24.22%	60%	\$121,910,580
✓	BBB Category	\$98,557,837	28.93%	35%	\$20,681,668
✓	Unrated ADIs	\$0	0.00%	5%	\$17,034,215
		\$340,684,300	100.00%		



Performance

Council's performance for the month ending 31 August 2021 is summarised as follows:

Performance (Actual)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.01%	0.03%	0.05%	0.02%	0.13%
AusBond Bank Bill Index	0.00%	0.01%	0.02%	0.00%	0.04%
Council's T/D Portfolio	0.14%	0.43%	0.91%	0.29%	1.95%
Council's FRN Portfolio	0.08%	0.25%	0.50%	0.17%	1.01%
Council's Portfolio[^]	0.14%	0.43%	0.91%	0.29%	1.94%
Outperformance	0.14%	0.43%	0.89%	0.28%	1.89%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

Performance (Annualised)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.10%	0.10%	0.10%	0.10%	0.13%
AusBond Bank Bill Index	0.02%	0.03%	0.03%	0.03%	0.04%
Council's T/D Portfolio	1.65%	1.73%	1.81%	1.70%	1.95%
Council's FRN Portfolio	1.00%	1.00%	1.00%	1.00%	1.01%
Council's Portfolio[^]	1.64%	1.73%	1.80%	1.69%	1.94%
Outperformance	1.63%	1.70%	1.77%	1.66%	1.89%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

For the month of August, the total portfolio (excluding cash) provided a solid return of +0.14% (actual) or +1.64% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.00% (actual) or +0.02% p.a. (annualised). Over the past year, the portfolio returned a very strong +1.94% p.a., outperforming bank bills by 1.89% p.a.

The strong performance continues to be driven by the handful of deposits still yielding above 3% p.a. However, some of these individual deposits are approaching maturity and will be reinvested at much lower prevailing rates.

We are pleased that PMHC remains amongst the best performing Councils in the state of NSW where deposits are concerned, earning on average, around \$2,800,000 in additional interest income compared to its peers (refer to our June 2021 rankings). We have been pro-active in our advice about protecting interest income and addressing reinvestment risk for many years and encouraged to maintain a long duration position. This is now reflected by the high performance of the investment portfolio. Of the 79 individual deposits PMHC held, 11 are still yielding higher than 3.00% p.a. That is, around 14% of outstanding deposits held is earning an interest rate that is thirty times the prevailing cash rate of 0.10%.



Council's Term Deposit Portfolio & Recommendation

As at the end of August 2021, Council's deposit portfolio was yielding 1.66% p.a. (down 4bp from the previous month), with an average duration of ~2.13 years. Where possible, we recommend Council at least maintains this average duration. In the low interest rate environment, the biggest collective risk that the local government sector has faced over the post-GFC era has been the dramatic fall in interest rates - from 7¼% to the historical low levels of 0.10%.

As the past decade or so has highlighted (post-GFC era), we have seen too many portfolios' roll a high proportion of their deposits between 3-6 months, resulting in their deposits being reinvested at lower prevailing rates. That is, depositors have overpaid for liquidity and generally not insured themselves against the low interest rate environment by diversify their funding across various tenors (out to 5 years) but rather placed all their 'eggs in one basket' and kept all their deposits short. **Reinvestment risk has collectively been and continues to be the biggest detriment to depositors' interest income over the post-GFC period.**

At the time of writing, we see value in:

ADI	LT Credit Rating	Term	T/D Rate
ICBC, Sydney	A	5 years	1.30% p.a.
NAB	AA-	5 years	1.15% p.a.
ICBC, Sydney	A	4 years	1.08% p.a.
NAB	AA-	4 years	1.00% p.a.
ICBC, Sydney	A	3 years	0.90% p.a.
AMP Bank	BBB	3 years	0.80% p.a.^
NAB	AA-	3 years	0.80% p.a.
BoQ	BBB+	3 years	0.80% p.a.
AMP Bank	BBB	2 years	0.75% p.a.^
NAB	AA-	2 years	0.60% p.a.

[^] AMP T/Ds – contact us to receive an additional 0.20% p.a. rebated commission on top of the rate shown above

The above deposits are suitable for investors looking to provide some income protection and mitigate reinvestment/rollover risk in the low interest rate environment.



For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (dependent on daily funding requirements):

ADI	LT Credit Rating	Term	T/D Rate
Judo Bank	Unrated ADI	12 months	0.90% p.a.
Bank of Sydney	Unrated ADI	12 months	0.65% p.a.
ME Bank	BBB+	9-12 months	~0.50% p.a.
AMP Bank	BBB	11-12 months	0.45% p.a. [^]
BoQ	BBB+	12 months	0.43% p.a.
CBA	AA-	12 months	~0.41% p.a.
NAB	AA-	12 months	0.34% p.a.

[^] AMP T/Ds – contact us to receive an additional 0.20% p.a. rebated commission on top of the rate shown above

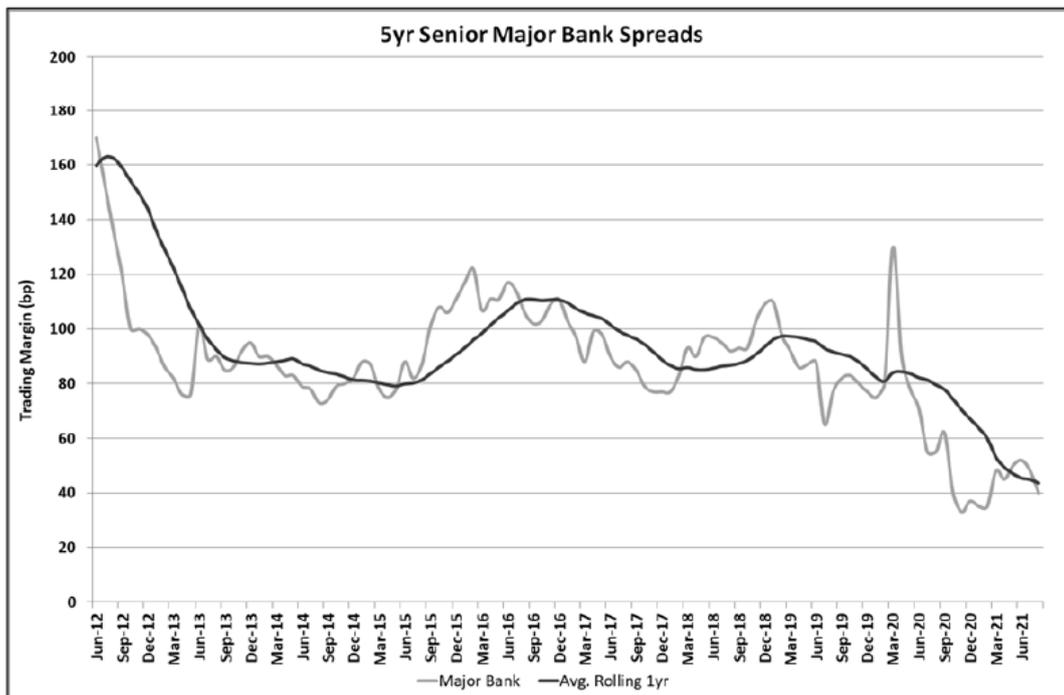
Amongst the investment grade sector, short-dated term deposits (maturing less than 12 months) are yielding under 0.50% p.a. (most are under 0.40% p.a.). We believe there is not much value being offered in short-dated deposits.

In contrast, there is an upward pick-up in yield for investors that can take advantage of 2-5 year fixed T/Ds whilst official rates are stuck at depressed levels at least for the next two to three years. For those investors that do not require high levels of liquidity and can stagger their investments longer-term, they will be rewarded over coming years if they roll for a minimum term of 2 years (we note some investors tend to roll for 3-5 years), potentially yielding, on average, more than double the return compared to those investors that purely invest in short-dated deposits.



Senior FRNs & Recommendations

Over August, amongst the senior major bank FRNs, physical credit securities tightened by around 4-8bp at the long-end of the curve. During the month, **NAB (AA-) issued a 5 year senior FRN at +41bp, tightening from initial guidance of +47bp, printing \$2.75bn** (orders above \$3.8bn). We thought this was issued at a very tight level on a historical basis. The other major banks may follow suit over coming months looking to refinance their upcoming maturities at the current very cheap (historic) levels.



Source: IBS Capital

United Overseas Bank, Sydney Branch (AA-) followed with their own 5 year senior FRN benchmark issue, printing \$450m at +41bp. NSW Treasury Corporation (AA+) issued a new March 2034 fixed bond at a yield of 1.82%, printing \$1.5bn.

Separately, ING Bank (Australia) issued a 5 year covered bond (AAA rated) security at +40bp (floating) or 1.10% s.a. (fixed), tightening from initial price guidance of +45bp. It was over 3 times oversubscribed with orders in excess of \$2.3bn, with ING printing \$625m in the floating tranche and \$125m in the fixed tranche. We favoured the fixed tranche given the immediately outlook for rates.

Amongst the "A" and "BBB" rated sector, the securities were also marked around 3-10bp tighter at the long-end of the curve. While turnover in the secondary market is still predominately dominated by commonwealth, semi-government and major bank senior paper, given the lack of supply, we have started to observe that even a handful of regional bank senior paper has sometimes been trading inside "mid" levels over recent months.



The lack of supply from new (primary) issuances has played a major role with the rally in credit markets over the past 1½ years, now appearing fairly expensive of a historical level. FRNs will continue to play a role in investor's portfolios mainly on the basis of their liquidity and the ability to roll down the curve and gross up returns over ensuing years (in a relatively stable credit environment).

Senior FRNs (ADIs)	31/08/2021	31/07/2021
"AA" rated – 5yrs	+40bp	+48bp
"AA" rated – 3yrs	+18bp	+22bp
"A" rated – 5yrs	+55bp	+65bp
"A" rated – 3yrs	+35bp	+40bp
"BBB" rated – 3yrs	+45bp	+48bp

Source: IBS Capital

We now generally **recommend switches** ('benchmark' issues only) into new attractive primary issues (or longer-dated alternatives), out of the following senior FRNs that are maturing:

- **On or before mid-2024 for the "AA" rated ADIs (domestic major banks);**
- On or before mid-2022 for the "A" rated ADIs; and
- Within 12 months for the "BBB" rated ADIs (consider case by case).

Investors holding onto the above senior FRNs ('benchmark' issues only) in their last 1-2 years are now generally holding sub-optimal investments and are not maximising returns by foregoing realised capital gains. In the current low interest rate environment, any boost in overall returns should be locked in when it is advantageous to do so.

In late August 2019, Council placed a bid of \$3m into the new Bendigo (BBB+) 5 year FRN at +97bp maturing 06/09/2024 (ISIN: AU3FN0050019). This FRN should be viewed as a 3½-4 year holding period, with the ability to 'roll down the curve', realise capital gains which would boost the overall return of the investment portfolio. The security was marked around +32bp (from +35bp the previous month) or a capital price ~\$101.93 or unrealised capital gain of ~\$58k at month-end. We recommend Council holds this FRN at this stage.



Senior Bonds - Northern Territory Treasury Corporation (NTTC)

We are aware of the following senior retail bond offering from Northern Territory Treasury Corporation (NTTC) effective 30th August 2021:

Maturity Date	Rate % p.a. [^]	Interest Paid
15/12/2022	0.40%	Annually
15/12/2023	0.60%	Annually
15/12/2024	0.90%	Semi-Annually
15/12/2025	1.10%	Semi-Annually
15/12/2026	1.40%	Semi-Annually

^{^^}The rates offered in the above table can be reviewed and changed at any time from Treasury. The rate for broker sponsored applications will be dropped by 0.20% p.a. effective 1 October 2020.

Any investor interested in this product should avoid placing through the broker channel and contact Imperium Markets to receive the full commission of 0.25% (plus GST) on the face value of the investment, in the form of an additional rebate. If placed through the brokers, they are likely to keep the 0.25% commission (on the face value of the investment).

Overview	Description
Issuer	Northern Territory Government
Credit Rating	Aa3 (Moody's), which is AA- equivalent (S&P)
Type	Fixed senior (retail) bonds
Program	Territory Bonds Issue 111
Date for applications	01/07/2021 – 30/11/2021
Liquidity	Weekly redemptions available, subject to the prevailing market rate and administration costs ^{^^}

^{^^} Note given this is a retail bond offering (min. parcel size of \$5,000), for wholesale investors, we would not consider this to be a liquid investment (the largest redemptions to date have only been \$200-\$300k).

The product should be viewed as a hold-to-maturity product, noting there are significant penalty costs including admin fees, the prevailing market interest rate, and factors in any associate commissions that were previously paid. Given the longer-term outlook for official interest rates, **any investor with capacity should consider placing a small parcel (up to \$5m) in the 15/12/2024, 15/12/2025 and 15/12/2026 maturities through Imperium Markets** to receive an effectively higher rate, once factoring in the rebated commission.



Economic Commentary

International Market

US Fed Chair Powell distanced the subject of Fed rate hikes from decisions about potentially tapering QE bond purchases later this year. Positive risk sentiment continued in financial markets as Powell indicated there would be stricter tests for any potential rate hikes, while remaining dovish on inflation.

Global equity markets subsequently rallied again, setting new highs across various regions, with the focus primarily on vaccination targets and the easing of restrictions in those jurisdictions that still apply various forms of lockdowns. Across the US, the S&P 500 Index gained +2.90%, while the tech-heavy NASDAQ Index surged another +4.00%. Equities also gained across Europe's main indices, with gains led by Germany's DAX (+1.87%), UK's FTSE (+1.24%) and France's CAC (+1.02%).

The FDA granted full approval to the Covid-19 vaccine made by Pfizer Inc. and BioNTech which should increase confidence on the vaccine's safety and effectiveness.

US Federal Chair Powell hinted that the central bank will likely begin to withdraw some of its easy-money policies before year-end (QE bond purchases of US\$120bn per month) but unlikely to move on official rates anytime soon.

Momentum appears to be building again for the US fiscal packages which includes the US\$1 trillion infrastructure package and the US\$3.5 trillion framework by the end of September.

US core inflation moderated in July at +0.3% m/m vs. +0.4% expected (the annual rate was +4.3% y/y). Much of the re-opening pressure has now abated with certain measures of inflation back to their pre-pandemic levels.

The US unemployment rate fell to 4.4% in July with 943,000 jobs added during the month.

Canada's Q2 GDP figures came in very much weaker than expected at -0.25% q/q or -1.1% on an annualised basis.

Eurozone's GDP came in better than expected at +2%, driven by the strength in the Euro-periphery, with Portugal at +4.9%, Spain +2.8% and Italy +2.7%, against +0.9% for France and +1.5% for Germany.

RBNZ Governor Adrian Orr indicated that their overnight cash rate would likely have been raised in August after meeting its targets on inflation and employment, however the latest outbreak of Covid-19 and subsequent lockdown halted that decision.

The MSCI World ex-Aus Index rose +2.38% for the month of August:

Index	1m	3m	1yr	3yr	5yr	10yr
S&P 500 Index	+2.90%	+7.58%	+29.21%	+15.95%	+15.81%	+14.01%
MSCI World ex-AUS	+2.38%	+5.73%	+28.04%	+13.20%	+12.98%	+10.26%
S&P ASX 200 Accum. Index	+2.50%	+5.97%	+28.15%	+9.87%	+10.94%	+10.31%

Source: S&P, MSCI



Domestic Market

In its meeting in August, the RBA surprised markets by sticking to its taper plans of reducing purchases to \$4bn from \$5bn a week starting from early September, despite the protracted lockdowns in NSW and VIC. Snap lockdowns were also experienced across several other states.

RBA Governor Lowe Dr Lowe commented on the path of future rate hikes: “it will not be enough for inflation to just sneak across the 2% line for a quarter or two. We want to see inflation well within the target band and be confident that it will stay there”.

There appears to be a significant way before wage growth lifts above the RBA’s target of 3% y/y. There were only modest signs of recovery in private sector wages amid tighter labour markets prior to the current lockdowns, with public sector wage restraint currently a significant drag on overall wages growth. **The Wage Price Index (WPI) rose just +0.4% q/q and +1.7% y/y in the June quarter.**

Headline employment rose +2k to a record high 13.2m to remain 1.2% above pre-pandemic February 2020 levels. Employment in NSW declined broadly as expected, down -36k or -0.9% in the month, but was offset by gains elsewhere, notably in Victoria. **The unemployment rate fell 0.3% to 4.6% in July, mainly attributed to a 1.0% decline in the participation rate.** The underemployment rate rose 0.4% to 8.3%.

PM Morrison is trying to pressure states into sticking with the re-opening hurdles of 70% and 80% adult vaccination – those hurdles being reachable by October and November respectively.

Residential building approvals fell -6.7% m/m in June, the third consecutive month of declines, following a -7.6% fall in May and a -5.0% April. Meanwhile, Australian dwelling price rose +1.6% m/m and +16.1% y/y in July.

The trade surplus increased by \$1.2bn to a record high of \$10.5bn in June, driven by an increase in goods exports (+4% m/m to \$38.2bn), with both rural (+7% m/m to \$4.7bn) and non-rural goods (+2% m/m to \$31.4bn) increasing.

Retail sales fell in line with expectations, down -2.7% m/m in July. The decline in the month was driven by a sharp fall in NSW (-8.9% m/m) with Greater Sydney having been in lockdown since June 26.

The Australian dollar fell -0.62%, finishing the month at US73.35 cents (from US73.81 cents the previous month).

Credit Market

The main global credit indices tightened again over August in the risk-on environment. The indices now trade back to their levels experienced in late 2020:

Index	August 2021	July 2021
CDX North American 5yr CDS	46bp	50bp
iTraxx Europe 5yr CDS	45bp	47bp
iTraxx Australia 5yr CDS	58bp	63bp

Source: Markit



Fixed Interest Review

Benchmark Index Returns

Index	August 2021	July 2021
Bloomberg AusBond Bank Bill Index (0+YR)	+0.00%	+0.00%
Bloomberg AusBond Composite Bond Index (0+YR)	+0.09%	+1.76%
Bloomberg AusBond Credit FRN Index (0+YR)	+0.05%	+0.11%
Bloomberg AusBond Credit Index (0+YR)	+0.06%	+1.00%
Bloomberg AusBond Treasury Index (0+YR)	+0.20%	+2.01%
Bloomberg AusBond Inflation Gov't Index (0+YR)	-0.43%	+2.70%

Source: Bloomberg

Other Key Rates

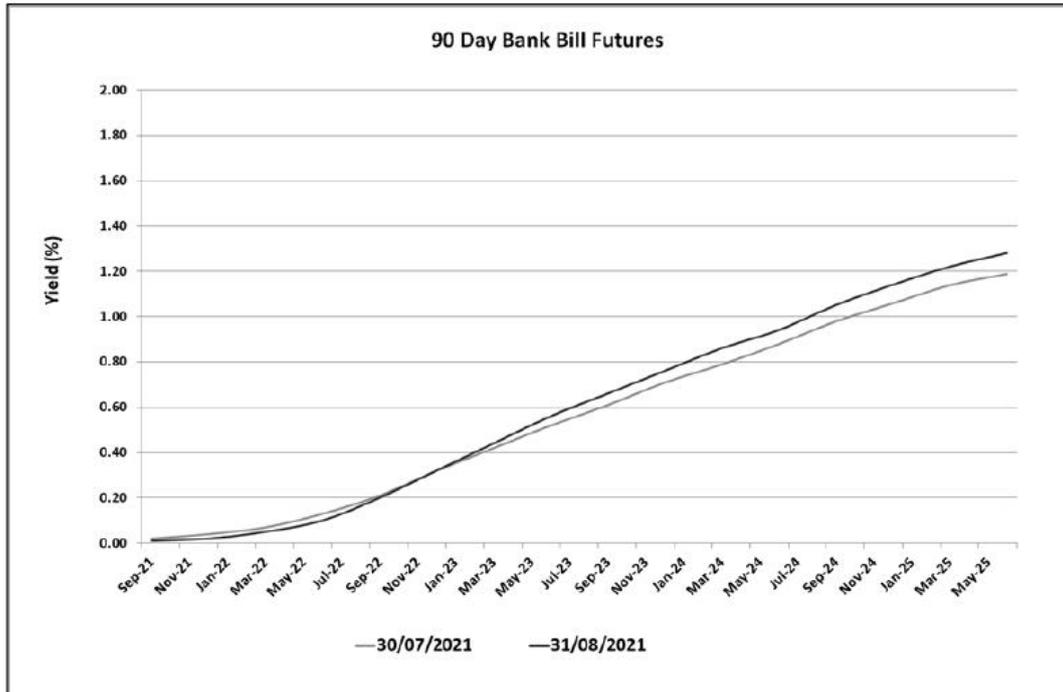
Index	August 2021	July 2021
RBA Official Cash Rate	0.10%	0.10%
90 Day (3 month) BBSW Rate	0.01%	0.02%
3yr Australian Government Bonds	0.15%	0.13%
10yr Australian Government Bonds	1.12%	1.14%
US Fed Funds Rate	0.00%-0.25%	0.00%-0.25%
10yr US Treasury Bonds	1.30%	1.24%

Source: RBA, AFMA, US Department of Treasury



90 Day Bill Futures

Over August, bill futures marginally rose across the board as the vaccine rollout approaches the 70-80% target, with the market now focusing on the easing of restrictions across the country. Overall, bill futures continue to depict a low rate environment over the long-run, despite the steeping curve in recent months:



Source: ASX



Fixed Interest Outlook

Delta variant concerns have persisted, resulting in global bond yields to drift significantly lower over recent months. US Federal Reserve Chairman Powell reiterated that a decision to taper off the Fed's US\$120bn in monthly asset purchases does not mean it will be raising interest rates at the same time, whilst reiterating their view that rising inflationary pressures will largely prove 'transitory'. *In late August, the first US Fed hike was only fully priced by around March 2023.*

In Australia, sporadic outbreaks are likely to be controlled via short-lived restrictions until the vaccination rate lifts substantially, with a target set at 70-80%. The RBA has factored in these snap lockdowns as part of their economic projections. Conceivably, the RBA's base case scenario does not see rate hikes until 2024 (conditions for an official rate rise "***will not be met until 2024***"), while their upside scenario is consistent with rate hikes in 2023, dependent on the flow of ongoing economic data.

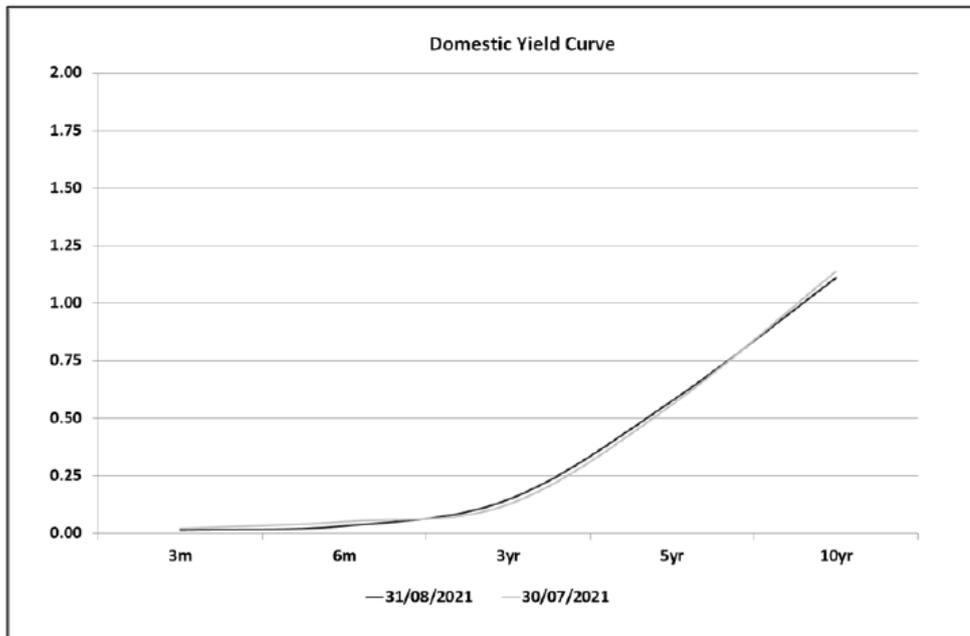
They would like to see the following three economic indicators improve before they even consider increasing interest rates:

1. The unemployment rate to drop to around 4% (currently at 4.6% but masked by a significant drop in the participation rate), and noting it has not been below 4.5% since 2008;
2. "*Until actual (underlying) inflation is sustainably within the 2-3% target range*" (it has not been within their target band for the past 5 years); and
3. Wage growth to surpass +3% (it has not been above this level for the past 8 years).

Governor Lowe has remained relatively dovish with his comments, indicating an earlier rate hike prior to 2024 would require "*strong, unequivocal evidence that the pick-up in the economy is translating into wages growth and inflation is sustainably higher*".

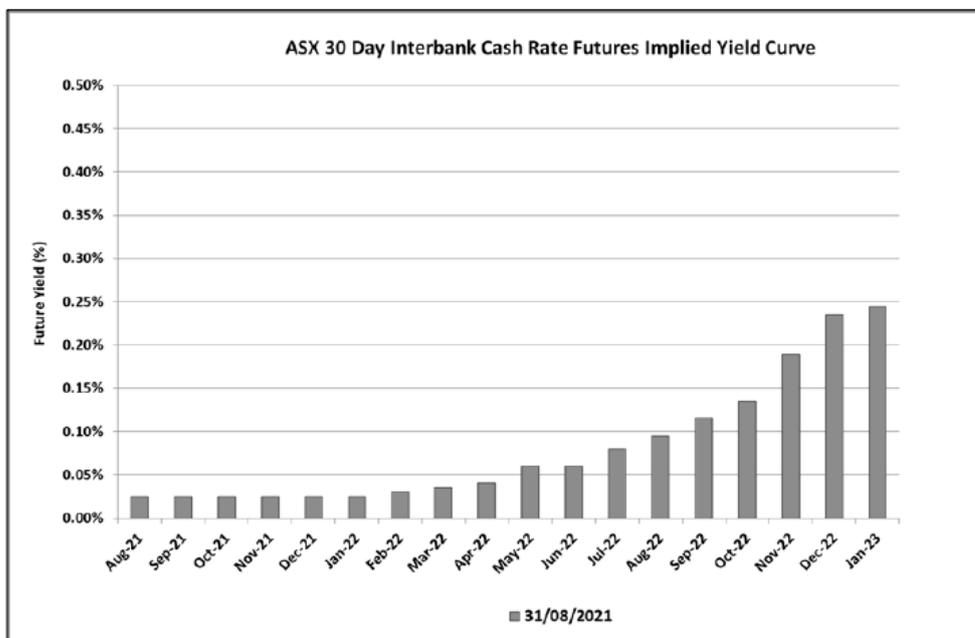
He has commented on the path of future rate hikes: "*it will not be enough for inflation to just sneak across the 2% line for a quarter or two. We want to see inflation well within the target band and be confident that it will stay there*".

The domestic bond market continues to suggest a prolonged low period of interest rates. Over the month, yields fell around 2bp at the long-end of the curve:



Source: AFMA, ASX, RBA

The market continues to factor in the possibility of a rate hike up to 25bp by the end of 2022, dependent on the speed of the recovery once the vaccination target is met and restrictions are eased:



Source: ASX



Disclaimer

Imperium Markets provides fixed income investment advisory services and a financial market platform through which clients and fixed income product providers may transact with each other.

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Imperium Markets charges a flat fee for our investment advice. Any commissions received are rebated to clients in full. If you choose a product provider who uses our market platform, the product provider pays us 1bp p.a. funding fee (pro-rated for the term of investment) of the value of the investments transacted.



Investment Report

01/08/2021 to 31/08/2021



Portfolio Valuation as at 31/08/2021

Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Capital Value	Accrued	Accrued MTD
Westpac	AA-	TD	GENERAL	Quarterly	13/09/2018	14/09/2021	2.8800	5,000,000.00	30,772.60	12,230.14
NAB	AA-	TD	GENERAL	Annual	27/09/2018	28/09/2021	3.0500	5,000,000.00	141,219.18	12,952.05
Auswide Bank	BBB	TD	GENERAL	Annual	30/09/2019	30/09/2021	1.7500	4,000,000.00	64,438.36	5,945.21
Westpac	AA-	TD	GENERAL	Quarterly	13/09/2018	12/10/2021	2.8900	5,000,000.00	30,879.45	12,272.60
Auswide Bank	BBB	TD	GENERAL	Annual	23/10/2019	25/10/2021	1.6500	5,000,000.00	70,746.58	7,006.85
Auswide Bank	BBB	TD	GENERAL	At Maturity	25/11/2019	25/11/2021	1.7000	5,000,000.00	150,438.36	7,219.18
ICBC Sydney Branch	A	TD	GENERAL	Annual	05/12/2018	07/12/2021	3.0100	4,000,000.00	88,403.29	10,225.75
ICBC Sydney Branch	A	TD	GENERAL	Annual	16/12/2019	16/12/2021	1.5700	4,000,000.00	44,562.19	5,333.70
ING Direct	A	TD	GENERAL	Annual	30/01/2020	31/01/2022	1.6500	5,000,000.00	48,595.89	7,006.85
Newcastle Permanent	BBB	TD	GENERAL	Quarterly	07/02/2019	08/02/2022	3.0500	4,000,000.00	7,687.67	7,687.67
Westpac	AA-	TD	GENERAL	Annual	21/02/2017	21/02/2022	3.6100	2,000,000.00	37,781.37	6,132.05
NAB	AA-	TD	GENERAL	Annual	21/02/2017	21/02/2022	3.4600	5,000,000.00	90,528.77	14,693.15
ING Direct	A	TD	GENERAL	Annual	02/03/2020	02/03/2022	1.5000	5,000,000.00	37,602.74	6,369.86
BOQ	BBB+	TD	GENERAL	Annual	15/03/2017	15/03/2022	3.8000	2,000,000.00	35,397.26	6,454.79
Newcastle Permanent	BBB	TD	GENERAL	Quarterly	12/03/2019	22/03/2022	2.9000	4,000,000.00	24,789.04	9,852.05
Newcastle Permanent	BBB	TD	GENERAL	Annual	27/03/2019	29/03/2022	2.8000	5,000,000.00	59,835.62	11,890.41
Newcastle Permanent	BBB	TD	GENERAL	Quarterly	18/04/2019	19/04/2022	2.7000	4,000,000.00	13,019.18	9,172.60
Westpac	AA-	TD	LOCAL BRANCH	At Maturity	21/05/2021	23/05/2022	0.2500	10,000.00	7.05	2.12



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Capital Value	Accrued	Accrued MTD
BOQ	BBB+	TD	GENERAL	Annual	28/05/2019	30/05/2022	2.4000	4,000,000.00	25,249.32	8,153.42
BOQ	BBB+	TD	GENERAL	Annual	02/06/2021	02/06/2022	0.4000	5,000,000.00	4,986.30	1,698.63
Rabobank Australia Branch	A+	TD	GENERAL	Annual	08/06/2017	07/06/2022	3.2200	5,000,000.00	37,493.15	13,673.97
Australian Military Bank	BBB+	TD	GENERAL	Annual	19/06/2020	20/06/2022	1.1500	2,000,000.00	4,536.99	1,953.42
Australian Military Bank	BBB+	TD	GENERAL	Annual	19/06/2020	20/06/2022	1.1500	2,000,000.00	4,536.99	1,953.42
Australian Military Bank	BBB+	TD	GENERAL	Annual	23/06/2020	23/06/2022	1.0500	3,500,000.00	7,047.95	3,121.23
Westpac	AA-	TD	GENERAL	Quarterly	23/06/2020	23/06/2022	1.0100	3,500,000.00	6,779.45	3,002.33
Westpac	AA-	TD	GENERAL	Quarterly	24/06/2020	24/06/2022	1.0200	5,000,000.00	9,641.10	4,331.51
NAB	AA-	TD	GENERAL	Annual	02/08/2018	02/08/2022	3.2200	4,000,000.00	10,233.42	10,233.42
NAB	AA-	TD	GENERAL	Annual	16/08/2018	16/08/2022	3.0500	4,000,000.00	5,347.95	5,347.95
Westpac	AA-	TD	LOCAL BRANCH	Annual	23/08/2021	23/08/2022	0.2500	20,000.00	1.23	1.23
ICBC Sydney Branch	A	TD	GENERAL	Annual	28/08/2019	29/08/2022	1.6400	5,000,000.00	449.32	449.32
Auswide Bank	BBB	TD	GENERAL	At Maturity	06/09/2019	06/09/2022	1.8000	3,000,000.00	107,408.22	4,586.30
Rabobank Australia Branch	A+	TD	GENERAL	Annual	13/09/2017	13/09/2022	3.3800	3,000,000.00	97,788.49	8,612.05
Westpac	AA-	TD	LOCAL BRANCH	Annual	13/09/2017	13/09/2022	3.4100	3,000,000.00	98,656.44	8,688.49
MyState Bank	BBB	TD	GENERAL	Annual	29/09/2020	29/09/2022	0.8500	5,000,000.00	39,239.73	3,609.59
Westpac	AA-	TD	GENERAL	Quarterly	29/09/2020	29/09/2022	0.7200	5,000,000.00	6,312.33	3,057.53
Auswide Bank	BBB	TD	GENERAL	Annual	30/09/2019	30/09/2022	1.7500	4,000,000.00	64,438.36	5,945.21
ICBC Sydney Branch	A	TD	GENERAL	Annual	23/10/2019	24/10/2022	1.7000	3,000,000.00	43,734.25	4,331.51
ICBC Sydney Branch	A	TD	GENERAL	Annual	31/10/2019	31/10/2022	1.7300	5,000,000.00	72,517.81	7,346.58



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Capital Value	Accrued	Accrued MTD
ING Direct	A	TD	GENERAL	Annual	27/02/2020	27/02/2023	1.6000	2,500,000.00	20,493.15	3,397.26
BOQ	BBB+	TD	GENERAL	Annual	28/05/2019	29/05/2023	2.5500	4,000,000.00	26,827.40	8,663.01
BOQ	BBB+	TD	GENERAL	Annual	19/06/2020	19/06/2023	1.3500	2,000,000.00	5,326.03	2,293.15
BOQ	BBB+	TD	GENERAL	Annual	27/06/2019	27/06/2023	2.2000	5,000,000.00	19,589.04	9,342.47
AMP Bank	BBB	TD	GENERAL	Annual	28/07/2021	28/07/2023	0.7500	2,000,000.00	1,438.36	1,273.97
Westpac	AA-	TD	GENERAL	Quarterly	11/08/2021	11/08/2023	0.5600	5,000,000.00	1,610.96	1,610.96
MyState Bank	BBB	TD	GENERAL	Annual	14/09/2020	14/09/2023	0.9000	4,000,000.00	34,717.81	3,057.53
MyState Bank	BBB	TD	GENERAL	Annual	14/09/2020	14/09/2023	0.9000	4,000,000.00	34,717.81	3,057.53
ICBC Sydney Branch	A	TD	GENERAL	Annual	27/11/2019	27/11/2023	1.7600	6,000,000.00	80,429.59	8,968.77
ICBC Sydney Branch	A	TD	GENERAL	Annual	16/12/2019	18/12/2023	1.8100	4,000,000.00	51,374.25	6,149.04
Auswide Bank	BBB	TD	GENERAL	At Maturity	02/03/2020	04/03/2024	1.7500	3,000,000.00	78,821.92	4,458.90
BOQ	BBB+	TD	GENERAL	Annual	18/06/2020	18/06/2024	1.4500	3,000,000.00	8,938.36	3,694.52
ING Direct	A	TD	GENERAL	Annual	23/06/2020	24/06/2024	1.2500	3,000,000.00	7,191.78	3,184.93
Westpac	AA-	TD	GENERAL	Quarterly	11/08/2021	12/08/2024	0.7700	3,000,000.00	1,329.04	1,329.04
BOQ	BBB+	TD	GENERAL	Annual	11/08/2021	12/08/2024	0.7900	2,000,000.00	909.04	909.04
Australian Military Bank	BBB+	TD	GENERAL	Annual	19/08/2021	19/08/2024	0.7200	3,000,000.00	769.32	769.32
Westpac	AA-	TD	GENERAL	Quarterly	17/08/2021	19/08/2024	0.7200	2,000,000.00	591.78	591.78
Bendigo and Adelaide	BBB+	FRN	GENERAL	Quarterly	06/09/2019	06/09/2024	0.9950	3,057,837.00	7,033.15	2,535.21
BOQ	BBB+	TD	GENERAL	Annual	27/09/2019	27/09/2024	2.0000	2,000,000.00	37,041.10	3,397.26
NAB	AA-	TD	GENERAL	Annual	16/10/2020	16/10/2024	0.8000	5,000,000.00	35,068.49	3,397.26



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Capital Value	Accrued	Accrued MTD
NAB	AA-	TD	GENERAL	Annual	18/11/2020	18/11/2024	0.7000	5,000,000.00	27,520.55	2,972.60
NAB	AA-	TD	GENERAL	Annual	29/01/2021	29/01/2025	0.7200	4,000,000.00	16,964.38	2,446.03
NAB	AA-	TD	GENERAL	Annual	02/03/2021	03/03/2025	0.9500	4,000,000.00	19,052.05	3,227.40
ICBC Sydney Branch	A	TD	GENERAL	Annual	18/06/2020	18/06/2025	1.7500	2,000,000.00	7,191.78	2,972.60
NAB	AA-	TD	GENERAL	Annual	26/07/2021	28/07/2025	1.0000	5,000,000.00	5,068.49	4,246.58
ICBC Sydney Branch	A	TD	GENERAL	Annual	16/10/2020	16/10/2025	1.2000	5,000,000.00	52,602.74	5,095.89
NAB	AA-	TD	GENERAL	Annual	17/11/2020	17/11/2025	0.8500	3,500,000.00	23,473.97	2,526.71
ICBC Sydney Branch	A	TD	GENERAL	Annual	17/11/2020	17/11/2025	1.3000	6,500,000.00	66,673.97	7,176.71
ICBC Sydney Branch	A	TD	GENERAL	Annual	03/12/2020	03/12/2025	1.2000	5,000,000.00	44,712.33	5,095.89
ICBC Sydney Branch	A	TD	GENERAL	Annual	07/12/2020	08/12/2025	1.2000	5,000,000.00	44,054.79	5,095.89
NAB	AA-	TD	GENERAL	Annual	07/12/2020	08/12/2025	0.9000	5,000,000.00	33,041.10	3,821.92
NAB	AA-	TD	GENERAL	Annual	29/01/2021	29/01/2026	0.9100	4,000,000.00	21,441.10	3,091.51
NAB	AA-	TD	GENERAL	Annual	02/03/2021	02/03/2026	1.2100	4,000,000.00	24,266.30	4,110.68
Westpac	AA-	TD	GENERAL	Quarterly	09/03/2021	09/03/2026	1.2500	5,000,000.00	14,383.56	5,308.22
NAB	AA-	TD	GENERAL	Annual	16/03/2021	16/03/2026	1.2500	5,000,000.00	28,938.36	5,308.22
NAB	AA-	TD	GENERAL	Annual	26/05/2021	26/05/2026	1.2500	5,000,000.00	16,780.82	5,308.22
NAB	AA-	TD	GENERAL	Annual	02/06/2021	02/06/2026	1.3000	2,500,000.00	8,102.74	2,760.27
ICBC Sydney Branch	A	TD	GENERAL	Annual	02/06/2021	02/06/2026	1.4000	2,500,000.00	8,726.03	2,972.60
Westpac	AA-	TD	GENERAL	Quarterly	23/06/2021	23/06/2026	1.3200	5,000,000.00	12,657.53	5,605.48
Westpac	AA-	TD	GENERAL	Quarterly	23/06/2021	23/06/2026	1.3200	5,000,000.00	12,657.53	5,605.48



Issuer	Rating	Type	Alloc	Interest	Purchase	Maturity	Rate	Capital Value	Accrued	Accrued MTD
NAB	AA-	TD	GENERAL	Annual	26/07/2021	27/07/2026	1.2000	5,000,000.00	6,082.19	5,095.89
ICBC Sydney Branch	A	TD	GENERAL	Annual	28/07/2021	28/07/2026	1.3200	2,000,000.00	2,531.51	2,242.19
Westpac	AA-	CASH	GENERAL	Monthly	31/08/2021	31/08/2021	0.3500	31,096,462.71	5,885.83	5,885.83
TOTALS								340,684,299.71	2,580,131.38	422,597.95



NSW Local Government Grants Commission
5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

OUR REFERENCE: A784605
YOUR REFERENCE:
CONTACT: Helen Pearce
(02) 4428 4131
helen.pearce@olg.nsw.gov.au

Dr Clare Allen
General Manager
Port Macquarie-Hastings Council
By email: clare.allen@pmhc.nsw.gov.au
cc: council@pmhc.nsw.gov.au

20 August 2021

Dear Dr Allen

In accordance with the NSW Local Government Grants Commission's (Commission) policy of providing information to councils about the way the Commission calculates financial assistance grants (FAGs), please find attached a summary of Council's 2021- 22 estimated FAGs entitlement (**Appendix A**).

The Commonwealth Treasury's estimate of the Consumer Price Index (CPI) for 2020- 21 has been adjusted up since the 2021-22 mid-year end of financial year update. When compared to the 2020-21 final adjusted amount, the total national FAGs for 2021-22 increased by 2.2%. The 2020-21 estimated entitlement comparison to the 2019-20 final adjusted amount was 1.1%, and remains the lowest percentage increase since the paused indexation period of 2014-15 to 2016-17. Accordingly, the State's FAGs allocation for 2021-22 is slightly higher than last year, however the ongoing economic impact of the pandemic is difficult to predict.

The national FAGs figure for 2021-22 is \$2.657 billion and is made up of \$1.840 billion for the general purpose component and \$0.817 billion for the local roads component. The national estimated entitlement for 2020-21 increased by \$38.9 million to account for final adjustments to the CPI and population shares for the year.

The national general purpose component was distributed across the states and territories on a population basis. NSW received 31.8% or \$584.8 million in the general purpose component, which represents a 1.7% increase on last year's final figure. The local roads component is based on an historical formula. NSW's share of the total road funding is a fixed 29% share, or \$236.9 million. The total FAGs allocation to NSW for 2021-22 is \$821.7 million.

Council's 2021-22 FAGs estimated entitlement, compared to the 2020-21 final entitlement is as follows:

Year	General Purpose \$	Local Roads \$	Total \$	Change
2020-21 final	\$6,545,907	\$3,115,635	\$9,661,542	
2021-22 est.	\$6,556,379	\$3,195,297	\$9,751,676	0.9%

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(follow the "Commissions & Tribunals" links)



To assist councils with budgets and bank reconciliations, a breakdown of the 2021-22 quarterly instalments is attached (**Appendix A**). The NSW Statement of Payments is also attached (**Appendix B**).

As councils will be aware, the Commission is required to adhere to the National Principles which mandate a per capita payment based on population growth/decline. It is also the policy of the NSW Government to explore opportunities to direct grants to communities with the greatest relative need. The Commission has had regard to these policies in allocating the grants.

A key challenge for the Commission continues to be the Commonwealth's request to apply the minimum per capita grant, which has a significant impact on the ability of the Commission to redirect funding. The map contained in **Appendix D** identifies the rate of population change in NSW from 2006 to 2016. **Appendix D** also lists the revised expenditure categories, disability factors, data sources used in calculating the expenditure allowance and the relative disability allowance.

Following the impacts of the global economic downturn and the pandemic, last year the Commission faced the challenge of a substantially reduced CPI estimate. NSW received an increase of just 0.9%, or \$5.1 million, on the prior year's final general purpose component figure. This was substantially lower than the 4%, or \$21.3 million, increase NSW received in 2019-20. However, at the time, the CPI had been underestimated by the Commonwealth and the adjustment increase for the 2020-21 final CPI has been welcomed by the Commission. The increase has enabled the Commission to resume the quarantining of \$5.0 million for the application to the relative disability allowance (it had to be reduced to \$4.5 million of quarantined funds in the previous year). This ensures that additional funds are still able to be directed to those councils with a greater relative need whilst ensuring that additional uncertainty is not delivered to the sector during this difficult time with the implementation of the 0% floor to the general purpose grant. However, the CPI has not been restored to higher levels of recent years and further fluctuations cannot be ruled out.

In addition to these calculations, the Commonwealth Government decided to retain the practice of forward payments of approximately half of the financial assistance grants, based on the 2020-21 estimates for payment. The Commonwealth Government decided to make this year's early payment given the ongoing cashflow challenges faced by local government across Australia and to allow councils early access to the funds to help manage the cumulative impacts of drought, bushfires and now the COVID-19 crisis. Councils received approximately 52% of their estimated 2021-22 FAGs on 8 June 2021. The remainder of the grant entitlements will be paid in quarterly instalments in August 2021, November 2021, February 2022 and May 2022.

CONSIDERATIONS FOR 2022-23 GRANTS

Councils should be mindful that, given the current economic environment, there is a real possibility that there will be an extended period of a reduced CPI going forward. Should that occur, the Commission will likely need to restore the negative floor to ensure the integrity of the FAGs allocation system is maintained. Such a decision will result in some councils receiving less in the 2022-23 GPC than they will in 2021-22.

SPECIAL SUBMISSIONS RELATING TO 2022-23 GRANTS

Special submissions from councils for 2022-23 will be considered by the Commission. The purpose of a submission is to give councils the opportunity to present information on the financial impact of inherent expenditure disabilities beyond councils' control that are not generally recognised in the current methodology. Please refer to the expenditure functions and Council's disability factors listed in **Appendix A**. This process allows the Commission to adequately consider all legitimate factors that affect councils' capacity to deliver services.

Appendix C, titled **Guidelines for Special Submissions**, contains guidelines for preparing submissions – please read the guidelines carefully.

Submissions should be e-mailed to the Commission at olg@olg.nsw.gov.au by **15 November 2021**.

I would ask that this letter please be tabled at the next Council meeting.

If you have any questions concerning these matters, please contact me on (02) 4428 4131.

Yours sincerely



Helen Pearce
Executive Officer

APPENDIX A
LOCAL GOVERNMENT GRANTS COMMISSION 2021-22 FINANCIAL ASSISTANCE GRANTS

Port Macquarie-Hastings Council

General Purpose Component

Expenditure Allowance

Expenditure Functions	State ave cost per capita
Recreation and cultural	\$221.57
Admin and governance	\$260.32
Education and community	\$65.10
Roads, bridges, footpaths and aerodromes	\$203.08
Public order, safety, health and other	\$166.99
Housing amenity	\$73.09

Recreation and cultural			
Pop <SS = relative disadvantage Pop >SS = 0 ATSI <SS = 0 ATSI >SS = relative disadvantage			
Disability Measure	LGA measure	State Std (SS)	Weighted DF%
Population	85,952	63,801	0.0%
Aboriginal & Torres Strait Islander	4.0%	2.9%	4.0%

Admin and governance			
Disability Measure	LGA measure	State Std	Weighted DF%
Population	85,952	63,801	0.0%

Education and community			
Disability Measure	LGA measure	State Std	Weighted DF%
Population	85,952	63,801	0.0%

Roads, bridges, footpaths and aerodromes			
Disability Measure	LGA measure	State Std	Weighted DF%
Population	85,952	63,801	0.0%
Road Length	1,268	1,153	4.0%

Public order, safety, health and other			
RTD <SS = 0 RTD >SS = relative disadvantage Env <SS = 0 Env >SS = relative disadvantage			
Disability Measure	LGA measure	State Std	Weighted DF%
Population	85,952	63,801	0.0%
Rainfall, topography and drainage index	188%	161%	9.9%
Environment (Ha of environmental lands)	91,089	54,087	1.9%

Housing amenity			
Disability Measure	LGA Std	State Std	Weighted DF%
Population	85,952	63,801	0.0%

Isolation Allowance

Outside the Greater Statistical Area	Yes
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APPENDIX A
LOCAL GOVERNMENT GRANTS COMMISSION 2021-22 FINANCIAL ASSISTANCE GRANTS

Pensioner Rebate Allowance

PR <SS = relative disadvantage (+ allowance)	
PR >SS = relative advantage (- allowance)	
LGA % Pensioner Rebates (PR) Res Props:	28.3%
State Standard (SS) % PR	15.2%

Revenue Allowance

Revenue Allowance	
CV <SS = relative disadvantage (+ allowance)	
CV >SS = relative advantage (- allowance)	
No. of Urban Properties:	36,448
Standard Value Per Property:	\$489,908
Council Value (CV):	\$225,171

No. of Non-urban Properties:	1,178
Standard Value Per Property:	\$791,049
Council Value (CV):	\$461,511

Relative Disadvantage Allowance

Unsealed roads; Isolation; Population Decline	\$3,141
Special Submission	-

Total General Purpose Grant	\$6,556,379
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Local Roads Component

Population:	85,952
Local Road Length (km):	1,268
Length of Bridges on Local Roads (m):	4,788

Road/Population Allowance:	\$2,775,167
Bridge Length Allowance:	\$420,130
Local Roads Total:	\$3,195,297

Total Grant	\$9,751,676
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Quarterly Instalments Payable in 2021-22 for 2021-22 FAGs

	August 2020	
GPC	\$849,727.00	
LRC	\$407,043.00	\$1,256,770.00
	November 2020	
GPC	\$849,727.00	
LRC	\$407,043.00	\$1,256,770.00
	February 2021	
GPC	\$849,727.00	
LRC	\$407,043.00	\$1,256,770.00
	May 2021	
GPC	\$849,727.00	
LRC	\$407,043.00	\$1,256,770.00
	TOTAL	
GPC	\$3,398,908.00	
LRC	\$1,628,172.00	\$5,027,080.00

TAB 7 A778361 NSW LOCAL GOVERNMENT GRANTS COMMISSION - 2021-22 FINANCIAL ASSISTANCE GRANTS - STATEMENT OF PAYMENTS													
Councils	Population 30/6/2020	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
		Recommended General Purpose Entitlement	Recommended Local Roads Entitlement	Recommended Total Entitlement	General Purpose CPVPop Adjustment	Local Roads CPVPop Adjustment	Total CPVPop Adjustment	General Purpose Advance Payment	Local Roads Advance Payment	Total Advance Payment	General Purpose Payments	Local Roads Payments	Total Payments
Albury (C)	55,055	5,152,088	1,557,516	6,709,604	84,309	22,748	107,057	2,565,274	782,620	3,347,894	2,671,123	797,644	3,468,767
Armidale Regional	29,704	4,517,819	2,491,322	7,009,141	72,638	38,557	111,195	2,253,188	1,317,179	3,570,367	2,337,269	1,212,700	3,549,969
Ballina (S)	45,217	3,305,009	1,547,089	4,852,098	53,229	22,561	75,790	1,634,912	773,746	2,408,658	1,723,326	795,904	2,519,230
Bairnald (S)	2,306	3,230,070	1,420,140	4,650,210	50,318	20,898	71,216	1,580,048	710,552	2,290,600	1,700,340	730,486	2,430,826
Bathurst Regional	43,996	4,551,726	2,145,958	6,697,684	74,351	31,487	105,838	2,263,191	1,075,646	3,338,837	2,362,886	1,101,799	3,464,685
Bayside	181,472	3,898,395	1,254,852	5,153,247	62,341	18,210	80,551	2,013,033	653,411	2,666,444	1,947,703	619,651	2,567,354
Bega Valley (S)	34,727	5,449,839	2,160,373	7,610,212	88,116	30,461	118,577	2,703,005	1,030,993	3,733,998	2,834,950	1,159,841	3,994,791
Bellingen (S)	13,141	3,131,182	985,744	4,116,926	49,210	14,716	63,926	1,532,126	489,096	2,021,222	1,648,266	511,364	2,159,630
Berrigan (S)	8,784	3,661,950	1,504,490	5,166,440	58,618	22,100	80,718	1,813,933	757,454	2,571,387	1,906,635	769,136	2,675,771
Blacktown (C)	382,831	13,605,285	3,769,623	17,374,908	222,989	55,146	278,135	6,976,189	1,907,845	8,884,034	6,852,085	1,916,924	8,769,009
Bland (S)	5,937	5,128,595	3,236,511	8,365,106	81,673	46,393	128,066	2,537,520	1,569,596	4,107,116	2,672,748	1,713,308	4,386,056
Blayney (S)	7,382	2,019,778	924,383	2,944,161	31,496	13,521	45,017	981,379	470,366	1,451,745	1,069,895	467,538	1,537,433
Blue Mountains (C)	79,195	7,684,380	1,435,578	9,119,958	125,815	21,294	147,109	3,825,609	717,819	4,543,428	3,984,586	739,053	4,723,639
Bogan (S)	2,529	3,143,801	1,553,337	4,697,138	48,787	22,844	71,631	1,544,846	774,057	2,318,903	1,647,742	802,124	2,449,866
Bourke (S)	2,625	4,748,302	2,047,211	6,795,513	73,671	30,088	103,759	2,300,873	1,023,817	3,324,690	2,521,100	1,053,462	3,574,562
Brewarrina (S)	1,553	3,477,425	1,407,418	4,884,843	52,486	20,566	73,052	1,651,578	698,005	2,349,583	1,878,333	729,979	2,608,312
Broken Hill (C)	17,269	4,826,354	516,577	5,342,931	76,110	7,657	83,767	2,387,212	251,893	2,639,105	2,515,252	272,341	2,787,593
Burwood	40,866	909,109	286,422	1,195,531	14,192	4,231	18,423	457,732	148,891	606,623	465,569	141,762	607,331
Byron (S)	35,773	2,176,076	1,299,469	3,475,545	34,469	18,937	53,406	1,066,846	648,779	1,715,625	1,143,699	669,627	1,813,326
Cabonne	13,677	3,153,961	2,202,399	5,356,360	49,957	32,416	82,373	1,554,118	1,098,425	2,653,543	1,649,800	1,135,390	2,785,190
Camden	107,806	2,465,507	1,706,689	4,172,196	40,409	24,294	64,703	1,241,711	830,604	2,072,375	1,264,145	900,379	2,164,524
Campbelltown (C)	174,078	8,341,128	1,960,500	10,301,628	136,710	28,673	165,383	4,200,933	959,292	5,160,225	4,276,905	1,029,881	5,306,786
Canada Bay (C)	96,550	2,074,094	679,889	2,753,983	33,574	10,056	43,630	1,060,627	347,657	1,408,284	1,047,041	342,288	1,389,329
Canterbury-Bankstown	380,406	8,338,965	2,828,833	11,167,818	136,675	41,802	178,477	4,200,614	1,422,993	5,623,007	4,275,646	1,447,642	5,723,288
Carrathool (S)	2,796	4,184,917	2,497,608	6,682,525	65,479	36,543	102,022	2,039,279	1,247,724	3,287,003	2,211,117	1,286,427	3,497,544
Central Coast	345,809	22,016,217	4,699,429	26,715,646	360,474	68,895	429,369	10,960,803	2,338,131	13,298,934	11,415,888	2,430,193	13,846,081
Central Darling (S)	1,829	4,689,325	1,710,939	6,400,264	72,698	25,134	97,832	2,267,835	853,288	3,121,123	2,494,188	882,785	3,376,973
Cessnock (C)	61,256	5,712,415	1,897,626	7,610,041	93,438	27,089	120,527	2,844,749	908,049	3,752,798	2,961,104	1,016,666	3,977,770
Clarence Valley	51,730	7,939,237	3,503,908	11,443,145	129,680	51,497	181,177	3,955,607	1,725,706	5,681,313	4,113,310	1,829,699	5,943,009
Cobar (S)	4,417	4,562,100	1,847,627	6,409,727	72,121	27,202	99,323	2,249,829	922,735	3,172,564	2,384,392	952,094	3,336,486
Coffs Harbour (C)	77,648	5,458,525	2,389,795	7,848,320	89,325	35,051	124,376	2,717,874	1,207,394	3,925,268	2,829,976	1,217,452	4,047,428
Coolamon (S)	4,291	2,673,121	1,382,048	4,055,169	42,518	20,299	62,817	1,337,803	725,534	2,063,337	1,377,836	676,813	2,054,649
Coonamble (S)	3,907	3,005,406	1,584,121	4,589,527	46,948	23,294	70,242	1,510,772	791,366	2,302,138	1,541,582	816,049	2,357,631
Cootamundra-Gundagai Regional	11,225	3,954,803	1,678,242	5,633,045	63,434	24,693	88,127	1,963,818	838,157	2,801,975	2,054,419	864,778	2,919,197
Cowra (S)	12,730	3,490,681	1,558,131	5,048,812	55,491	22,917	78,408	1,732,911	785,035	2,517,946	1,813,261	796,013	2,609,274
Cumberland	242,674	6,489,875	1,850,925	8,340,800	106,368	27,394	133,762	3,610,485	891,394	4,501,879	2,985,758	986,925	3,972,683
Dubbo Regional	54,044	8,342,705	3,643,507	11,986,212	136,322	53,489	189,811	4,149,257	1,882,605	6,031,862	4,329,770	1,814,391	6,144,161
Dungog (S)	9,664	1,896,832	991,804	2,888,636	29,368	14,541	43,909	913,710	491,085	1,404,795	1,012,490	515,260	1,527,750
Edward River	9,083	4,333,635	1,636,732	5,970,367	69,498	24,052	93,550	2,168,262	824,080	2,992,342	2,234,871	836,704	3,071,575
Eurobodalla (S)	38,952	5,618,246	1,777,492	7,395,738	91,220	26,181	117,401	2,776,650	892,293	3,668,943	2,932,816	911,380	3,844,196
Fairfield (C)	210,825	7,522,617	1,807,588	9,330,205	123,295	26,887	150,182	3,788,744	911,967	4,700,711	3,857,168	922,508	4,779,676
Federation	12,598	4,945,519	2,390,224	7,335,743	80,144	35,028	115,172	2,429,948	1,190,359	3,620,307	2,595,715	1,234,893	3,830,608
Forbes (S)	9,920	3,790,897	2,085,976	5,876,873	60,431	30,661	91,092	1,892,545	1,043,543	2,936,088	1,958,783	1,073,094	3,031,877
Georges River	160,272	3,442,975	1,183,932	4,626,907	55,728	17,498	73,226	1,772,964	576,583	2,349,547	1,725,739	624,847	2,350,586
Gilgandra (S)	4,229	2,865,148	1,440,125	4,305,273	45,102	21,217	66,319	1,433,629	752,104	2,185,733	1,476,621	709,238	2,185,859
Glen Innes Severn	8,873	3,084,592	1,484,922	4,569,514	48,704	21,767	70,471	1,523,597	737,581	2,261,178	1,609,699	769,108	2,378,807
Goulburn Mulwaree	31,554	3,603,906	1,929,295	5,533,201	57,983	27,396	85,379	1,779,866	945,951	2,725,817	1,882,023	1,010,740	2,892,763
Greater Hume (S)	10,841	3,537,307	2,241,640	5,778,947	56,485	32,771	89,256	1,762,984	1,128,061	2,891,045	1,830,808	1,146,350	2,977,158
Griffith (C)	27,155	4,251,687	1,765,344	6,017,031	67,662	25,908	93,570	2,106,062	885,121	2,991,183	2,213,287	906,131	3,119,418
Gunnedah (S)	12,690	3,246,658	1,722,478	4,969,136	51,300	25,323	76,623	1,599,524	856,588	2,456,112	1,698,434	891,213	2,589,647
Gwydir (S)	5,299	3,084,079	1,996,031	5,080,110	48,532	29,459	77,991	1,556,047	1,013,538	2,569,585	1,576,564	1,011,952	2,588,516

Councils	Population 30/6/2020	2021-22 Recommended General Purpose Entitlement	2021-22 Recommended Local Roads Entitlement	2021-22 Recommended Total Entitlement	2020-21 General Purpose CPVPop Adjustment	2020-21 Local Roads CPVPop Adjustment	2020-21 Total CPVPop Adjustment	2021-22 General Purpose Advance Payment	2021-22 Local Roads Advance Payment	2021-22 Total Advance Payment	2021-22 General Purpose Payments	2021-22 Local Roads Payments	2021-22 Total Payments
Hawkesbury (C)	67,749	2,744,617	1,820,636	4,565,253	44,907	27,000	71,970	1,382,675	919,612	2,302,287	1,406,912	928,024	2,334,936
Hay (S)	2,943	2,591,374	867,697	3,459,071	40,107	12,749	52,856	1,290,491	433,787	1,724,278	1,340,990	446,659	1,787,649
Hills (S)	183,791	3,948,229	2,165,442	6,113,671	62,193	30,977	93,170	1,928,084	1,018,724	2,946,808	2,082,338	1,177,695	3,260,033
Hilltops	18,617	5,618,487	3,016,390	8,634,877	90,397	43,966	134,363	2,814,722	1,509,123	4,323,845	2,894,162	1,551,233	4,445,395
Hornsby (S)	152,419	3,274,315	1,511,588	4,785,903	53,138	22,413	75,551	1,591,732	729,654	2,321,386	1,735,721	804,347	2,540,068
Hunters Hill (M)	14,962	352,930	134,039	486,969	5,510	2,057	7,567	169,378	60,236	229,614	189,062	75,860	264,922
Inner West	201,880	4,336,801	1,440,196	5,776,997	70,174	21,283	91,457	2,111,186	732,972	2,844,158	2,295,789	728,507	3,024,296
Inverell (S)	17,780	4,281,577	2,378,230	6,659,807	68,167	32,471	100,638	2,122,452	1,102,606	3,225,058	2,227,292	1,308,095	3,535,387
Junee (S)	6,676	2,138,864	999,818	3,138,682	33,590	14,697	48,287	1,046,152	507,985	1,554,137	1,126,302	506,530	1,632,832
Kempsey (S)	29,921	4,540,974	2,006,390	6,547,364	72,649	28,191	100,840	2,240,004	915,512	3,155,516	2,373,619	1,119,069	3,492,688
Kiama (M)	23,685	1,303,835	539,133	1,842,968	20,270	8,053	28,323	626,175	295,525	921,700	697,930	251,661	949,591
Ku-ring-gai	127,603	2,741,177	1,198,496	3,939,673	44,434	17,511	61,945	1,362,111	593,830	1,955,941	1,423,500	622,177	2,045,677
Kyogle	8,788	3,109,011	1,716,152	4,825,163	49,002	25,274	74,276	1,539,902	836,169	2,376,071	1,618,111	905,257	2,523,368
Lachlan (S)	6,089	6,407,125	3,632,596	10,039,721	101,912	53,362	155,274	3,165,625	1,811,276	4,976,901	3,343,412	1,874,682	5,218,094
Lake Macquarie (C)	207,775	13,907,121	2,963,321	16,870,442	227,691	43,758	271,449	6,923,604	1,496,405	8,420,009	7,211,208	1,510,674	8,721,882
Lane Cove (M)	40,534	898,879	304,761	1,203,640	14,032	4,498	18,530	441,404	155,873	597,277	471,507	153,386	624,893
Leeton (S)	11,343	3,660,856	1,121,765	4,782,621	57,773	16,438	74,211	1,814,875	556,935	2,371,810	1,903,554	581,268	2,484,822
Lismore (C)	43,667	4,541,183	2,092,598	6,633,781	73,878	30,761	104,639	2,251,325	1,036,117	3,287,442	2,363,736	1,087,242	3,450,978
Lithgow (C)	21,516	3,762,094	1,357,879	5,119,973	60,036	19,938	79,974	1,854,832	678,908	2,533,738	1,967,300	698,909	2,666,209
Liverpool (C)	231,296	6,606,970	2,489,628	9,096,598	108,287	36,312	144,599	3,327,619	1,255,246	4,582,865	3,387,638	1,270,694	4,658,332
Liverpool Plains (S)	7,853	2,662,407	1,476,107	4,138,514	41,948	21,717	63,665	1,317,197	739,202	2,056,399	1,387,158	758,622	2,145,780
Lockhart (S)	3,259	2,470,820	1,445,261	3,916,081	39,191	21,258	60,449	1,257,288	724,470	1,981,758	1,252,723	742,049	1,994,772
Lord Howe Island (Bd)	403	247,007	0	247,007	3,753	0	3,753	116,003	0	116,003	134,757	0	134,757
Maitland (C)	87,395	5,808,896	1,513,774	7,322,670	95,095	22,035	117,130	2,892,005	763,610	3,655,615	3,011,986	772,199	3,784,185
Mid-Coast	94,395	12,997,202	5,781,799	18,779,001	212,055	84,603	296,658	6,476,360	2,891,051	9,367,411	6,732,897	2,975,351	9,708,248
Mid-Western Regional	25,367	4,430,317	2,612,477	7,042,794	70,547	38,539	109,086	2,191,640	1,309,394	3,501,034	2,309,224	1,341,622	3,650,846
Moree Plains (S)	13,077	5,389,293	3,103,467	8,492,760	85,836	45,663	131,499	2,759,560	1,557,006	4,316,566	2,715,569	1,592,124	4,307,693
Mosman (M)	30,785	728,685	249,557	978,242	11,375	3,710	15,085	349,709	123,500	473,209	390,351	129,767	520,118
Murray River	12,330	5,782,103	3,052,815	8,834,918	92,888	44,853	137,741	2,900,308	1,432,955	4,333,263	2,974,683	1,664,713	4,639,396
Murrumbidgee (new)	3,916	3,210,847	1,755,435	4,966,282	50,663	25,791	76,454	1,610,970	857,744	2,468,714	1,650,540	923,482	2,574,022
Muswellbrook (S)	16,355	2,857,979	980,991	3,838,970	44,861	14,449	59,310	1,388,528	483,380	1,871,908	1,514,312	512,060	2,026,372
Nambucca (S)	19,861	3,045,967	1,309,512	4,355,479	47,685	19,296	66,981	1,475,715	657,197	2,132,912	1,617,937	671,611	2,289,548
Narrabri (S)	13,049	5,261,449	2,518,695	7,780,144	84,532	37,038	121,570	2,649,724	1,253,885	3,903,609	2,696,257	1,301,848	3,998,105
Narrandera (S)	5,858	3,530,246	1,699,985	5,230,231	56,332	24,994	81,326	1,778,390	850,946	2,629,336	1,808,188	874,033	2,682,221
Narromine (S)	6,460	3,203,480	1,550,533	4,754,013	51,165	22,795	73,960	1,609,659	773,193	2,382,852	1,644,986	800,135	2,445,121
Newcastle (C)	167,363	10,864,770	1,912,399	12,777,169	178,060	27,454	205,514	5,317,926	887,015	6,204,941	5,724,904	1,052,838	6,777,742
North Sydney	75,094	1,613,175	511,801	2,124,976	26,216	7,580	33,796	790,208	254,089	1,044,297	849,183	265,292	1,114,475
Northern Beaches	274,041	5,886,980	2,341,217	8,228,197	95,576	34,707	130,283	2,922,250	1,188,146	4,110,396	3,060,306	1,187,778	4,248,084
Oberon	5,419	1,991,016	1,032,130	3,023,146	31,075	15,087	46,162	977,424	488,542	1,465,966	1,044,667	558,675	1,603,342
Orange (C)	42,503	3,661,052	1,271,115	4,932,167	59,092	18,607	77,699	1,796,550	626,264	2,422,814	1,923,594	663,458	2,587,052
Parkees (S)	14,728	4,547,140	2,280,564	6,827,704	72,885	33,524	106,409	2,256,649	1,164,121	3,420,770	2,363,376	1,149,967	3,513,343
Parramatta (C) (new)	260,296	7,427,962	2,114,477	9,542,439	121,743	31,280	153,023	3,741,106	1,083,663	4,824,769	3,808,599	1,062,094	4,870,693
Penrith (C)	216,282	8,628,390	2,744,496	11,372,886	141,418	38,241	179,659	4,345,641	1,308,598	5,654,239	4,424,167	1,474,139	5,898,306
Port Macquarie-Hastings	85,952	6,556,373	3,195,297	9,751,670	107,297	46,694	153,991	3,264,770	1,613,819	4,878,589	3,398,900	1,628,172	5,027,072
Port Stephens	74,506	5,604,654	1,327,205	6,931,859	91,693	19,566	111,259	2,790,700	668,613	3,459,313	2,905,647	678,158	3,583,805
Queanbeyan-Palerang Regional	62,239	3,781,687	2,679,176	6,460,863	61,772	39,113	100,885	1,884,374	1,337,820	3,222,194	1,959,085	1,380,469	3,339,554
Randwick (C)	156,619	3,364,501	1,038,093	4,402,594	54,392	15,328	69,720	1,703,904	525,316	2,229,220	1,715,799	528,105	2,243,904
Richmond Valley	23,490	3,765,645	1,702,541	5,468,186	60,088	25,061	85,149	1,856,288	852,208	2,708,496	1,969,445	875,394	2,844,839
Ryde (C)	133,224	2,861,928	1,015,447	3,877,375	45,873	14,906	60,779	1,475,960	518,626	1,994,586	1,431,841	511,727	1,943,568
Shellharbour (C)	74,622	4,424,644	992,940	5,417,584	72,437	14,955	87,392	2,202,820	511,835	2,714,655	2,294,261	496,060	2,790,321
Shoalhaven (C)	107,191	9,204,324	3,710,513	12,914,837	150,680	54,208	204,888	4,582,678	1,872,888	6,455,566	4,772,326	1,891,833	6,664,159
Silverton (VC)	50	36,278	0	36,278	582	0	582	18,766	0	18,766	18,094	0	18,094
Singleton	23,380	2,671,774	1,424,870	4,096,644	41,891	20,754	62,645	1,292,364	719,648	2,012,012	1,421,301	725,976	2,147,277
Snowy Monaro Regional	20,997	7,167,489	2,940,144	10,107,633	116,016	43,948	159,964	3,571,870	1,485,872	5,057,742	3,711,635	1,498,220	5,209,855

Councils	Population 30/6/2020	2021-22 Recommended General Purpose Entitlement	2021-22 Recommended Local Roads Entitlement	2021-22 Recommended Total Entitlement	2020-21 General Purpose CPIVPop Adjustment	2020-21 Local Roads CPIVPop Adjustment	2020-21 Total CPIVPop Adjustment	2021-22 General Purpose Advance Payment	2021-22 Local Roads Advance Payment	2021-22 Total Advance Payment	2021-22 General Purpose Payments	2021-22 Local Roads Payments	2021-22 Total Payments
Snowy Valleys	14,412	4,650,090	1,487,465	6,137,555	74,659	21,909	96,568	2,289,001	737,240	3,026,241	2,435,748	772,134	3,207,882
Strathfield (M)	47,767	1,048,832	323,024	1,371,856	16,399	4,741	21,140	534,302	166,292	700,594	530,929	161,473	692,402
Sutherland (S)	232,369	4,991,768	2,151,441	7,143,209	80,588	31,802	112,390	2,443,380	1,077,962	3,521,342	2,628,976	1,105,281	3,734,257
Sydney (C)	248,736	5,343,365	1,486,396	6,829,761	86,086	21,927	108,013	2,886,435	790,326	3,676,761	2,543,016	717,997	3,261,013
Tamworth Regional	62,545	6,486,013	4,567,935	11,053,948	105,754	67,221	172,975	3,231,617	2,287,191	5,518,808	3,360,150	2,347,965	5,708,115
Temora (S)	6,274	2,550,162	1,415,961	3,966,123	40,131	20,771	60,902	1,270,394	761,634	2,032,028	1,319,899	675,098	1,994,997
Tenterfield (S)	6,470	3,501,773	1,778,435	5,280,208	55,415	26,160	81,575	1,750,330	884,977	2,635,307	1,806,858	919,618	2,726,476
Tibooburra (VC)	134	81,466	0	81,466	1,306	0	1,306	40,361	0	40,361	42,411	0	42,411
Tweed (S)	98,382	8,041,776	3,136,906	11,178,682	131,527	45,845	177,372	4,004,449	1,560,023	5,564,472	4,168,854	1,622,728	5,791,582
Upper Hunter (S)	14,167	3,383,531	2,094,558	5,478,089	53,350	30,818	84,168	1,666,477	1,046,168	2,712,645	1,770,404	1,079,208	2,849,612
Upper Lachlan (S)	8,274	3,104,667	2,052,685	5,157,352	49,274	30,203	79,477	1,547,473	1,026,636	2,574,109	1,606,468	1,056,252	2,662,720
Uralla (S)	5,944	1,824,821	999,201	2,824,022	28,256	14,912	43,168	887,528	491,870	1,379,398	965,549	522,243	1,487,792
Wagga Wagga (C)	65,770	7,274,038	3,489,339	10,763,377	119,000	51,676	170,676	3,623,098	1,759,247	5,382,345	3,769,940	1,781,768	5,551,708
Walcha	3,105	1,668,915	1,014,513	2,683,428	25,465	14,929	40,394	819,401	507,189	1,326,590	874,979	522,253	1,397,232
Walgett (S)	5,828	5,005,496	2,101,086	7,106,582	79,056	30,916	109,972	2,511,377	1,047,908	3,559,285	2,573,175	1,084,094	3,657,269
Warren (S)	2,716	2,100,537	1,117,028	3,217,565	32,764	16,416	49,180	1,063,032	557,084	1,620,116	1,070,269	576,360	1,646,629
Warrumbungle (S)	9,209	5,070,727	2,633,728	7,704,455	81,040	38,931	119,971	2,550,230	1,321,625	3,871,855	2,601,537	1,351,034	3,952,571
Waverley	74,276	1,595,602	463,371	2,058,973	25,994	6,868	32,862	781,568	229,177	1,010,745	840,028	241,062	1,081,090
Weddin (S)	3,596	1,976,321	1,087,123	3,063,444	30,616	15,979	46,595	983,653	544,784	1,528,437	1,023,284	558,318	1,581,602
Wentworth (S)	7,090	4,509,627	2,183,668	6,693,295	72,611	32,075	104,686	2,258,506	1,091,628	3,350,134	2,323,732	1,124,115	3,447,847
Willoughby (C)	81,196	1,744,258	626,139	2,370,397	28,372	9,283	37,655	886,913	318,632	1,205,545	885,717	316,790	1,202,507
Wingecarribee (S)	51,760	3,334,838	2,070,429	5,405,267	54,371	30,174	84,545	1,661,946	1,034,545	2,696,491	1,727,263	1,066,058	2,793,321
Wollondilly (S)	54,005	2,475,919	1,455,791	3,931,710	40,534	21,626	62,160	1,232,773	741,598	1,974,371	1,283,680	735,819	2,019,499
Wollongong (C)	219,798	16,692,823	2,599,842	19,292,665	273,308	38,404	311,712	8,310,403	1,308,863	9,619,266	8,655,728	1,329,383	9,985,111
Woolahra (M)	59,431	1,276,701	457,368	1,734,069	20,753	6,785	27,538	624,331	228,333	852,664	673,123	235,820	908,943
Yass Valley	17,321	1,903,888	1,487,450	3,391,338	29,450	21,577	51,027	917,524	733,325	1,650,849	1,015,814	775,702	1,791,516
	8,167,158	584,824,936	236,942,282	821,767,218	9,422,892	3,473,233	12,896,125	291,536,853	118,253,076	409,789,929	302,710,975	122,162,439	424,873,414

APPENDIX C**LOCAL GOVERNMENT GRANTS COMMISSION
GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2022-23 GRANTS**

1. GENERAL

All submissions **must** be consistent with the principles which have been adopted by the NSW Local Government Grants Commission (Commission). The principles are attached in **Table 1**.

Information in the submissions must relate to the year ended 30 June 2021, in order to be compatible with the Commission's **Return of General Information** for that year (for the 2022-23 grant calculations).

Only operational costs should be included; capital costs are to be excluded.

Submissions should be based only on *inherent* disabilities and problems, which are outside a council's control. **Additional costs that result from deliberate policy decisions made by councils to provide a higher than average standard of service are not considered disabilities.**

Information provided on disabilities should be brief and the costing estimates of the disabilities should be as accurate as is practicable.

If you have further questions, then please contact Helen Pearce on (02) 4428 4131 or by email, helen.pearce@olg.nsw.gov.au.

Submissions should be emailed to the Commission at olg@olg.nsw.gov.au as soon as possible, by no later than **19 November 2021**.

2. EXPENDITURE DISABILITIES**(a) Content**

The details of the Commission's expenditure calculations for Council's area are enclosed (See **Appendix A**). This information should be used in assessing whether to make a submission on expenditure disabilities; that is, in assessing whether the particular disabilities of Council's area are **already recognised** in the formula. If council believes that disabilities **other than those currently identified by the formula** have an impact on the cost of providing services, then this should be substantiated in the submission.

Similarly, if council believes that the impact of any disability already identified by the Commission is greater than indicated, then the case should be argued in the submission. Please refer to **Table 2** for the basic format for a special submission. Details of the expenditure items considered, the council functions and disability measures can be found in **Appendix D**.

(b) Required Format

Table 2 shows the **REQUIRED FORMAT** for submissions on expenditure disabilities. Submissions should be **brief** and include:

- (1) the function affected (using the Commission's functional heading);
- (2) a **brief** description of the disability;
- (3) a **brief** account of the action taken to deal with that disability; and,
- (4) the **estimated additional cost** impact of that action.

APPENDIX C**LOCAL GOVERNMENT GRANTS COMMISSION
GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2022-23 GRANTS**

Where a disability factor affects costs across a number of council functions, separate details should be used showing the cost impact in each function area.

(c) Outcome

Where the Commission recognises an additional disability raised in a submission beyond the measures recognised, an adjustment will be made as an "other" category.

Where an additional disability is recognised which has an impact on a number of councils, the methodology will be adjusted and *all councils* will be affected according to the extent of the relevant disability.

3. REVENUE DISABILITIES

While the approved principles generally bind the Commission's operation in this area, councils may wish to comment on the current methodology if it is considered that these unfairly disadvantage them.

It should be noted that non-rateable properties are taken into consideration in the Commission's calculation automatically. The loss of revenue from non-rateable properties does not need to be specified in the submission.

APPENDIX C
LOCAL GOVERNMENT GRANTS COMMISSION
GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2022-23 GRANTS

TABLE 1

APPROVED PRINCIPLES

1. General purpose grants to local governing bodies will be allocated as far as practicable on a full equalisation basis as defined in the *Local Government (Financial Assistance) Act 1995*; that is a basis which attempts to compensate local governing bodies for differences in expenditure required in the performance of their functions and in their capacity to raise revenue.
2. The assessment of revenue and expenditure allowances of local governing bodies will, as far as is practicable, be independent of the policy or practices of those bodies in raising revenue and the provision of services.
3. Revenue raising capacity will primarily be determined on the basis of property values; positive and negative allowances relative to average standards may be calculated.
4. Revenue allowances may be discounted to achieve equilibrium with expenditure allowances.
5. Generally, for each expenditure function an allowance will be determined using operational cost; both positive and negative allowances relative to average standards may be calculated.
6. Expenditure allowances will be discounted to take account of specific purpose grants.
7. Additional costs associated with non-resident use of services and facilities will be recognised in determining expenditure allowances.

APPENDIX C
LOCAL GOVERNMENT GRANTS COMMISSION
GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2022-23 GRANTS

TABLE 2

REQUIRED FORMAT FOR SUBMISSIONS ON EXPENDITURE DISABILITIES

Function:

Disability:

Description and Response:

Cost Impact:

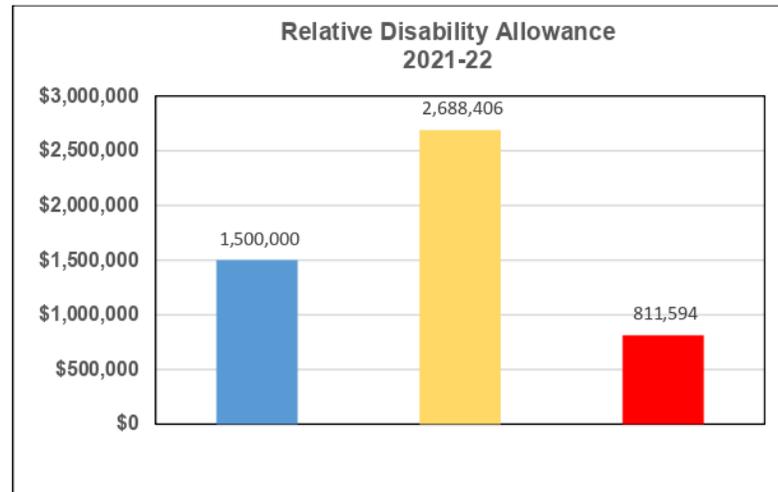
APPENDIX D**LOCAL GOVERNMENT GRANTS COMMISSION
2021-22 FINANCIAL ASSISTANCE GRANTS**

Expenditure Functions with Expenditure Items Listed Below					
(Expenditure Items Source – Financial Data Return – Special Schedule 1/Net Cost of Services – 5 year average gross operational costs)					
Recreation & cultural	Administration & governance	Community amenity	Community services & education	Roads, bridges & footpaths	Public order, safety, health & other
Museums	Administration	Public Cemeteries	Admin & Education	Aerodromes	Animal Containment
Art Galleries	Governance	Public Toilets	Children’s Services	Urban Roads Local	Fire Service Levy
Communities Centres & Halls		Town Planning	Aged and Disabled	Sealed Rural Roads Local	Noxious Plants & Insects
Performing Arts Venues		Street Lighting	Social Protection	Unsealed Rural Roads Local	Environment Protection
Other Sport & Recreation				Bridges on Urban Roads Local	Stormwater Management
Other Performing Arts				Bridges on Sealed Rural Roads Local	Urban Storm Drainage
Public Libraries				Bridges on Unsealed Rural Roads Local	Other
Swimming Pools				Footpaths	Health
Sporting Grounds				Parking Areas	Enforcement of Regulations
Parks and Gardens					Beach Control
					Building Control
					Street Cleaning

APPENDIX D**LOCAL GOVERNMENT GRANTS COMMISSION
2021-22 FINANCIAL ASSISTANCE GRANTS**

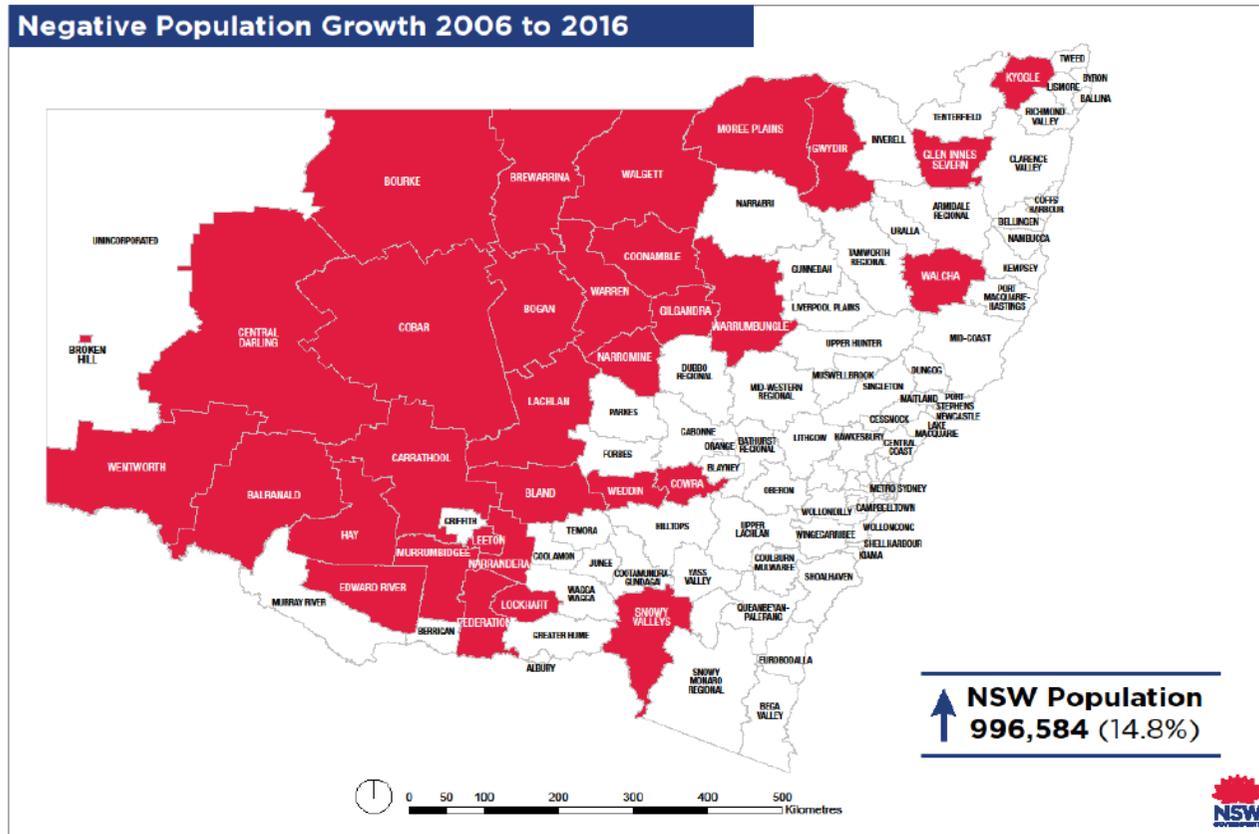
Expenditure Disability Factors		
Disability Factor	Description	Data Source
Population Size	Number of people residing in local government area. The more people in a community, the cheaper it is to provide resources per person. This suggests compensation for councils with smaller populations	ABS Regional population 2019-20, Estimated Resident Population (released 30 March 2021).
ATSI	Proportion of residents identified as Aboriginal and Torres Strait Islander.	ABS 2075.0 Census of Population and Housing - Counts of Aboriginal and Torres Strait Islander Australians, 2016 (released 5 December 2018).
Local Road Length	Kilometres of road within a local government area.	Data provided by OLG, based on data supplied by each local council for the 2020-21 financial year.
Environment	Hectares of environmental land (hectares of conservation and natural environment, water and inland water bodies).	ABS 1410.0 - LAND AND ENVIRONMENT, Local Government Area, 2011-2018 (released 19 November 2019).
Rainfall, topography and drainage index	An index that measures variation in the cost of construction and maintenance of stormwater drainage based on a number of considerations.	Data provided by OLG, Independent Consultants, 1987, Stormwater Drainage Return.

APPENDIX D
LOCAL GOVERNMENT GRANTS COMMISSION
2021-22 FINANCIAL ASSISTANCE GRANTS



Within the GPC, \$5.0 million of the \$10.0 million CPI increase was apportioned to councils with greatest relative disadvantage on the basis of unsealed local road lengths (reported by local councils), isolation (ABS population data, 5 years averaged isolation expenditure reported by local councils, distance from Sydney and the nearest major regional centre, Western Zone Allowance), and population decline (ABS Estimated Population 2006-2020) .

APPENDIX D
LOCAL GOVERNMENT GRANTS COMMISSION
2021-22 FINANCIAL ASSISTANCE GRANTS



Red indicates population decline in NSW from 2006-2016.

2 Your Community Life

What we are trying to achieve

A healthy, inclusive and vibrant community.

What the result will be

We will have:

- Community hubs that provide access to services and social connections
- A safe, caring and connected community
- A healthy and active community that is supported by recreational infrastructure
- A strong community that is able to identify and address social issues
- Community participation in events, programs, festivals and activities

How we will get there

- 2.1 Create a community that feels safe
- 2.2 Advocate for social inclusion and fairness
- 2.3 Provide quality programs, community facilities and public spaces, for example, community halls, parks and vibrant town centres
- 2.4 Empower the community through encouraging active involvement in projects, volunteering and events
- 2.5 Promote a creative and culturally rich community

MAYORS SPORTING FUND - 12 MONTH ACTIVITY REPORT 2020/2021

2020/2021

Johnson	Kiera	Beach Volleyball	Australian Junior Beach Volleyball Championships, Coolangatta	\$350
Olsen	Matthew	Beach Volleyball	Australian Junior Beach Volleyball Championships, Coolangatta	\$350
Olsen	Andrew	Beach Volleyball	Australian Junior Beach Volleyball Championships, Coolangatta	\$350
Beard	Charlie	Beach Volleyball	Australian Junior Beach Volleyball Championships, Coolangatta	\$350
Reynolds	Laura	Beach Volleyball	Australian Junior Beach Volleyball Championships, Coolangatta	\$350
Hempsell	Phoebe	Beach Volleyball	Australian Junior Beach Volleyball Championships, Coolangatta	\$350
Hyde	Jasmine	Netball	National Netball Championships - Hobart	\$500
Little-Legend	Naykisha	Rugby Union	NSW Country Rugby Union Championship - various locations across NSW	\$250
Smith	Bayden	Hockey	Australian National Hockey Championships - Launceston	\$500
Drewitt	Maddison	Hockey	Australian National Hockey Championships - Launceston	\$500
Tijou	Stella	Rugby League	Harvey Norman Tarsha Gale Cup, various locations across NSW	\$350
Bentley	Phoebe	Swimming	Australian Swimming Championships - Gold Coast	\$450

\$4,650.00

4 Your Natural and Built Environment

What we are trying to achieve

A connected, sustainable, accessible community and environment that is protected now and into the future.

What the result will be

We will have:

- Effective management and maintenance of essential water, waste and sewer infrastructure
- A community that is prepared for natural events and climate change
- Sustainable and environmentally sensitive development outcomes that consider the impact on the natural environment
- Accessible transport network for our communities
- Infrastructure provision and maintenance that meets community expectations and needs
- Well planned communities that are linked to encourage and manage growth
- Accessible and protected waterways, foreshores, beaches and bushlands
- An environment that is protected and conserved for future generations
- Renewable energy options that are understood and accessible by the community

How we will get there

- 4.1 Provide (appropriate) infrastructure and services including water cycle management, waste management, and sewer management
- 4.2 Aim to minimise the impact of natural events and climate change, for example, floods, bushfires and coastal erosion
- 4.3 Facilitate development that is compatible with the natural and built environment
- 4.4 Plan for integrated transport systems that help people get around and link our communities
- 4.5 Plan for integrated and connected communities across the Port Macquarie-Hastings area
- 4.6 Restore and protect natural areas
- 4.7 Provide leadership in the development of renewable energy opportunities
- 4.8 Increase awareness of issues affecting our environment, including the preservation of flora and fauna

Rawdon Island Bridge



22 July 2021

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Background

Following the March 2021 floods, Port Macquarie-Hastings Council undertook inspections for all our bridges, including underwater inspections of bridges over major waterways. Major structural issues were identified with the pylons that support the Rawdon Island Bridge, indicating the bridge is at a high risk of bridge collapse. It is believed the structural issues were not caused by the March 2021 flood but rather a fault during construction.

On advice from independent structural engineers, the bridge was closed to vehicles on 5 July 2021 to maximise the safety of residents and reduce the possibility of risk of further damage. Emergency Services are able to cross the bridge under strict conditions.

Council has been working closely with Rawdon Island residents to ensure their needs are met during this time. A number of measures have been put in place and Council is continuing to liaise with residents to facilitate further support and actions.

Initial estimates of costs associated with the bridge closure, traffic management, bridge monitoring, investigations and design, and community support range from \$300,000 to \$500,000.

Council is currently monitoring the bridge for unexpected movements to help in identifying a path forward.

Council developed a Bridge Management System (BMS) to prioritise all bridges on a risk basis, considering condition and overall importance to the road network. Rawdon Island Bridge is currently ranked 13th overall, and 2nd compared to other concrete bridges behind Cathie Bridge. When adjusted based on information about damage it is ranked 4th overall.

Rawdon Island Bridge

- Built 1961
- Spans approx. 164m in length
- Reinforced concrete bridge
- Blade pier and dual piles
- Last bridge inspection 2019
- Sole road access to/from Rawdon Island and Little Rawdon Island

Underwater Inspections

Underwater inspections during June found major structural issues with several of the pylons of the bridge. These underwater inspections occurred 15 June, 16 June and 28 June 2021.

Based on the type of structure being robust concrete piles and shallow rock foundations, the damage identified during the underwater inspection was unexpected. The damage appears to be related to poor original construction techniques and quality control procedures, resulting in ongoing degradation and loss of the pile materials at these isolated locations immediately above river bed level. There does not appear to be any records of underwater bridge inspections being completed for Rawdon Island Bridge prior to now.

The inspections identified several piles with damage, with the most extensive located at Pier 4, Pile 2.



Figure 1: Still photo from video captured during underwater inspections of Pier 4, Pile 2 showing approximately 88% erosion of a section of the foundation pile.



Figure 2: Still photo from video captured during underwater inspections of Pier 4, Pile 2, alternate viewpoint.

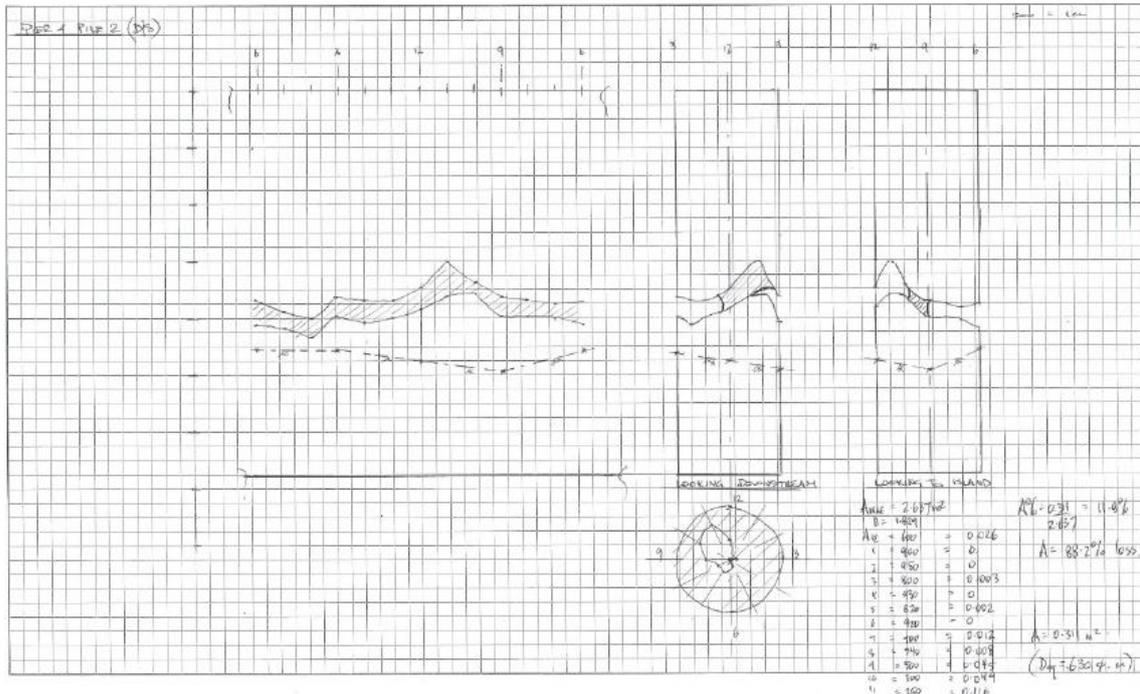


Figure 3: Engineering sketch of the damage at Pier 4, Pile 2 with calculation of section loss estimated at 88.2% from a diameter of 1800mm down to approximately 350mm.

Other damage as follows:

- Pier 3 Pile 1 (upstream) = 43.7% loss
- Pier 3 Pile 2 (downstream) = 51.7% loss
- Pier 4 Pile 1 (upstream) = 33.9% loss



Figure 4: Section loss Pier 3 Pile 1.



Figure 5: Section loss Pier 3 Pile 2.

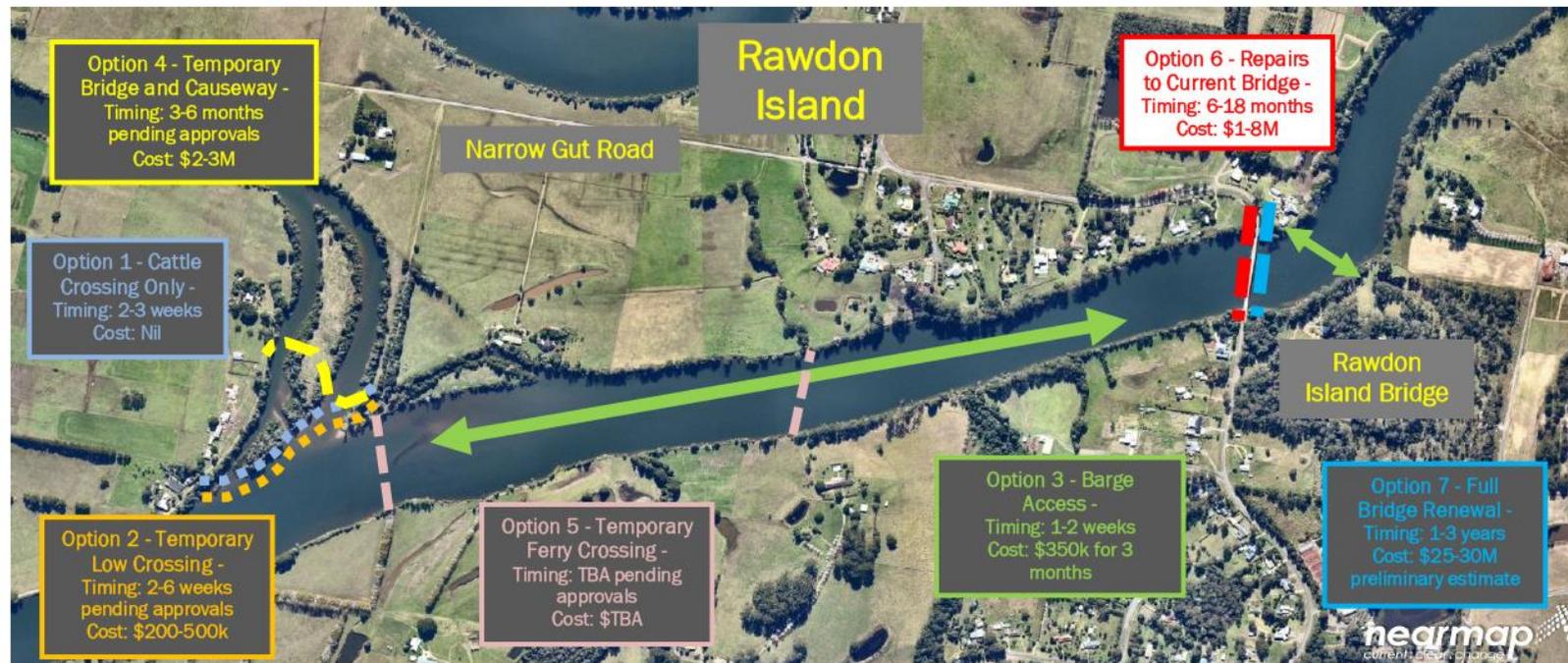
Solutions

Council is currently investigating a combination of solutions where several options will be implemented simultaneously - for repair, replacement and alternate access for short-term and long-term needs.

The options include:

- Alternate access including barges and temporary crossings for alternate routes in the short term (Options 1, 2 and 3)
- Alternative crossing for the short to medium term - robust public road alt crossing (Option 4) or Ferry crossing (Option 5)
- Repairs and rectification of the existing structure (Option 6)
- Full replacement and demolition of the existing bridge (Option 7)

Options 1,2 and 3 will require immediate Council expenditure, however the implementation of longer-term Options 4,5,6 or 7 will require external funding support.



Port Macquarie-Hastings Council
PO Box 84
Port Macquarie
NSW Australia 2444
e council@pmhc.nsw.gov.au
ABN 11 236 901 601



28 July 2021

The Hon. Leslie Williams MP
Member for Port Macquarie
Suite 6/27 Grant Street
PORT Macquarie NSW 2444

portmacquarie@parliament.nsw.gov.au

Dear Leslie

Rawdon Island Bridge

I wanted to personally thank you for liaising with TfNSW to secure bus shelters for the residents of Rawdon Island. The shelters will be much appreciated assets as we work to resolve the structural integrity issues of the bridge over the coming months.

As you are aware and following the March 2021 floods, Port Macquarie-Hastings Council undertook inspections for all our bridges, including underwater inspections of bridges over major waterways. Major structural issues were identified in the pylons that support the Rawdon Island Bridge, indicating the bridge is at a high risk of collapse. It is believed these structural issues were not caused by the March 2021 floods, but rather a fault during construction.

On advice from independent structural engineers, the bridge was closed to vehicles on 5 July 2021 to maximise the safety of residents and reduce the risk of further damage. Emergency Services are able to cross the bridge under strict conditions.

I have attached a fact sheet for your reference, which outlines the steps we are taking and highlights the funded needed for the bridge repair or potential replacement.

Council has been working closely with Rawdon Island residents to ensure their needs are met during this time. A number of measures have been put in place and Council is continuing to liaise with residents to facilitate further support and actions. Council have the capacity to provide these immediate support measures, including a temporary low crossing (Option 2 of the enclosed fact sheet) and barge access at a total estimated cost of up to \$850,000.

We seek your support in identifying funding opportunities for:

- Option 4 - a temporary bridge and causeway (up to \$3 million)
- Option 5 - an additional ferry - we are aware Transport for NSW has a second ferry at Bluff Point for use in peak times that could potentially be repurposed in support of Rawdon Island residents in the short to medium term
- Option 6 - repairs to the current bridge (up to \$8 million)
- Option 7 - full bridge renewal (up to \$30 million)

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Page 1 of 2

PORT MACQUARIE OFFICE
17 Burrawan Street, Port Macquarie NSW 2444
t 02 6581 8111

WAUCHOPE OFFICE
49 High Street, Wauchope NSW 2446
t 02 6581 8111

LAURIETON OFFICE
9 Laurie Street, Laurieton NSW 2443
t 02 6581 8111



At the 21 July 2021 Council meeting it was resolved to also seek your assistance in requesting support through the Australian Defence Force (ADF) for advice regarding potential repairs to enable weight-limited usage of the bridge while longer term solutions are implemented. I understand you have previously requested ADF support on behalf of our community and thank you for doing so.

Our community appreciates the support and assistance you provide and welcomes any further aid you may be able to facilitate in restoring access to these residents.

Yours sincerely

A handwritten signature in cursive script, appearing to read "C. M. Allen".

Dr Clare Allen
Chief Executive Officer

Port Macquarie-Hastings Council
PO Box 84
Port Macquarie
NSW Australia 2444
e council@pmhc.nsw.gov.au
ABN 11 236 901 601



28 July 2021

The Hon Dr. David Gillespie MP
Federal Member for Lyne

David.gillespie.mp@aph.gov.au

Dear David

Rawdon Island Bridge

I wanted to personally thank you for the support you have provided to the Rawdon Island Community and to Council, since the discovery of structural issues with the Rawdon Island Bridge.

As you are aware and following the March 2021 floods, Port Macquarie-Hastings Council undertook inspections for all our bridges, including underwater inspections of bridges over major waterways. Major structural issues were identified in the pylons that support the Rawdon Island Bridge, indicating the bridge is at a high risk of collapse. It is believed these structural issues were not caused by the March 2021 floods, but rather a fault during construction.

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- Option 6 - repairs to the current bridge (up to \$8 million)
- Option 7 - full bridge renewal (up to \$30 million)

At the 21 July 2021 Council meeting it was resolved to also seek your assistance in securing financial and technical support from the Australian Defence Force (ADF).

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Page 1 of 2

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Our community appreciates the support and assistance you provide and welcomes any further aid you may be able to facilitate in restoring access to these residents.

Yours sincerely

A handwritten signature in cursive script, appearing to read "C. M. Allen".

Dr Clare Allen
Chief Executive Officer

ROCKS FERRY 'MAKE SAFE' PROPOSED SITE



PLAN FORM 2 (A2)

WARNING: CREASING OR FOLDING WILL LEAD TO REJECTION

COORDINATE SCHEDULE						
MARK	M.G.A. COORDINATES		CLASS	ORDER	METHOD	STATE
	EASTING	NORTHING				
SSM 172286	474 114.754	6 500 010.281	B	2	SCIMS	FOUND
SSM 35173	474 523.634	6 499 892.817	B	2	SCIMS	FOUND
PM 79431	474 703.424	6 499 848.228	B	2	SCIMS	FOUND

DATE OF SCIMS COORDINATES: 19-04-2018 MGA ZONE: 56 MGA DATUM: GDA84
COMBINED SCALE FACTOR 0.999600

SCHEDULE OF SSM CONNECTIONS		
MARKS	BEARING & DISTANCE	ORIGIN
SSM 172286 -	106° 01' 42" - 425.590	SURVEY
SSM 35173 -	106° 01' 42" - 425.588	MGA (GND)
SSM 35173 -	103° 55' 48" - 185.320	SURVEY
PM 79431 -	103° 55' 43" - 185.311	MGA (GND)
PM 79431 -	285° 23' 30" - 610.823	SURVEY
SSM 172286 -	285° 23' 29" - 610.812	MGA (GND)



WARNING: Electronic Document Supplied by NSW LRS for your Internal Use Only

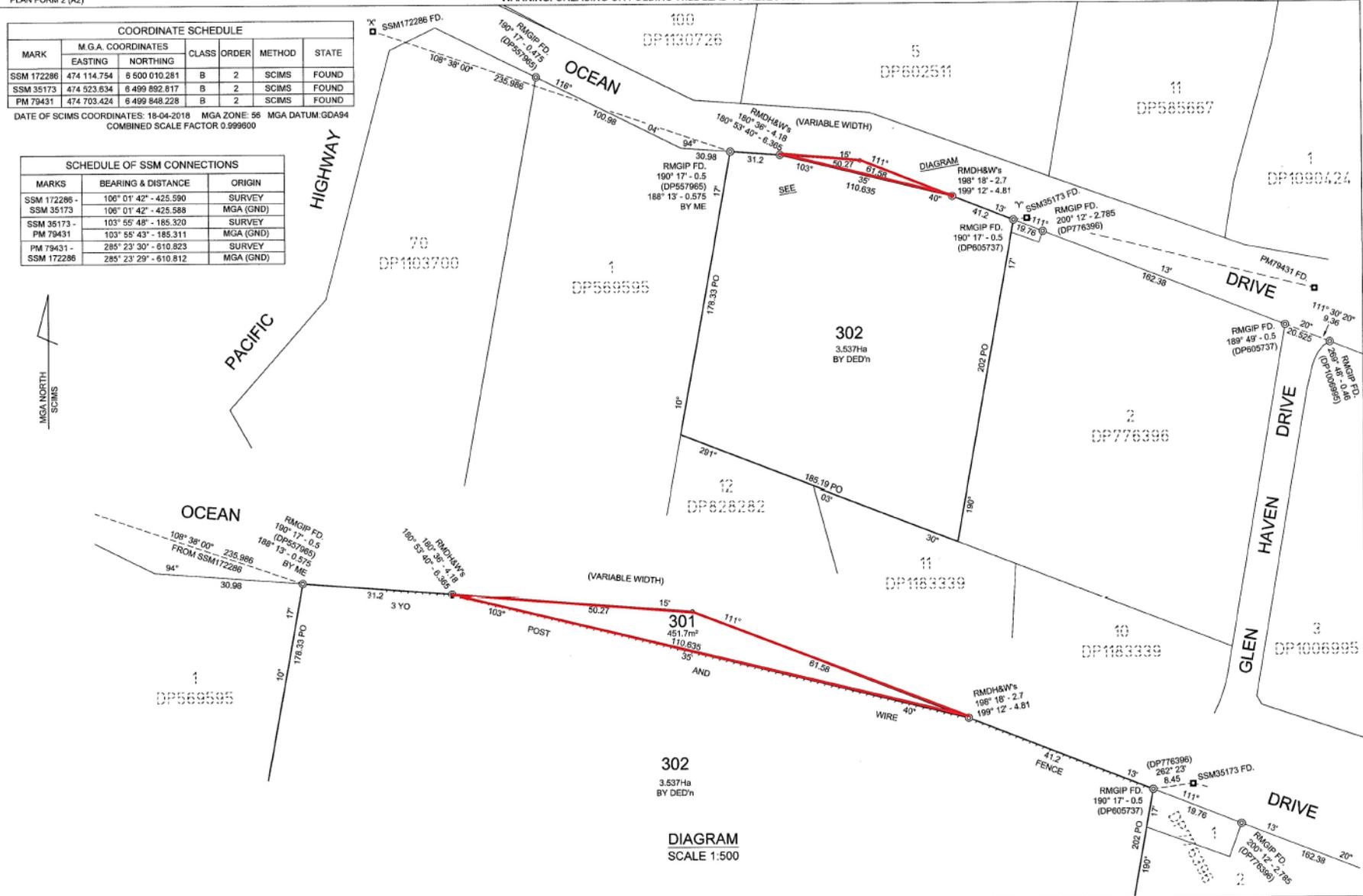


DIAGRAM
SCALE 1:500

SURVEYOR Name: GRAHAM MCLEOD BURNS Date: 3RD MAY 2018 Reference: 7717	PLAN OF LAND TO BE ACQUIRED FOR THE PURPOSES OF THE ROADS ACT 1993	L.G.A: PORT MACQUARIE - HASTINGS Locality: KEW Reduction Ratio 1:1500 Lengths are in metres.	REGISTERED 27.6.2018 DP1244167
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AGENDA

ORDINARY COUNCIL
17/03/2021

Item: 13.06**Subject: PP2011 - 9.3: REVISED PLANNING PROPOSAL REQUEST -
SOUTH BLACKWOOD STREET, PORT MACQUARIE****APPLICANT/OWNER: VILRO PTY LTD****Presented by: Development and Environment, Melissa Watkins**

Alignment with Delivery Program

4.5.1 Carry out strategic planning to manage population growth and provide for co-ordinated urban development.

RECOMMENDATION**That Council:**

1. Note the identification of the Planning Proposal Application by Love Project Management Pty for finalisation by 30 June 2021 under the NSW Public Spaces Legacy Program.
2. Note the significant work undertaken by the Proponent and landholder since Council's resolution of June 2019 to achieve a residential development outcome on Lot 499 DP1258597; protection of Koala habitat under SEPP Koala Habitat, and other positive environmental outcomes.
3. Not support the revised Planning Proposal Application submitted in January 2021 to rezone Part Lot 499 DP1258597, Port Macquarie on the grounds of unresolved and significant environmental issues and inconsistency with section 1.3 object (e) of the Environmental Planning and Assessment Act, 1979.
4. For the reasons outlined in 3 above, not forward the revised Planning Proposal to the Department of Planning, Industry and Environment for a Gateway Determination under Section 3.33 and 3.34 of the Environmental Planning and Assessment Act 1979.
5. Advise the Proponent that a new combined Planning Proposal Application and Development Application (DA) may be considered, based on a limited release area identified in Figure 2 of the report, and addressing:
 - a) the recommendations of the NSW Biodiversity Conservation Division of the Department of Planning Industry and Environment letter to Council dated 24 February 2021.
 - b) the requirements of Council's Planning Proposal Policy.
6. Notify the Department of Planning Industry and Environment of Council's decision.

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17/03/2021**Executive Summary**

On 29 January 2021, Council received an amended Planning Proposal application for Lot 499 DP1258597 near Blackwood Street, Port Macquarie. The application seeks to amend the Port Macquarie-Hastings Local Environmental Plan 2011 by:

- Amending the Land Zoning (LZN) Map
- Amending the Lot Size (LSZ) Map
- Amending the Floor Space Ratio (FSR) Map
- Amending the Height of Building (HOB) Map
- Amending the Koala Habitat (KHA) Map.

The amended application responded to concerns raised in an assessment report on the Planning Proposal to Council in June 2019 (Item 13.06). The report recommended that Council not support the long running planning proposal application (2011). However, Council deferred consideration of the matter pending mediation between the parties for *“the purpose of working towards potential modifications to the application that seek to achieve optimal outcomes for all parties, including protection of koala habitat under the Koala SEPP and other positive environmental outcomes”*.

The amended application now seeks to change planning controls over a lesser area of land (4.36) hectares within Lot 499 DP1258597, which is the un-subdivided residue associated with the Ascot Park residential subdivision. The location is shown in Figure 1.

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Figure 1 Site location and context

A copy of the Proponent's amended application is included at **Attachment 1**.

The proposal continues to present significant issues in its current form and is not supported. There is, however an opportunity for the Proponent to present a new application to Council incorporating revisions to their proposal in line with the discussion in the report. This would involve a reduced residential area; expanded environmental conservation zoning; an acceptable layout to minimise and mitigate the potential impacts on the adjacent Lake Innes Nature Reserve; a lesser change to Koala Habitat mapping; and execution of a planning agreement and vegetation management plan with Council to protect and manage conserved areas.

If the proposal is amended in the manner discussed in the report, the revisions are considered to be more likely to be accepted by Council and relevant State Agencies.

This report is not a planning proposal. A formal planning proposal document for submission to the Department of Planning, Industry and Environment Gateway would be prepared as the first step in a rezoning process, if an application is supported by Council.



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Current zoning of the land the subject of the request is part RU1 Primary Production under *Port Macquarie-Hastings Local Environmental Plan (LEP) 2011*. Development for residential subdivision and housing is prohibited in the zone.

The planning area described in the report contains known *Core Koala Habitat* (SEPP Koala Protection) and *Serious and Irreversible Impact Species (Vegetation)* under the *Biodiversity and Conservation Act*.

The Proponent for the application is Love Project Management Pty Ltd on behalf of landowners; Vilro Pty Ltd. Associated entity to the original request/s and applications, Charley Bros Pty Ltd, are no longer party to the proposal.

Disclosure

The application states that a Political Donations and Gift Disclosure Statement is not required.

However, under section 10.4(4) of the *Environmental Planning and Assessment Act 1979* ('the Act') a person who makes a relevant planning application to a council is required to disclose the following reportable political donations and gifts (if any) made by any person with a financial interest in the application within the period commencing 2 years before the application is made and ending when the application is determined:

- a) all reportable political donations made to any local councillor of that council
- b) all gifts made to any local councillor or employee of that council.

An application to amend the local environmental plan is a relevant planning application.

A reference in sections 10.4(4) and 10.4(5) of the Act to a reportable political donation made to a 'local councillor' includes a reference to a donation made at the time the person was a candidate for election to the council.

A disclosure has not been made at this time.

BackgroundJune 2019: Council Meeting - Planning Proposal Assessment Report

On June 2019, Council resolved to defer a decision on a 2011 Planning Proposal request for The Ruins Way and South Blackwood Street at Port Macquarie West.

The application sought to rezone un-subdivided residue land at Ascot Park and Innes Lake Estate (then Lot 340 DP1251842 and Lot 399 DP1241278), Port Macquarie to R1 General Residential as an extension of existing subdivision. The report recommended that Council not proceed with the proposed change of zone for any of the three nominated areas on the basis of unacceptable environmental impact and other matters relating to planning outcomes, and strategic and site specific merit.

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Council deferred a decision, resolving instead to mediate with the Proponent and the landowners as follows:

RESOLVED: Turner/Hawkins

That Council:

1. *Defer consideration of this item.*
2. *Request the General Manager schedule a Councillor briefing on the proposal as soon as practical.*
3. *Request the General Manager convene a meeting with the Proponent and their representatives and relevant Council staff for the purpose of working towards potential modifications to the planning proposal that seek to achieve optimal outcomes for all parties, including protection of koala habitat under SEPP 44 and other positive environmental outcomes.*
4. *Request the General Manager provide a report back to Council regarding the outcomes of this meeting and any amendments to the Planning Proposal, once Council staff are in a position to finalise this review.*

CARRIED: 8/0

FOR: Alley, Dixon, Griffiths, Hawkins, Intemann, Levido, Pinson and Turner

AGAINST: Nil

Mediation

Consistent with Council's resolution, mediation between the parties commenced in June 2019 with the aim of working towards potential modifications to the Planning Proposal application to achieve the outcomes envisaged by Council. A site visit and follow-up meeting occurred on 17 July 2019. Council expectations included clarification of the landowner's intent and landowner offers to modify the proposal as a clear basis for further discussion as intended by Council i.e. amended concepts addressing or resolving the issues raised in the June 2019 Council report.

A period of information exchange between the parties over various zone options and the involvement of State Agencies (Biodiversity Conservation Division and the Grafton Office of NSW Planning Industry and Environment) occurred from 17 July 2019 up until 10 December 2020. Council staff wrote to the Proponent acknowledging the positive steps taken in working towards a modified rezoning plan for South Blackwood area and confirmed Council's requirements for a revised planning proposal application by 31 January 2021, based on the recommendations detailed in a letter from the Biodiversity and Conservation Division of the Department of Planning Industry and Environment to the Proponent in September 2020.

On 3 March 2021, Council convened a meeting with the Proponent and landholder to advise of a letter dated 25 February 2021 from the NSW Biodiversity Conservation Division (BCD) outlining their ongoing concerns in relation to unresolved environmental issues (**Attachment 2**). Discussions included options for progressing a planning proposal and Council's report to the 17 March Ordinary Council meeting.

To assist with discussion, Council staff presented and later issued the Proponent, with a map indicating a possible supportable zone concept based on the comments and recommendations detailed in the BCD letter (Figure 2).

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Figure 2 PMHC Minimum Acceptable Zone Concept based on BCD recommendations.

BCD Advice 25 February 2021 - Key issues

The BCD letter confirms that some limited residential development could be supported in the planning area, but that there are significant environmental issues that require careful management to avoid and minimise impacts on biodiversity values.

Key concerns and recommendations include:



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- Narrow and fragmented application of environmental zoning, which is not supported.
- The need for broader application of zone E2 Environmental Conservation to incorporate and protect High Environmental Value land under the North Coast Regional Plan, which includes habitat for critically endangered native guava plants, primary koala habitat and mapped Coastal Wetlands.
- A planning agreement and vegetation management plan to commit the landholder to protecting and managing E2 Environmental Conservation zoned land.
- Rezoning only suitable land within the Urban Growth Area for residential housing.

Key elements to progressing a planning proposal

The following are considered key to achieving acceptable and optimal planning, development and environmental outcomes consistent with Council's resolution of 19 June 2019.

- Completion of the project for finalisation by 30 June 2021 under the NSW Government Public Spaces Legacy Program. There is a major risk that the proposal would not be completed by 30 June 2021 due to the legal steps in the planning process and uncertainty as to whether a Gateway determination would be granted by the Department to proceed. The Department of Planning Industry and Environment advice is that a reasonable timeframe for completion of a modified planning proposal in relation to part Lot 499 would be 12 months from the time of a Gateway Determination to proceed.
- A new combined Planning Proposal Application and Development Application, consistent with the NSW Government strategic and site specific merit test for planning proposals, ministerial directions issued under Section 9.1 of the Environmental Planning and Assessment Act 1979, State Environmental Planning Policy (SEPPs), and other relevant government legislation and policy.
- NSW Biodiversity and Conservation Division (BCD) support for a proposed change of zone.
- Department of Planning Industry and Environment (DPIE) support for and approval of a Koala Plan of Management (KPOM) for the land in question, and potential modifications to existing KPOMs relating to Lot 499.

Historical Context*Golf Course and Residential subdivision 1988 (DA1988/248).*

In September 1988, Council approved an 18-Hole Golf Course and 231 lot residential subdivision (DA1988/248) neighbouring Lake Innes Nature Reserve. A series of modifications to the development consent since that time increased the number of lots from 230 to over 250 lots, and re-oriented the subdivision layout (including bushfire and stormwater measures) closer to, and in some instances over the planned golf course and adjoining Nature Reserve. Apart from initial clearing for fairways and greens in the late 1980's, there has been no substantive works undertaken by the developer/land owner in relation to the golf course since approval in 1988. The developer advises that a reduced private course for personal use only is proposed and indicated a clear intent to develop areas of remaining residue and planned golf course areas for future housing if permitted.



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In 2011 the Proponent wrote to Council seeking to rezone remaining areas of rural land separating the above residential subdivision from the adjoining reserve. Council agreed to include the request in its Strategic Land Use Planning Program pending submission of a rezoning investigation reports, payment of fees and submission of studies detailing the status of conservation outcomes in the area.

The request remained in draft form and was unable to be progressed for a long period of time due to gaps in information and concerns with environmental impacts.

Council considered a Planning Proposal Assessment report in June 2019, where it was resolved:

RESOLVED: Turner/Hawkins

That Council:

5. *Defer consideration of this item.*
6. *Request the General Manager schedule a Councillor briefing on the proposal as soon as practical.*
7. *Request the General Manager convene a meeting with the Proponent and their representatives and relevant Council staff for the purpose of working towards potential modifications to the planning proposal that seek to achieve optimal outcomes for all parties, including protection of koala habitat under SEPP 44 and other positive environmental outcomes.*
8. *Request the General Manager provide a report back to Council regarding the outcomes of this meeting and any amendments to the Planning Proposal, once Council staff are in a position to finalise this review.*

CARRIED: 8/0

FOR: Alley, Dixon, Griffiths, Hawkins, Intemann, Levido, Pinson and Turner

AGAINST: Nil

In December 2020, Council's Bi-Annual Update Report on Site Specific Planning Proposals noted a substantial amount of work having been undertaken by all parties in respect of The Ruins Way matter since June 2019. The report also noted:

- That a decision is pending in respect of the strategic and site specific merit of the long running Planning Proposal application.
- That key issues and BCD concerns remained unresolved.
- That in the event that the timeframe is not achievable, the proposal may need to be discontinued with a further report presented to Council if this is the case.
- That there is a major risk to completion by the end date due to steps in the process and uncertainty as to whether a Gateway Determination would be granted by the Department to proceed.
- That the matter to be re-presented to Council in March 2021 for a decision.

Noting that the planning proposal has been unresolved for a decade, there has been numerous legislative changes during this time that have compounded the environmental constraints required to be addressed. Unfortunately, this has impacted on the direction and progression of the application. The introduction of the *Biodiversity Conservation Act 2016* and the listing of the Native Guava is a recent



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example of this. *State Environmental Planning Policy (SEPP) (Coastal Management) 2018* and *SEPP (Koala habitat Protection) 2018* are other examples. Additionally, reforms within state agencies over this time has also seen a shift in focus on assessment noting the legislative amendments that have occurred.

NSW Public Open Space Legacy Program 2020

The Legacy Program is part of the State's ongoing work to protect the health of the community, provide economic and jobs stimulus in response to COVID-19 pandemic. Funding will be released from early 2021 provided performance improvements can be achieved between 1 September 2020 and 30 June 2021. As a long running and unresolved rezoning application, The Ruins Way matter is nominated for completion in Council's formal Participation Agreement with the NSW Department of Planning Industry and Environment under the Program. Under the agreement the planning proposal is required to be completed by 30 June 2021. This timeframe is not considered achievable given the current status of the proposal.

EXISTING SITUATIONDescription of the Site and Surrounds

The 2021 Planning Proposal Application seeks to rezone Part Lot 499 DP 1258597, focusing on the area shown in Figure 1.

Lot 499 is located at west Port Macquarie, off Blackwood Street and is approximately 320m south of John Oxley Drive Port Macquarie. The site is around 1,230m west of Lake Innes Neighbourhood Centre. Current access is via Blackwood Street.

Site characteristics include:

- Large frontage to key infrastructure easements for electricity and water supply.
- Additional transecting electricity infrastructure.
- Large site frontage to Lake Innes Nature Reserve.
- Areas of designated Coastal wetlands and Coastal Wetlands Proximity Area under SEPP Coastal Management 2018.
- Remnant vegetation strips which form key known north-south and east-west habitat corridors for threatened and vulnerable species.
- Cleared grassland strips associated with undeveloped golf course approval,
- Drainage to Lake Innes Nature Reserve;
- Developing areas as low rise, low density housing lots.
- Surrounding developing areas to the north and south west.

Land Ownership and Existing Approvals

Lot 499 is registered to Vilro Pty Ltd. Existing approvals relating to the subject planning proposal application for Lot 499 include 291 Residential Subdivision (DA2005/547), and approved golf course, residue and retained habitat (corridors) under DA1988/248. The golf course and residential subdivision are discussed in the following section of the report.

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- January 2021 Revised Planning Proposal Application

A revised Planning Proposal package was uploaded to Council on Friday 29 January 2021.

- Description of the Revised Planning Proposal Application

The application includes an indicative zone development concept that could occur on the site under the proposed controls.

The following table provides a comparison between the current planning controls applying to the site and the controls proposed in the Proponent's current application:

Subject Site Area (only)	Existing	Proposed
Land Zoning (LZN)	RU1 Primary Production	Part R1 General Residential, Part E2 Environmental Conservation, and Part E3 Environmental Management.
Minimum Lot Size (LSZ)	40 hectares	450m ²
Maximum Height of building (HOB)	NA	8.5m
Floor Space Ratio	NA	1:1
Koala Habitat Map	Yes, all of site (clause 7.5)	Retained habitat and environmental areas.

- Possible Development Scenario

The indicative concept proposes 22 lots:

- 3 dual occupancy corner sites;
- 13 x 450m² residential housing lots;
- 1 x 2671m² medium density lot; and
- 5 low density lots ranging in size from 476m² to 567m².

A copy of the indicative concept is shown in Figure 3. Note that consideration of subdivision design merit would occur at DA stage, should the planning proposal proceed to that point.

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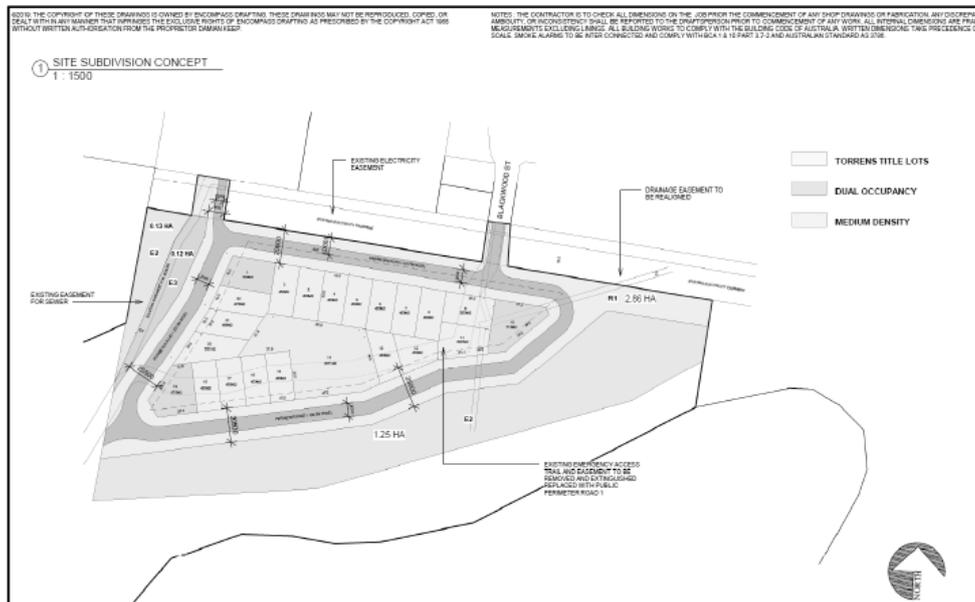
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Figure 3 Subdivision and Zone Concept Plan by Love Project Management

The Proponent's proposed concept design would provide access from Blackwood St to the north, and a potential secondary access to developing land in the northwest. In addition, the design would allow future road access to undeveloped residue land to the east towards The Ruins Way, and south towards Ascot Park. This land is held by the developers.

The plans are indicative only to illustrate the type and scale of development possible on the land if the rezoning proceeded.

- January 2021 - Supporting Studies

The submission included the following information and documents:

1. Application Form (29 January 2021).
2. Planning Proposal Amendment Report, Love Project Management Pty Ltd (29 January 2021).
3. Deposited Plan (DP1258597).
4. Property Title (LRS) Vilro Pty Ltd .
5. Concept Development Plans (29.1.2021).
6. Aboriginal heritage Report (27.4.2018).
7. Bushfire Hazard Assessment (January 2021).
8. Response to BCD Consultation - Love Project Management Pty Ltd 28 January 2021).
9. Koala Plan of Management JB Enviro (January 2021).
10. Preliminary BDAR JB Enviro (January 2021).
11. Draft Amended Zone Map.
12. Draft Amended Minimum Lot Size Map.
13. Draft Amended Koala Habitat Map.
14. Draft Amended Height of Building Map.
15. Draft Amended Floor Space Ratio Map.

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16. Dwg Files; Subdivision concept and site survey (data files).

Late documents included:

- Phase 1 Environmental Site Contamination Assessment.

Omitted documents include:

- Political Disclosure
- Summary of Supporting Studies.

Planning Proposal Amendment Report (2021)	The report outlines the nature of the proposal, the changes to planning controls sought, and concludes that the site is suitable for future housing and subdivision based on
Aboriginal Heritage Report (2018)	The report, prepared by Birpai Local Aboriginal Land Council in 2018, and in response to a request for Charlie Bros Pty Ltd, details the results of a site survey in March 2018. The report concludes that the proposed development is not considered to impact upon or have any significance for the local Aboriginal community and their cultural heritage. In addition, no site recording is considered necessary based on no material traces, evidence or expressed knowledge of Aboriginal land use on the site.
Bushfire Hazard Assessment (2021)	The report considers the NSW government requirements for Planning Proposals on bushfire prone land. A Strategic Bushfire Study is required and included. The study is premised on the assumption that future land uses will not contain 'Special Fire Protection Purposes'. Council will need to consult with the NSW Rural Fire Service in relation to the proposal and must demonstrate that the objectives for draft LEPS are adequately addressed: <ul style="list-style-type: none"> - to protect life, property and the environment from bushfire, by discouraging the establishment of incompatible land use in bushfire prone areas, and - to encourage sound management of bushfire prone areas.

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Proponent Response to BCD (2021)	The response provides a short summary response to the BCD written advice to the Proponent in September 2020, which details their concerns and outlining requirements for progressing a Planning Proposal for a small area off Blackwood Street.
Koala Plan of Management (KPOM) (2021)	<p>The KPOM states that it has been prepared under the <i>Koala Habitat Protection State Environmental Planning Policy (SEPP) 2020</i> to accompany a planning proposal to rezone approximately 2.86ha of land in the northern corner of Lot 499 DP1258597 off Blackwood Street. The study is limited to 'the study area/site' which is described as the site, and the adjacent land within 100m.</p> <p>The study identifies 16 Koala Food Trees plus 4 young saplings for removal. Proposed mitigation measures including habitat retention and protection (limited to study area); specific DCP planning provisions (study area only) to ensure 10/50 clearing under the NSW Rural Fires Act will not encroach into areas of retained vegetation; and offset planting as supplementary planting in retained vegetation strips.</p>
Preliminary Biodiversity Assessment Report (BDAR) (2021)	<p>The BDAR identifies:</p> <ul style="list-style-type: none"> • High Environmental Value (HEV) elements within the 'study area' including Core Koala habitat, Native Guava and Scrub Turpentine on and adjacent to 'the site'; • Potential Swamp Sclerophyll Forest on Coastal Floodplains of the New South Wales North Coast vegetation; • Serious and Irreversible Impact Species (SAIL) - Swift Parrot, Native Guava and Scrub Turpentine - within the 'Study area'; • Core Koala Habitat; • 16 Koala Food Trees, and 4 Saplings to be removed within the proposed R1 General Residential zone; • Impact/s on Koala requiring offset/s;

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Phase 1 Site contamination Assessment	The report concludes that the site is likely to be suitable for rezoning as Residential land, and specifies requirements for any exported fill material in Section 6.1.
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ASSESSMENT OF THE PLANNING PROPOSALSummary

The following assessment of the Planning Proposal application has been based on an amended application received by Council on 31 January 2021, and on 9 February 2021. Copies included in **Attachment 1** of this report.

The planning proposal application is assessed against the Department of Planning Industry and Environment document 'A Guide to Preparing Planning Proposals' and 'A Guide to Preparing Local Environmental Plans'. The following sections address the Assessment Criteria established by the NSW Government to assist in determining the strategic merit and justification for a planning proposal application:

Part 1 Objectives and Intended Outcomes

Part 2 Explanation of the Proposed Provisions

Part 3 Justification

- The need for the planning proposal
 - Q1. *Is the planning proposal a result of an endorsed local strategic planning statement, strategic study or report?*
 - Q2. *Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?*
- Relationship to Strategic Planning Framework (Assessment Criteria)
 - Q3. *Will the planning proposal give effect to the objectives and actions of the applicable regional, or district plan or strategy (including any exhibited draft plans or strategies)?*
 - Q4. *Will the planning proposal give effect to a council's endorsed local strategic planning statement, or another endorsed local strategy or strategic plan?*
 - Q5. *Is the planning proposal consistent with applicable State Environmental Planning Policies?*
 - Q6. *Is the planning proposal consistent with applicable Ministerial Directions (s.9.1 directions)?*
- Environmental, social and economic considerations
 - Q7. *Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?*
 - Q8. *Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?*
 - Q9. *Has the planning proposal adequately addressed any social and economic effects?*
- Commonwealth and State interests
 - Q10. *Is there adequate public infrastructure for the planning proposal?*

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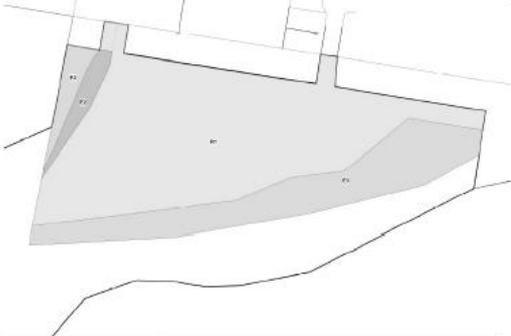
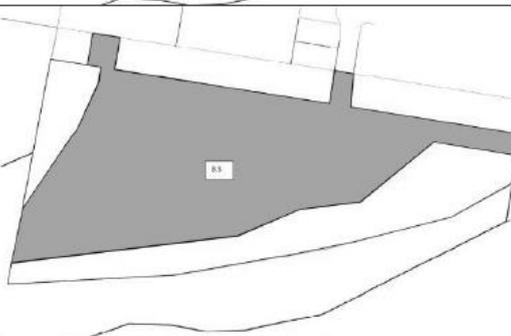
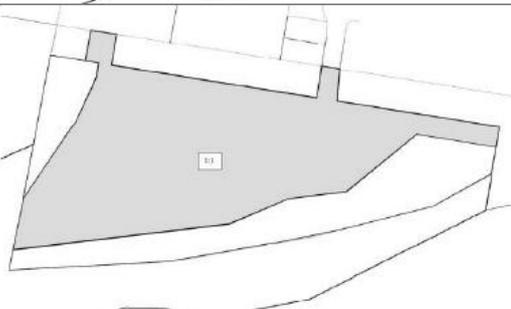
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Q11. What are the views of state and Commonwealth public authorities consulted in accordance with the Gateway determination?

Part 1 Objectives and Intended Outcomes

The proposed amendments sought to *Port Macquarie-Hastings Local Environmental Plan 2011* are mapping changes as follows:

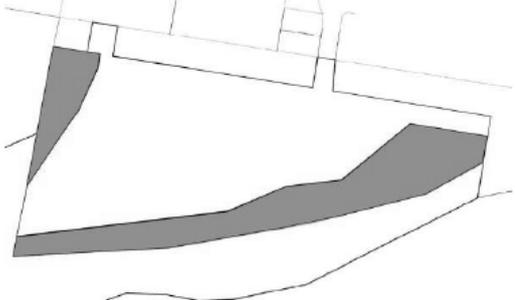
Map Change	Details
Amendment to the Zone Map	
Amendment to Minimum Lot Size Map	
Amendment to Height of Building Map	
Amendment to Floor Space Ratio Map	

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Map Change	Details
Amendment to Koala Habitat Map	

The intended outcome of the application as stated by the Proponent is “urban development and habitat management across the subject land that is:

- Able to be serviced with essential infrastructure;
- Compatible with the local environment;
- Well designed to facilitate social wellbeing; and
- Compatible with surrounding land uses”.

The Proponent’s objective is to “provide planning based controls which enable urban development to undertaken whilst achieving the above outcomes. The Proponent further contends that a Planning Proposal for the land in question will facilitate the long term management of urban bushland. Portions of the land have been identified as suitable and capable of being developed to provide additional residential accommodation, and areas of the land have been identified as suitable for environmental management. The proposal has been assessed as being able to provide a sustainable outcome”.

The principal reasons provided by the Proponent for the application are “to provide additional housing opportunities for a residential growing population” and “to assist in the long term management of land surrounded by urban zoned land”. A brief assessment response is:

1. It is agreed that the provision of additional housing in this location will make a positive contribution towards housing opportunities for a growing population.
2. It is agreed that the proposal would provide some partial protection for a small component of land surrounding the proposed residential footprint. However, it discounts BCD and Council preliminary advice provided to the Proponent in September 2020 that retaining a rural zoning over remaining habitat within the larger rural zoned and un-subdivided residue on Lot 499 is not supportable due to the High Environmental Value of the vegetation and importantly that protection and retention of these areas were the basis for past subdivision approvals for the land.
3. The environmental constraints of the land have not been adequately resolved at this point in time. The following concerns are raised with the current proposal:
 - The proposal focuses on a small site area of 4.36 hectares, without addressing the broader context, and environmental value of a much larger

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rural residue of around 30 hectares as consistently advised by Council and BCD from 2019 onwards.

- BCD advice for compensatory protection of important environmental values located within the balance of the rural residue is not addressed.
- The potential impact of the proposal on *Coastal Wetlands* and *Proximity Area to Coastal Wetlands* under *SEPP Coastal Management 2018* needs to be supported with appropriate environmentally zoned buffers.
- The proposal does not adequately address *serious and Irreversible Impact Species (SAIIS)* under the *Biodiversity Conservation Act*, including Native Guava (*Rhodomyrtus psidioides*), and Scrub Turpentine (*Rhodamnia rubescens*), and Biconvex Paperbark (*Melaleuca biconvexa*) which is listed as *Vulnerable* under the *BC Act* and *EPBC Act*.
- The proposal appears to abandon approved golf course fairways and habit linkages under DA1988/248.
- The proposal appears to discount endorsed commitments for habitat retention under koala plans of management and vegetation management plans for east - west, and north-south koala and fauna movement/s under DA2005/547.
- The proposal does not adequately consider or address potential amendments to existing and approved koala plans of management affecting this location.

Part 3 JustificationA. The Need for the Planning Proposal

Is the planning proposal a result of an endorsed local strategic planning statement, strategic study or report?

The planning proposal application is not the result of the endorsed local strategic planning statement for Port Macquarie-Hastings - Shaping Our Future 2040. It does however propose development of an identified urban investigation area, included and mapped in the *North Coast Regional plan 2036* and *Port Macquarie-Hastings Urban Growth Management Strategy 2036*.

Q2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

Preparation and completion of a planning proposal for the subject planning area is the only mechanism to achieve a change to existing planning controls.

B. Relationship to the Strategic Planning Framework

Q3. Will the planning proposal give effect to the North Coast Regional Plan 2036?

The North Coast Regional Plan 2036 identifies three (3) Principles for guiding growth on the North Coast.

Principle 1: Direct Growth to identified Urban Growth Areas (UGA)

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To achieve a balance between urban expansion and conservation of natural and environmental assets, the regional plan identifies the limits to urban growth for each local government area. The UGAs help to maintain the distinctive character of our local communities; direct growth away from significant farmland and sensitive ecosystems, and enable efficient planning for infrastructure and services.

Comment:

Lot 499 contains a small portion of land in the North West extent that is mapped and defined for urban investigation as part of the Urban Growth Area (UGA) for Port Macquarie-Hastings. Importantly, the included area is also mapped in the plan as 'Coastal Strip' and 'Potential High Environmental Values' (HEV).

Principle 2: Manage the Sensitive Coastal Strip.

The coastal strip (or Zone) comprises land east of the Pacific Highway. The area is ecologically diverse, with wetlands, estuaries, significant farmland and areas of local, state and National significance. The area is also exposed to natural hazards and risks such as flooding, coastal inundation, erosion and recession. To safeguard the strip, the regional plan limits development in this area, and only minor and contiguous variations to the boundary will be considered by the State government.

Comment:

Lot 499 is located within the Coastal Strip as defined in the Regional Plan. Lot 499 is known to contain areas of HEV, core koala habitat, legislated coastal wetlands, and is exposed to natural hazards, including bushfire and flooding. Only a small and clearly defined area of around 1.3ha hectares within the UGA is considered suitable for future urban release.

Principle 3: Provide Great Places to Live and Work in a Unique Environment.

The regional plan emphasises the need for cities and centres to be the focus for housing diversity, jobs and activities to reduce pressure on the environment and maximise the advantages of the North Coast's unique environment.

Comment:

As noted above, a small area of land in the North West extent of Lot 499 is identified in the regional plan for investigation to determine its suitability for future housing. An assessment of the suitability of the site is the purpose of this report.

Q4. Will the planning proposal give effect to a relevant local strategic planning statement/strategy that has been endorsed by the department (i.e. Port Macquarie-Hastings Shaping Our Future 2040 and Port Macquarie-Hastings Urban Growth Management Strategy 2017-2036)?

Towards 2030 Community Strategic Plan

Towards 2030 Community Strategic Plan is an overarching 10-year plan prepared by Council and the community, and based on community priorities. The plan outlines the community's objectives for each of the themes identified in the plan:

- Leadership and Governance
- Your Community Life



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- Your Business and Industry
- Your Natural and Built Environment

Proceeding with a rezoning for a small modified footprint to R1 General Residential could implement the objectives and community aspirations expressed in the plan.

Shaping our Future 2040

A Local Strategic Planning Statement (LSPS) for Port Macquarie-Hastings was published on the NSW legislation website on 30 September 2020. Shaping Our Future sets out a 20-year vision for Port Macquarie-Hastings, and its role is to:

- Identify the special characteristics that contribute to local identity and make our area special.
- Recognise our shared community values and how they will be maintained or enhanced.
- Direct how we manage future change.
- Identify and give effect to relevant directions located within the North Coast Regional Plan.
- Identify gaps of knowledge where further strategic planning work is needed.
- Link Council's strategies and plans to the implementation of the NSW Government's Strategic Plans.
- Shape planning controls to facilitate future planning directions.

A small planning area would be broadly in keeping with the direction for strategic planning decisions outlined in the LSPS if rezoned. A brief summary assessment of the Proponent's proposal against the following Strategic Planning Principles of the LSPS is outlined in the following Table:

No.	Planning Principle	Comment
1.	Result in sustainable outcomes for our community now and into the future; considering Environmental, Social, and Economic factors and risks;	Subject to satisfying the views of government agencies as discussed in the report, around 1.3 hectares within the UGA may be suitable for future housing development.
2.	Work in an adaptive management framework that allows the review and amendment of Council's planning policies to ensure that our unique scenic landscape qualities, ecological and biodiversity values are recognised;	The proposal would complete planning for urban housing with some positive environmental outcomes in this location, if rezoned as discussed in the report. It is noted that conservation of the northern habitat linkages on Lot 499 is consistent with the original planned and promoted environmental outcomes for sustainable housing development at Innes Lake and Ascot Park residential estates under DAs 1988/248 and 2005/547.
3.	Positively contribute to our built environment;	A minor 1.3ha extension of residential release at South Lindfield for future housing is in keeping with previous strategic planning for this area. No further expansion of the UGA in the area is supported due to the known

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		environmental sensitivity of the precinct, and its importance to the persistence of a viable local koala population. Refer comments relating to environmental impacts elsewhere in the report.
4.	Enhance equity, social inclusion and community participation;	It is proposed to ensure that the community is involved in decision making for the precinct from the outset.
5.	Be robust, future-focused and evidence based;	Investigation of the broader rural residue land in this location now provides an evidence base for limiting further expanded development in the area.
6.	Facilitate transparent collaboration processes and involve stakeholders and the community early.	Community consultation would occur as early in the process as practical. In this case to notify landholders of a report to council considering options for commencement of planning investigations if supported for the northern extent of Lot 499.

Port Macquarie-Hastings Urban Growth Management Strategy (UGMS) 2036

Council's policy in the UGMS for future residential development is to promote housing in the right locations; ensure efficient use of infrastructure; avoid environmental impacts; and enhance the character and natural qualities of the location; and in the public interest.

The environmental aims of the Strategy are to accommodate a growing population while avoiding areas of high environmental value; concentrate growth to within existing centres; protect and manage native vegetation; plan for climate change; and inqurate measures to such as buffers to protect environmental values and avoid land use conflict.

If modified to reduce the residential component, conserve High Environmental Value land on Lot 499 with an appropriate Environmental Conservation zone, and increase the separation distance between residential development and adjoining and adjacent environmental values, the proposal could attain broad consistency with these principles. Enhancement of the character and natural qualities of the location could be attained through a combined rezoning and development application process to secure housing, environmental, urban design and character outcomes.

Q5. Is the planning proposal application consistent with applicable State Environmental Planning Policies?

State Environmental Planning Policies relevant to the Planning Proposal application are as follows:

SEPP No. 36 Manufactured Housing Estate

The SEPP aims to facilitate manufactured housing on certain land on which caravan parks are permitted as a contemporary form of medium density housing.

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A change of zone will affect permissibility of MHE development under the SEPP. If zoned to R1 General Residential MHE development will be permitted with consent.

However, MHE development is likely unachievable on the site based on designated 'Special purpose development' requirements under NSW Rural Fire Service Guidelines. The designation imposes additional APZ and mitigation requirements for vulnerable forms of development, which cannot be achieved on the site without impacting on important environmental features.

SEPP (Coastal Management) 2018.

The aim of this Policy is to manage development in the coastal zone and protect the environmental assets of the coast. The subject land is identified as being located within the 'Coastal Zone'.

Lot 499 is affected by identified 'Coastal Wetlands' and 'Proximity Area for Coastal Wetlands'. The following controls, are relevant:

Division 1 – Coastal wetlands and littoral rainforests area

Clause 10 – Development on certain land within coastal wetlands and littoral rainforests area. The proposed development footprint is not within a mapped coastal wetland area.

Clause 11 – Development on land in proximity to coastal wetlands or littoral rainforest. The site area is located within the mapped proximity area to mapped 'Coastal Wetlands'. An assessment of the impact in regard to the provisions of this policy will apply at the time of future development applications for the land.

Future development must avoid impacts on the biophysical, hydrological or ecological integrity of the adjacent wetland, and ensure quantity and quality of surface and ground water flows to and from the adjacent coastal wetland is acceptable. It is considered that any planning proposal should provide adequate buffers to sensitive coastal wetlands. This still requires resolution.

SEPP Koala Habitat Protection 2020

This Policy aims to encourage the proper conservation and management of areas of natural vegetation that provide habitat for koalas to ensure a permanent free-living population over their present range and reverse the current trend of koala population decline—

- a. by requiring the preparation of plans of management before development consent can be granted in relation to areas of core koala habitat, and
- b. by encouraging the identification of areas of core koala habitat, and
- c. by encouraging the inclusion of areas of core koala habitat in environment protection zones.

The planning proposal application is supported by a draft Koala Plan of Management.

While the BCD has not undertaken a thorough review of the plan, Council's Natural Resources Team have reviewed the draft document and note that an approved KPOM under DA 2005/547 applies to Lot 499. Also noted are multiple modifications to DA2005/547 and numerous instances of noncompliance with the approved KPOM.



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Under the approved KPOM, the Proponents planning area is identified, mapped and described as containing *core koala habitat* under the SEPP with direct connectivity to Lake Innes Nature Reserve. The plan suggests a resident population of up to 20 koalas.

It is the view of Council's Natural Resources staff that the entirety of retained vegetation within and adjacent the Proponents planning area, and in fact all vegetation across Lot 499 DP1258597 is of High Environmental Value.

Based on this assessment, Natural Resources staff do not support a partial rezoning of this will only support a rezoning based on conservation of all existing habitat corridors

1. The urban investigation area of Lot 499 DP 1258597 is supported for rezoning as R1 under the following conditions;
 - a. All the Coastal SEPP wetland area must include an ecological buffer from the proposed development area of 100m as outlined in the Port Macquarie-Hastings Development Control Plan 2013. *An ecological buffer does not contain roads, APZ or development associated infrastructure and would be managed as an Environmental Conservation zone in perpetuity under an agreement between the developer and Council with an associated Vegetation Management Plan (VMP).*
 - b. All Native Guava is to be identified across the entire Lot and a 50m ecological buffer applied to the proposed development area with Environmental Conservation zoning across the ecological buffer to be managed as above. Specific management measures regarding the on-going success of Native Guava is to be included within the VMP.
 - c. The remainder of the Lot currently zoned RU1 of 499 DP 1258597 is to be zoned as Environmental Conservation under the Port Macquarie-Hastings LEP 2011 and managed accordingly.

SEPP 55 Remediation of Land

This policy specifies that the consent authority must not consent to the carrying out of any development unless it has considered whether the land on which the development is proposed is contaminated and/or is required to be remediated for its intended use. The site is not mapped as being subject to potential contamination from past land uses.

A Preliminary Phase 1 Geotechnical and Contamination Assessment undertaken on behalf of the developer concludes that that the site is likely to be suitable for rezoning as Residential land. Should contamination be discovered during future subdivision works, the type of contamination is likely to be of a sort /type that will be able to be remediated on site or taken away for appropriate disposal.

Q6. Is the planning proposal consistent with applicable Ministerial Directions (s.9.1 directions)?

There are some minor inconsistencies, which require the agreement of an authorised officer of the Department of Planning, Industry and Environment prior to completing a planning proposal for the land in question. The minor inconsistencies with the Local Planning Directions issued under section 9.1 of the EP&A Act are as follows:



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The objective of this direction is to reduce the risk of harm to human health and the environment by ensuring that contamination and remediation are considered by planning proposal authorities. Council has obtained a Preliminary Site Contamination Assessment indicating that the site area in question is suitable for all permitted purposes if rezoned.

4.4 Planning for Bushfire Protection

The objective of this direction are:

- a. to protect life, property and the environment from bush fire hazards, by discouraging the establishment of incompatible land uses in bush fire prone areas, and
- b. to encourage sound management of bush fire prone areas.

This direction applies when a relevant planning authority prepares a planning proposal that will affect, or is in proximity to land mapped as bushfire prone land. As referenced in the report, the site is designated bushfire prone land and bushfire prone land 'buffer'. There are three technical inconsistencies with the requirements of this Direction, relating to subclauses (4) to (6) of the Direction:

Subclause (4) requires consultation with the Commissioner of the NSW Rural Fire Service following receipt of a gateway determination and prior to undertaking community consultation. Preliminary consultation with the NSW RFS has occurred. However, no formal response has been received by Council at the time of writing of the report. Further consultation with the RFS will occur if any Gateway Determination for a Planning Proposal in relation to the site is granted by DPIE.

Subclause (5) requires that the Planning Proposal introduce controls that avoid planning inappropriate developments in hazardous areas. The proposal relies on the current controls and assessment process, and technically is inconsistent by not introducing further controls.

Depending on the interpretation of subclause (6), it is required that the planning proposal contain development application details. If this is the case, then this is a further inconsistency.

5.10 Implementation of Regional Plans

The objective of this direction is to give legal effect to the vision, land use strategy, goals, directions and actions contained in Regional Plans. A Planning Proposal must be consistent with a regional plan.

In this case, proceeding with a Planning Proposal for a small defined area could achieve consistency with the intent of the regional plan, its vision, goals and directions, or actions.

C. Environmental, Social and Economic Considerations

Q7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?



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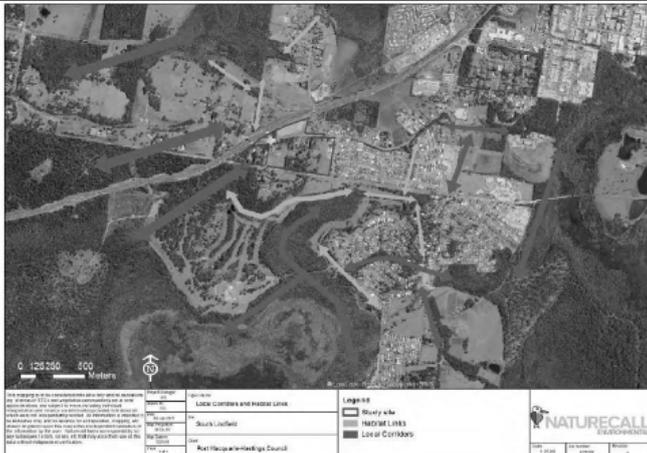
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The Biodiversity Conservation Act (Bio Con 2016) applies and is relevant to this proposal and any future development applications resulting from a rezoning of the subject land. As part of the Act, lands are identified on a values map and threshold tool. This tool provides information that triggers the Biodiversity Offsets Scheme threshold and more relevant in this context it exemplifies areas of high biodiversity significance.

The Proponent received detailed requirements from the Biodiversity Conservation Division of DPIE for progressing a supportable planning proposal for the planning area off Blackwood Street in September 2020. The matters raised by BCD have not been satisfactorily addressed by the Proponent. The BCD conclude that there is a limited scope for residential development in the Proponents planning area as described in earlier sections of the report, and as confirmed to the Proponent in their 25 September 2020 letter to Love Project Management. It is the view of the BCD that there are significant environmental issues that require careful management to avoid and minimize impacts on biodiversity values. The issues are detailed in the following Table:

Issue	BCD comment
Extent of Urban Investigation Area	<p>The amended planning proposal application applies to a study area of 4.36 ha. It proposes to rezone approximately 2.86 ha of land to R1 General Residential, 1.38 ha to E2 Environmental Conservation and 0.12 ha to E3 Environmental Management under the Port Macquarie-Hastings Local Environmental Plan (LEP) 2011 and to amend the minimum lot size map to 450 m² for the R1 zoning. Most of the land identified in the planning area is mapped as <i>Investigation Area – Urban Land</i> in the North Coast Regional Plan 2036, as shown in Figure 1 below.</p> <div data-bbox="507 1184 1118 1561" data-label="Image"> </div> <p>Figure 1. Mapped Investigation Area – Urban Land in the North Coast Regional Plan 2036</p> <p>BCD support the planning area being expanded to include the land to the south of the mapped urban land investigation area. However, the Division does not support land that was not mapped for urban investigation land being rezoned to R1 without adequate justification.</p>
Proposed subdivision and road network	<p>The proposed subdivision layout provided with the planning proposal shows a road network extending toward the east, as shown in Figure 2 below.</p>

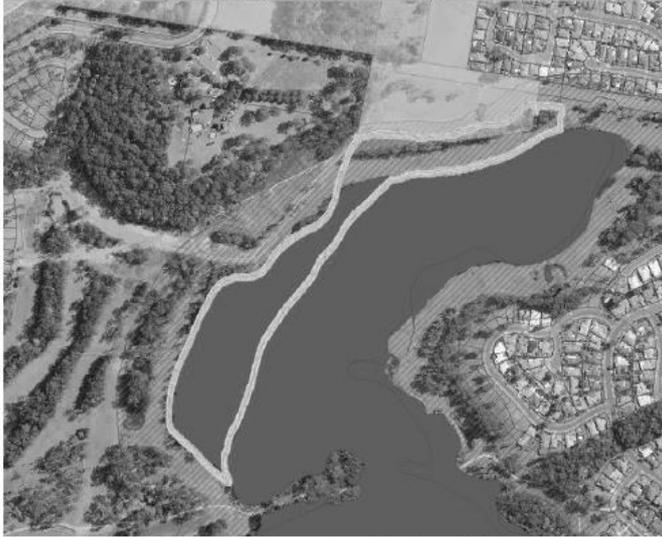
Issue	BCD comment
	 <p>Figure 3. Earlier draft KPOM by Naturecall dated May 2017 with habitat links and corridor mapping</p> <p>As the planning proposal report states, the vegetation retained on the western side creates a habitat linkage to the retained habitat area location on the adjoining northern residential area recently approved by the Port Macquarie Hastings Council. The planning proposal report states that no road will bisect habitat. However, a constructed road network to Ascot Park south of the planning area would bisect this habitat linkage.</p> <p>The BCD has long maintained the importance of a north south corridor linkage along the western boundary of the Vilro land. BCD letter dated 21 September 2016 discussed the status of the cemetery land and the recommendation for a configuration that included a habitat link for native wildlife. This would connect habitat from the Lake Innes Nature Reserve to koala habitat in the north, such as within the E2 land in South Lindfield that will become a council reserve. Such linkages are not only important in enabling koalas to access feed trees but also to allow for fauna movements if for example there are bushfires.</p> <p>BCD note the recent sale of the cemetery land and this will become a private crematorium. There is no certainty for how native vegetation will be managed in the future in this adjoining land. A viable north south linkage is needed and should not be bisected by a fully formed road.</p>
<p>Threatened species and BDAR requirements</p>	<p>BCD previously recommended (September 2020) targeted surveys be undertaken on land that has not been identified as High Environmental Value (HEV) land for other reasons, but that could provide habitat for species-credit species such as <i>Petaurus norfolcensis</i> (squirrel glider) and <i>Litoria aurea</i> (green and golden bell frog). We also recommended a further and systematic targeted threatened plant survey for native guava (<i>Rhodomyrtus psioides</i>).</p> <p>The BDAR outlines the fauna and flora surveys and these appear to have been done in accordance with the Biodiversity Assessment Method (BAM) and relevant survey guidelines. However, we have not reviewed the BDAR in detail and note that we could provide such advice at development assessment stage if requested.</p> <p>BCD note the surveys for the squirrel glider involved the use of five cameras over four weeks, with a total effort of 140 trap nights, but it is not clear if there was regular spraying of the tree trunks and fresh baits provided which are</p>



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Issue	BCD comment
	<p>needed to attract the animals and would demonstrate sufficient survey effort rather than the recommended Elliot traps. While we accept that the surveys that have been undertaken are adequate to determine the likely presence of HEV in the planning area, the BDAR should be updated at the development application stage to clarify how the surveys for squirrel glider were undertaken.</p> <p>Figure 15 in the BDAR maps a koala habitat polygon. The BCD has been advised that a BAM Koala Survey guide is being prepared. It is expected this will be available soon, and, if so, it should be referenced in the BDAR. Until this time, the BCD advises that connectivity between PCTs with confirmed koala presence must be considered in the overall extent of the species polygon, with justification for decisions provided in the BDAR. The koala species polygon in the BDAR should be updated at the development application stage.</p> <p>BCD do not consider the BDAR assessment of Serious and Irreversible Impacts (SAIs) provides sufficient advice for the decision maker in accordance with Section 9.1 and 9.1.2 of the BAM 2020, particularly actions and measures taken to avoid indirect impacts on the species at risk of an SAI. The SAI assessment in the BDAR should be updated at the development application stage.</p>
<p>Extending E2 zonings</p>	<p>BCD support the proposed rezoning of land to E2 in the southern and western parts of the planning area. However, both areas are narrow and have a large perimeter to surface area ratio with greater threat exposure and which could become isolated.</p> <p>As stated previously, the BCD's preference would be that all land currently zoned RU1 Primary Production across the broader area is assessed to identify and confirm HEV land. Such areas would then be zoned E2, given RU1 is no longer an appropriate zone in this location. While we accept that this is not occurring for this planning proposal, the E2 zone area proposed in the south should be extended to the coastal wetland / Lake Innes Nature Reserve (LINR) boundary as shown in Figure 4 below.</p>  <p>Figure 4. Approximate boundary for land that should be rezoned to E2 (outlined in yellow) which includes both the Coastal Management SEPP</p>



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Issue	BCD comment
	<p>coastal wetland (blue polygon) and a cleared area to the Lake Innes NR that is within the wetland proximity area (blue hatched area).</p> <p>Although this area is currently slashed it could be rehabilitated to form a vegetation buffer to the wetland and LINR and would be a suitable area to establish the koala feed trees that are proposed to offset the loss of primary koala habitat.</p> <p>Studies have shown that koalas need to vary their habitat and feeding requirements seasonally (Ellis et al 1995). The future development to be enabled by the planning proposal would effectively reduce the diversity of koala habitat (and concomitantly feed trees) available in the area, by reducing the available Wet Sclerophyll Forests (Grassy Sub-formation) leaving predominantly Coastal Swamp Forest. While individual Tallowwood, Forest Red Gum and Swamp Mahogany primary koala feed trees, together with other secondary feed trees, are present in the Coastal Swamp Forest community, habitat diversity and availability of koala browse trees across a broader area will be reduced by this future development.</p> <p>Furthermore, the future development to be enabled by the planning proposal is likely to remove areas of koala habitat situated in areas outside drainage lines, leaving only lower lying areas. Cold air drainage is a significant issue for koalas, particularly in winter when energy requirements are higher (see Ellis et al 1995) and indeed, was used as a predictor in the NSW Government Koala Habitat Suitability Model.</p> <p>Hence, maintaining and promoting habitat in areas outside low-lying Coastal Wetlands is an important element of protecting the variety of koala habitat present. Replanting the proposed E2 buffer with a variety of koala feed tree species would therefore assist with ensuring diversity of koala habitat for seasonal habitat partitioning.</p> <p>The Department has produced koala habitat revegetation guidelines available at https://www.environment.nsw.gov.au/research-and-publications/publications-search/koala-habitat-revegetation-guidelines. These provide evidence-based recommendations including tree planting (8-10 metres apart) and optimal sizes and locations for koala feed tree planting. Any revegetation to create koala habitat should reference these guidelines and other supporting information on the local government resources for koala conservation on the Department's website.</p> <p>This planning proposal offers an opportunity to appropriately zone the coastal wetland as it has high environmental conservation values, is mapped as coastal wetland in the Coastal Management SEPP, adjoins the LINR and is not appropriate to remain as RU1 zoned land. The planning area should be expanded to include the privately owned coastal wetland south of the existing planning area so that this is also zoned E2 (see Figure 3 above).</p> <p>The area proposed to be zoned E3 in the western part of the planning area would be better zoned E2 to better protect habitat including for the critically endangered native guava. This is however a matter for the council given there is an existing sewer easement located in this area that we understand may need to be maintained from time to time.</p> <p>The relocation of the existing electricity easement and location of any stormwater management infrastructure associated with the residential development should not be located within the land to be zoned E2.</p>

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Issue	BCD comment
Threatened ecological communities	<p>The consultant has concluded in the BDAR that no threatened ecological communities (TECs) occur in the study area as the areas do not meet the geomorphological criteria and the soil profile tests have demonstrated no evidence of sorting or layering associated with alluvial processes. The consultant supports his position by drawing on a review of papers by Preston and Adam (2004a, 2004b) and states this is the current accepted and adopted industry and current NSW government approach, and the approach followed by the NSW Land and Environment Court.</p> <p>There are however more recent guidelines dated 2018 prepared by the NSW Threatened Species Scientific Committee (TSSC) to assist interpretation of the concepts and terms in the listing criteria given in the Biodiversity Conservation (BC) Regulation 2017, which discuss the current format of the NSW Threatened Species Scientific Determinations. The guidelines are available at https://www.environment.nsw.gov.au/resources/threatenedspecies/1AGuidelines20180302.pdf.</p> <p>These guidelines state that the NSW TSSC “has developed a format for listing of threatened ecological communities that contains the following elements:</p> <p><i>Parts 1 & 2: Section 1.6 of the Act defines an ecological community as “an assemblage of species occupying a particular area”. These features of an ecological community are described in Parts 1 and 2 of this Determination, respectively.</i></p> <p><i>Part 3: Part 3 of the Determination describes the eligibility for listing of the ecological community in Schedule 2 of the Act according to criteria as prescribed by the Biodiversity Conservation Regulation 2017.</i></p> <p><i>Part 4: Part 4 of the Determination provides additional information intended to aid recognition of this community in the field. Rather than being diagnostic, information in Part 4 is a guide to assist recognition and given natural variability, along with disturbance history, the ecological community may sometimes occur outside the typical range of variation in the features described in Part 4”. (added underlining)</i></p> <p>As the TSSC has expressed a clear intention to revise the coastal floodplain threatened ecological community (TEC) determinations to accord with the new format, the BCD continues to advise that all coastal floodplain vegetation (including regenerating areas) within the study area should be considered as a TEC despite any underlying geology.</p> <p>The definition of an ecological community is discussed under 4.1 of the guidelines, which state that.</p> <p><i>“The BC Act (section 1.6) defines an ecological community as ‘an assemblage of species occupying a particular area’. This definition closely follows modern scientific texts (e.g. Begon et al. 2006) and embodies three requirements (Preston & Adam 2004a):</i></p> <ul style="list-style-type: none"> <i>i) the constituents of a community must be species;</i> <i>ii) the species need to be brought together into an assemblage; and</i> <i>iii) the assemblage of species must occupy a particular area.”</i> <p>The consultant has also advised that:</p>

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Issue	BCD comment
	<p><i>"It is these fundamental ecological attributes and their interaction (eg. Abiotic and biotic interactions) which define the overwhelming majority of EECs via their particular area e.g. the edaphic situation where it has evolved, and hence developed to match the defining assemblage... The bioregion is not such a critical influence, as demonstrated by EECs which stretch over more than one bioregion. It is a high level location descriptor (i.e. the range of the EEC), with subsequent criteria provided to refine the definition of the 'particular area' that causes the 'assemblage of species' (e.g. LGA, elevations, landforms, and soil landscapes) to separate EECs from non-EECs e.g. Coastal sandplain swamp forest from alluvial floodplain swamp forest. This is fundamental ecology. "</i></p> <p>Under Section 4.2.2, the guidelines discuss the 'particular area' and state that:</p> <p><i>"In NSW, the Land and Environment Court and the Court of Appeal have held that it is sufficient to specify the bioregions in which a community occurs and the local government areas in which it has been recorded (Preston & Adam 2004a). Consequently, for most ecological communities listed in NSW, the 'particular area' is defined by one or more bioregions"</i></p> <p>The guidelines also state:</p> <p><i>"The question of whether supplementary descriptors can be determinative regarding the occurrence of a listed community at a given location has been controversial. Some environmental consultants have argued that a listed community cannot be present at a site if the features of the site do not match the supplementary descriptors in the Final Determination, irrespective of whether the assemblage of species and particular area match those described in the Final Determination (e.g. NSWLEC 1022).</i></p> <p><i><u>This determinative interpretation is rarely consistent with the NSW TSSC's intent in providing information about supplementary descriptors to assist identification of a community. Courts have generally taken a broad (non-determinative) interpretation of supplementary descriptors (e.g. NSWLEC 2971 - VAW Kurri Kurri vs Scientific Committee 2003, NSWLEC 7703). Preston & Adam (2004b) stress that supplementary descriptors... "cannot be used as a substitute for a description of the assemblage of species and the particular area in which the community is located. Rather they should be seen as a valuable adjunct." This reasoning stems from the statutory definition of an ecological community. Nonetheless determinative interpretations of supplementary descriptors continue to be presented (e.g. NSWLEC 1022), and it is important that wording of Determinations gives guidance as to whether a broad interpretation is intended.</u></i> (added underlining)</p> <p>Accordingly, the consultant's argument that the bioregion is not a critical influence in determining the criteria for a TEC, cannot be accepted nor can the definitions that the consultant has used to describe the particular area (e.g. edaphic criteria, LGA, elevations, landforms, and soil landscapes). As discussed above, these supplementary descriptors are important additional information but are not key to defining an ecological community according to the definition in the BC Act.</p>

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Issue	BCD comment
Impacts on the adjoining Lake Innes Nature Reserve	<p>The planning proposal does not consider the Department's <i>Guidelines for development adjoining land managed by the Office of Environment and Heritage</i> as previously recommended. If the planning proposal proceeds and is placed on public exhibition, we will seek the advice of the NSW National Parks and Wildlife Service (NPWS) about the potential impacts arising from the proposed rezoning to provide a consolidated response.</p> <p>The guidelines (see https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Parks-reserves-and-protected-areas/Development-guidelines/guidelines-for-developments-adjoining-land-managed-by-OEH-130122.pdf) cover issues such as stormwater runoff, wastewater, management implications relating to pests, weeds and edge effects, fire and the location of asset protection zones, boundary encroachments and access through NPWS estate lands, visual, odour, noise, vibration, air quality and amenity impacts, threats to ecological connectivity and groundwater dependent ecosystems and cultural heritage.</p> <p>While the guidelines are for considering impacts at the development assessment stage, a planning proposal should consider how the rezoning to enable a residential subdivision could negatively impact on the LINR and how these impacts could be minimised and mitigated at the planning proposal stage. For example, issues such access into the LINR and stormwater management should be considered.</p>
Planning Agreement	<p>The planning proposal report refers to a Vegetation Management Plan (VMP) that will guide the management of the reserves including that no public access (e.g. footpath or road) will pass through them.</p> <p>The planning proposal should be supported by a planning agreement between the council and the landholder that commits the landholder to protecting and managing the E2 zoned land through the preparation and implementation of a VMP. This should include a sub-plan containing specific measures for the protection and management for threatened entities such as the native guava, including consideration of whether the area should be fenced to restrict access from the reserve areas into the residential area to reduce injury and mortality risks for koalas.</p>

Council's Natural Resources staff have reviewed the amended application and concluded that:

- The proposal is unable to be supported in its current form given the significant constraints in the planning area and within the balance of the un-subdivided rural residue component of Lot 499 DP1258597, particularly areas of High Environmental Value.
- Appropriate zoning should be applied to all High Environmental Value elements on Lot 499.
- Revisions could be made to the Proponent's concept that would likely allow it to be supported, based on the following principles:
 - a. All SEPP Coastal Wetland areas to be zoned E2 Environmental Conservation under the Port Macquarie-Hastings LEP 2011 and managed accordingly.
 - b. An ecological buffer from any proposed development area of 100m as outlined in the Port Macquarie-Hastings Development Control Plan 2013. *An ecological buffer does not contain roads, APZ or development associated infrastructure and would be managed as an Environmental Conservation*



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- zone in perpetuity under an agreement between the developer and Council with an associated Vegetation Management Plan (VMP).*
- c. All Native Guava to be identified across the entirety of Lot 499 and a 50m ecological buffer applied with Environmental Conservation zoning across the ecological buffer to be managed as above.
 - d. Specific management measures regarding the on-going success of Native Guava via a Vegetation Management Plan.
 - e. The remainder of the Lot currently zoned RU1 of 499 DP 1258597 to be zoned as E2 Environmental Conservation.

Q8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?

Bushfire and Flooding

A significant bushfire risk exists for the planning area due to its proximity to the Lake Innes Nature Reserve and retained habitat. A Bushfire Hazard Analysis by David Pensini Pty Ltd supports the Proponent's revised application. Due to the long running and revised nature of the application together with the sensitivity of the planning area, Council has sought preliminary feedback from the NSW Rural Fire Service. At the time of writing of the report, a response had not been received. However, all requirements of the RFS, particularly in relation to vegetation removal for asset protection purpose will need to be balanced against environmental values and requirements.

Future subdivision and housing development will be required to comply with the NSW Rural Fire Service Guide for councils, planners, fire authorities and developers (*Planning for Bushfire Protection 2019*), potentially limiting the extent of achievable development.

Council has discussed the bushfire risk with the Proponent, noting that any form of residential development will need to satisfy the requirements for containment of APZs within the residential footprint. A decision by Council in support of proceeding with a Planning Proposal will require further consultation with the NSW Rural Fire Service.

Flooding up to and including the PMF must be considered when undertaking strategic land use planning for environmental planning instruments and planning proposals.

The adjoining Lake Innes Nature Reserve and 'Proximity Area to Coastal Wetlands (affecting the site) is mapped as *Flood Planning* and *Probable Maximum Flood* land subject to Clause 7.3 and 7.4 of Port Macquarie-Hastings Local Environmental plan 2011.

Q9. Has the planning proposal adequately addressed any social and economic effects?

Staff have noted the developing nature of land to the north and north-west of the planning area and the Proponent's statement that development of the planning area will provide new opportunities for a diversity of housing types. Apart from noting the accessibility of reticulated services, no further discussion in relation to the social and

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economic impact of the proposal is discussed in the revised application. These considerations should be included in new applications for the land in the future.

Q10. Is there adequate public infrastructure for the planning proposal?

Access to the site is available via Blackwood Street and the existing road network in Annabella Downs.

Council's Infrastructure Section advise that Blackwood Street is able to service only the number of lots shown in the "Subdivision Concept" plan and should not be the first stage of a through road to Ascot Park. The road width (Blackwood Street) is acceptable only for the likely volume of traffic generated by the conceptual layout. It is noted that extension of the road network south and eastward from the conceptual layout is also not supported on environmental grounds as discussed in earlier sections of the report.

Sewerage and Water Supply is available to the site. Registered plans of subdivision relating to Lot 499 DP1258597 show various easements for access and services, fire trail, water and sewer supply, and drainage bisecting the development site. Detailed investigation for infrastructure servicing arrangements has not been made at this stage due to the significant and unresolved environmental issues discussed on the report. An existing transmission line is proposed to be relocated clear of future development lots by the Proponent, and must be clear of future environmental protection zones. Consultation with relevant Authorities on the planning proposal application is required, if progressed.

Extension of, or upgrade to existing services and existing infrastructure to service future development if rezoned, will be at full cost to the developer.

Preparation of Planning Agreements and Vegetation Management Plans if required, will be at full cost to the developer, and include provisions for payment of costs to Council for acquisition and maintenance of assets and services.

Asset Protection Zones to protect future development are required to be wholly contained within a residential zone footprint, exclusive of lot boundaries and in accordance with the requirements of the NSW Rural Fire Service.

D. Commonwealth and State Interests

Q11. What are the views of state and Commonwealth public authorities?

At this stage, Council has sought preliminary feedback from the Grafton Office of the Department Planning Industry and Environment (DPIE), the NSW Rural Fire Service, the Biodiversity and Conservation Division (DPIE) in relation to the amended planning proposal application.

The views of the Grafton Office of DPIE and the BCD are discussed in the report.

Conclusion

The staff assessment, and agency advice, is that the proposal cannot be supported in its current form due to the expected impact on High Environmental Value land.



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The assessment provides an evidence base for supporting around 1.3ha area of land for future residential development only.

Based on the long running nature of the current application and significant unresolved issues, the current rezoning matter is not supportable and should therefore be concluded.

It is open to the Proponent to consider a future submission to Council, requesting preparation of a Planning Proposal for South Blackwood, subject to satisfactory resolution of the outstanding environmental matters detailed in this report.

Options

Council's options are:

1. Do nothing. The subject land and adjoining rural residue land would remain rurally zoned.
2. Resolve to prepare a Planning Proposal to rezone part Lot 499 DP DP1258597 to R1 General Residential, and E2 Environmental Conservation on the basis of the Proponent's amended application of January 2021. There is a significant risk that any planning proposal submitted on the basis of current information may be refused by the State Government if planning and environmental issues are not satisfactorily addressed.
3. Resolve to notify the Proponent that Council does not support their application at this time, and that it will instead notify the Proponent that Council may consider a new application involving a smaller development footprint on Lot 499 DP1258597 for rezoning to R1 General Residential, E2 Environmental Conservation in line with the discussion and recommendations in this report. The priority of any such request should be considered as part of Council's overall strategic planning program.
4. Resolve to progress a Council led Planning Proposal based on the advice and recommendations of the Biodiversity and Conservation Division of DPIE.

Option 1 does not provide any scope for development of the land.

Option 2 is not recommended for the reasons outlined in the report, and on the basis that Council has insufficient information and justification on which to base a decision to proceed with preparation of a planning proposal to rezone the land as proposed by the Proponent. There is also a major risk that the Department of Planning Industry and Environment will not grant a Gateway Determination and authorisation to proceed.

Option 3 has been discussed with the Proponent and landholder, and is recommended. The option would allow for development outcomes which are more in keeping with Council's 2019 resolution for optimal development and environmental outcomes, and the known environmental sensitivity of the location.

Option 4 may result in additional costs to Council for post Gateway Determination requirements, if granted.

The Environmental Planning and Assessment Regulation 2000 (EP&A Regulation) requires councils to notify a Proponent when the council decides not to prepare a



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planning proposal. The Proponent then has 42 days from notification to request a review of the council's decision. The review process is administered by the DPIE.

A planning proposal request which has been amended after Council has resolved to not support the matter is not eligible for a Rezoning Review. The revised planning proposal request would need to be submitted to Council as a new planning proposal request.

Community Engagement and Internal Consultation

If progressed, community engagement in relation to a Planning Proposal prepared in relation to Lot 499, will need to be carried out consistent with a Gateway Determination issued by the NSW Government and Council's Community Participation Plan (2019).

There has been internal consultation involving Development and Environment staff, Infrastructure Staff and Strategy and Growth staff. Preliminary discussions have been undertaken with BCD, NSW Rural Fire Service and the Grafton Office of the DPIE.

Planning and Policy Implications

The planning process for making an amending local environmental plan (LEP) to alter or make changes to land use zones or development controls involves preparation of a Planning Proposal document that explains the intended effect of a proposed amending LEP.

A LEP is a legal instrument, and a statutory document. The plan must give effect to the objectives of the EP&A Act, the North Coast Regional Plan 2036, and the council and community derived Community Strategic Plan (CSP).

The Department of Planning Guidelines for planning proposals and local environmental plans emphasise the importance of strategic planning in determining whether the land is appropriate for the identified future use, providing certainty for future landowners and investors, and ensuring that future users are not exposed to unexpected or unreasonable development costs.

Under the Guidelines, Council has a responsibility to provide a level of certainty to the Government Gateway. This means ensuring that the land is suitable and acceptable for the proposed use and that the identified land can be reasonably and practically developed for its intended purpose. It is not appropriate to accede assessment of relevant environmental, social, economic and other site specific merit considerations, or obligations to later development applications under Part 4 of the EP&A Act.

Formal notification of any application for the preparation of a Planning Proposal that is not supported by the Council is regulated under the Environmental Planning and Assessment Regulation 2000. Council is required to notify a proponent in writing as soon as practicable after a decision not to proceed.

The proponent then has 42 days, if desired, to request that the relevant Planning Panel or the Commission review the proposal. A guide to preparing local environmental plans sets out lodgement requirements, including fees and information a proponent must provide to the Department in order for a review to be undertaken.



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Only the same application that was initially presented to Council will be reviewed by the Planning Panel or Commission. The Planning Panel or Commission will undertake a strategic and site specific merit assessment of the rezoning review proposal.

Financial and Economic Implications

A Stage 1 rezoning fee of \$6,700 has been paid consistent with Council's Fees and Charges Schedule. The fee is significantly less than the current rate, and resources expended in pre-lodgement discussions, further review and reassessment of the amended application, staff-proponent negotiations, and reporting requirements since 2011 has expended the fee paid by the landowner.

There are no changes proposed to Council's Section 7.11 or Section 7.12 Development Contributions Plans, or Development Servicing Plans for Water and Sewer, in connection with the planning proposal. Development contributions will apply to the future development of the land.

The up-front cost of extension of services to the land including a suitable extension of Blackwood Street to serve future development will be at the expense of the developer. Preparation and establishment of any voluntary planning agreement and vegetation management plan will be at full cost to the developer, if progressed.

Costs associated with establishment and management of any E2 zoned land will be at the expense of the developer/landowner.

Long-term maintenance and replacement of developer provided assets dedicated to Council as a consequence of the rezoning and development of the land for residential purposes (for example roads, water mains, sewerage, stormwater, footpaths and street lighting, fire trails if acquired) will be an ongoing expense to Council.

Attachments

1.  Amended Planning Proposal Application - Love Project Management - January 2021
2.  BCD Response - Revised Planning Proposal - Charley Vilro Land South Lindfield - Signed DY 20210224



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the upgrade of major intersections including the provision of inter-changes and fly-overs to this intersection.

5. Request the Federal Member for Lyne, Dr D Gillespie MP, urgently advocate for blackspot funding for the Houston Mitchell Drive and Pacific Highway intersection.

CARRIED: 6/0

FOR: Alley, Griffiths, Hawkins, Intemann, Pinson and Turner

AGAINST: Nil

13.06 PP2011 - 9.3: REVISED PLANNING PROPOSAL REQUEST - SOUTH BLACKWOOD STREET, PORT MACQUARIE

APPLICANT/OWNER: VILRO PTY LTD

MOTION

MOVED: Turner/Intemann

That Council:

1. Note the report.
2. Defer further consideration of the matter and request the Chief Executive Officer to seek an extension of time for the finalisation of this Planning Proposal from the Department of Planning, Industry and Environment (DPIE) under the Public Spaces Legacy Program.
3. Receive a further report upon receipt of a response from the Department of Planning, Industry and Environment to consider this matter.
4. Request the Chief Executive Officer write to the Member for Port Macquarie, Leslie Williams MP, to seek her support, and to also seek the support of the Minister for Planning, for an extension of time for the finalisation of this Planning Proposal.

AMENDMENT

MOVED: Pinson/Griffiths

That Council:

1. Note the identification of the Planning Proposal Application by Love Project Management Pty for finalisation by 30 June 2021 under the NSW Public Spaces Legacy Program.
2. Note the significant work undertaken by the Proponent and landholder since Council's resolution of June 2019 to achieve a residential development outcome on Lot 499 DP1258597; protection of Koala habitat under SEPP Koala Habitat, and other positive environmental outcomes.
3. Not support the revised Planning Proposal Application submitted in January 2021 to rezone Part Lot 499 DP1258597, Port Macquarie on the grounds of unresolved and significant environmental issues and inconsistency with section 1.3 object (e) of the Environmental Planning and Assessment Act, 1979.

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-
4. For the reasons outlined in 3 above, not forward the revised Planning Proposal to the Department of Planning, Industry and Environment for a Gateway Determination under Section 3.33 and 3.34 of the Environmental Planning and Assessment Act 1979.
 5. Advise the Proponent that a new combined Planning Proposal Application and Development Application (DA) may be considered, based on a limited release area identified in Figure 2 of the report, and addressing:
 - a) the recommendations of the NSW Biodiversity Conservation Division of the Department of Planning Industry and Environment letter to Council dated 24 February 2021.
 - b) the requirements of Council's Planning Proposal Policy.
 6. Notify the Department of Planning Industry and Environment of Council's decision.

THE AMENDMENT WAS PUT AND WAS LOST

LOST: 1/5
FOR: Pinson

AGAINST: Alley, Griffiths, Hawkins, Intemann and Turner

THE MOTION WAS PUT AND CARRIED

RESOLVED: Turner/Intemann

That Council:

1. Note the report.
2. Defer further consideration of the matter and request the Chief Executive Officer to seek an extension of time for the finalisation of this Planning Proposal from the Department of Planning, Industry and Environment (DPIE) under the Public Spaces Legacy Program.
3. Receive a further report upon receipt of a response from the Department of Planning, Industry and Environment to consider this matter.
4. Request the Chief Executive Officer write to the Member for Port Macquarie, Leslie Williams MP, to seek her support, and to also seek the support of the Minister for Planning, for an extension of time for the finalisation of this Planning Proposal.

CARRIED: 5/1
FOR: Alley, Griffiths, Hawkins, Intemann and Turner
AGAINST: Pinson



Love Project Management

PO Box 161 Wauchope NSW 2446 Phone: 0400953101
ABN: 26 108 622 745

Director Development & Environment
Melissa Watkins
Port Macquarie – Hastings Council
PORT MACQUARIE NSW 2444

25th May, 2021

Dear Melissa,

RE: PP2011-9.3 - Port Macquarie

Reference is made to the above mentioned Planning Proposal and the report to Council's Ordinary Meeting of 17th March, 2021. A further meeting was held with Council staff on 17th May, 2021 with a mind to finding the final solution for this Planning Proposal to move forward. It is considered that the attached amended Planning Proposal map satisfies the requirements of the Dept Planning Biodiversity and Conservation Division (BCD), and has provided for a significant area of land to be zoned and managed for Environmental Conservation.

The latest discussion with Council staff noted that a specific response to the BCD letter of 24th February, 2021 was sought. It is noted that the BCD response commented on both the Planning Proposal, and also offered comment for consideration when a future development application is lodged. As we are currently dealing with the Planning Proposal, this consideration of the BCD correspondence relates to the Planning Proposal only.

The comments from BCD relating to the Planning Proposal are setout as follows, being parts (a) to (g) below:

(a) The R1 General Residential zone should only be applied to suitable land within the planning area mapped for urban investigation;

Response:

Agreed. The BCD correspondence provided the below image referenced as being from the North Coast Regional Plan 2036. It is noted that the plan included in the BCD correspondence shows a shaded area of 4.2ha (excluding the neighbouring property to the north which has already been rezoned). The amended Planning Proposal identifies an area of 1.3ha for residential lots, and a total urban footprint of 2.86ha. The urban footprint includes perimeter roads and Asset Protection Zones. Therefore, the amended Planning Proposal has identified a smaller area of land for urban development than was identified in the North Coast Regional Plan 2036.

The subject land has been investigated by two different ecologists who both reported that the proposed urban footprint was suitable land for that purpose. The amended Planning Proposal identifies some 8ha of land to be zoned E2 – Environmental Conservation. This 8ha of land will not be impacted by any urban footprint, meaning the land will be managed for conservation purposes only, and the E2 land does not include any asset protection zones,

perimeter roads, etc. Thus, the land to be managed and protected for environmental conservation purposes far exceeds the urban footprint.

Therefore, it is considered that the Planning Proposal is consistent with the North Coast Regional Plan 2036. The amended Planning Proposal will, in fact, provide for a higher level of environmental protection and management than was ever envisaged in the North Coast Regional Plan 2036.

Figure 1: Extract from BCD Correspondence showing their reference to the land identified for urban investigation in the adopted North Coast Regional Plan 2036



Extract from BCD Correspondence showing their Figure 1 being the North Coast Regional Plan 2036 extract referred to in their part (a) comments.

Figure 1. Mapped Investigation Area – Urban Land in the North Coast Regional Plan 2036

- (b) The area to be zoned E3 should instead be zoned E2 given it is habitat for the critically endangered native guava (*Rhodomyrtus psidioides*) pending the council's advice on the maintenance requirements for the sewer easement;*

Response: Agreed. The E3 zone was only proposed to apply to the land which contains existing Council infrastructure. The E2 – Environmental Conservation zone can be applied to this area if Council, as the owner and manager of the infrastructure asset, considers the E2 zoning to be appropriate for future management. The Planning Proposal has been amended to identify all of that land as E2 – Environmental Conservation.

- (c) The E2 zone should be extended along the length of the western side of the planning area to provide a secure and viable north-south corridor linkage;*

Response: Noted. The Planning Proposal has been amended such that the E2 zone will include the Council infrastructure on the western portion of the land (subject to Council). This amendment will result in an E2 zone over the western area of the land. This provides a connection to the known koala habitat located in the adjoining crematorium land (west of the subject land), as well as the koala habitat being protected in the South Lindfield area (north-west of the subject land).

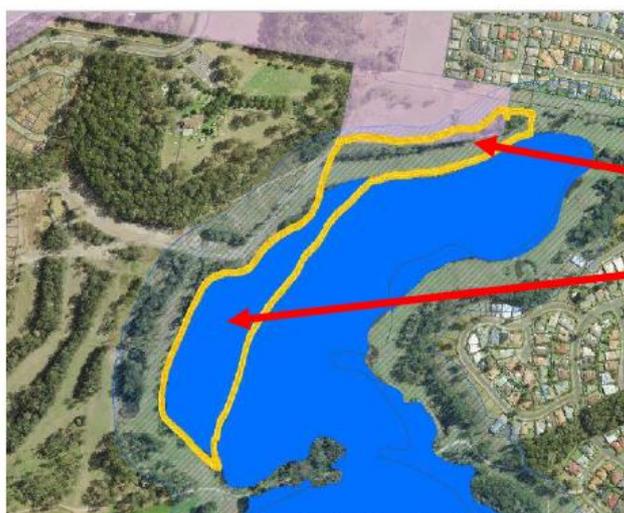
It is noted that the south-western corner of the subject land shows a vehicular linkage which forms part of the consent for the residential development of Ascot Park Estate. The vehicular linkage is required as a bushfire escape and access for fire fighting vehicles. Any such emergency access needs to be maintained as a clear vehicular access for the safety of those who may need evacuation as well as the safety and protection of those who are volunteering to fight fires. For this reason, the Planning Proposal cannot zone this land E2 – Environmental Conservation, and the Planning Proposal remains consistent with the existing development consent and required access for emergency egress.

- (d) *The proposed E2 zone area in the south should be extended to the coastal wetland / Lake Innes Nature Reserve (LINR) boundary and be revegetated, including with plantings of koala feed trees, to form a vegetated buffer to the wetland and LINR;*

Response: Agreed – refer to response to (e) below.

- (e) *The planning area should be expanded to include the privately owned mapped coastal wetland south of the existing planning area so that this is also zoned E2;*

Figure 2: Extract from BCD Correspondence showing their Figure 4 – Additional Areas BCD sought to be zoned E2 - Environmental Conservation as outlined in yellow



Extract from BCD Correspondence showing Figure 4. This map prepared by BCD identifies the extension of the E2 zone to the south discussed in part (d) of the BCD correspondence, as well as the privately owned mapped coastal wetland south of the existing planning area which BCD sought to be zoned E2. The Planning Proposal has been amended by the proponent to include all of the land outlined in yellow by BCD, to be zoned E2 – Environmental Conservation.

Figure 4. Approximate boundary for land that should be rezoned to E2 (outlined in yellow) which includes both the Coastal Management SEPP coastal wetland (blue polygon) and a cleared area to the Lake Innes NR that is within the wetland proximity area (blue hatched area).

Response: Agreed. Parts (d) and (e) refer to the cleared land south of the proposed residential area which BCD recommends should be revegetated to create koala habitat, and also refers to the coastal wetland vegetation up to the (Lake Innes Nature Reserve) LINR boundary. BCD provided a map of the area they were referring to as shown in the above extract from the BCD correspondence (Figure 4 in the BCD correspondence).

The BCD recommended that the area outlined in yellow should be zoned E2 – Environmental Conservation, being the cleared area south of the proposed residential area, as well as the coastal wetland vegetation to the LINR boundary. The Planning Proposal has been amended to include **all** of the land outlined in yellow by BCD, within an E2 – Environmental Conservation zone, as shown on the amended Planning Proposal map attached to this correspondence.

(f) Suitable land use zones and minimum lot sizes should be applied to minimise and mitigate the impacts on the LINR that could arise from the future residential subdivision of the planning area;

Response: Noted. The Planning Proposal has identified a residential zone and lot size consistent with the standards applied to residential areas in Port Macquarie. It is noted that part of the neighbouring land to the north has a height limit of 11.5m and a floor space ratio of 1:1. If BCD were concerned that this would be applied to the subject land, then it should be clarified that such higher density residential development is not proposed for the subject land. This Planning Proposal is for residential development, and does not include any proposal to permit the higher density and heights identified for the northern neighbouring property. It is also noted that the LINR will be approximately 70m from future dwellings. In addition, the perimeter road, stormwater systems and revegetation works, will provide a significant and substantial buffer to the LINR. The property owner is also zoning 8ha of land for Environmental Conservation, and this includes land between the proposed residential lots and the LINR, as well as existing privately owned land further south which borders the LINR. This should clarify the matter for BCD that the Planning Proposal is not to facilitate high density residential developments and that the amended Planning Proposal will zone the land adjoining the LINR, as identified by BCD (outlined in yellow on their plan) to E2 – Environmental Conservation.

(g) A planning agreement should be executed between the council and the landholder that commits the landholder to:

- (i) protecting and managing the E2 zoned land through the preparation and implementation of a Vegetation Management Plan (VMP).*
- (ii) Preparing and implementing a sub-plan to the VMP containing specific measures for the protection and management for threatened entities such as the native guava, including consideration of whether the area should be fenced to restrict access from the reserve areas into the residential area to reduce injury and mortality risks for koalas.*

Response: Agreed. The Planning Proposal documentation lodged with Council includes reference to a Vegetation Management Plan (VMP). A VMP will form part of any future development application.

Conclusion:

From the above response to the BCD comments on the revised Planning Proposal, it is noted that the requested additional E2 zoned land has been agreed to by the property owner. The Planning Proposal has been amended to now identify some 8 hectares of land for protection and management as E2 – Environmental Conservation land. The concept plan identifies some 1.3ha of land for residential allotments, and a total urban footprint of approximately 2.86ha. The urban footprint includes the residential lots, the perimeter road and the asset protection zones. This ensures the 8ha of environmental conservation is protected, with the asset protection zones being located outside of the E2 zones.

The response to BCD noted two matters of clarification. It is noted that high density residential development was not proposed for the land, and also that the south-western vehicular linkage forms part of an existing consent condition for bushfire safety and must be maintained.

In regards to environmental impact, this amended Planning Proposal will result in an increase in koala habitat, as well as ensuring the edge of the Lake Innes Nature Reserve is protected via planting and vegetation management on the adjoining privately owned land. Bushfire hazard protection measures will be located within the urban footprint, and thus will not impact on the protected vegetation. The bushfire hazard protection measures will provide long term protection to both the protected vegetation and the residential areas.

There were three hollow bearing trees identified on the subject land, and all of these are to be retained and protected within land zoned E2 – Environmental Conservation. The detailed environmental surveys undertaken over the subject land identified areas of native guava on the property. The urban footprint will not impact on ANY areas of native guava. The areas of native guava will be zoned E2 – Environmental Conservation and will be managed to ensure these areas are protected and maintained. The single Scrub Turpentine plant is located on the boundary with the crematorium land to the west, and thus will not be impacted by the proposal, but rather will be located within land zoned E2 – Environmental Conservation. The BDAR assessment lodged with the Planning Proposal states *“The development does not have any Serious and Irreversible Impacts (SII)...”* (refer page 124).

Therefore, it can clearly be seen that this proposal will result in a significant increase in protected vegetation and habitat areas. The property owner is committing to the long term protection and management of large areas of environmental conservation, as well as the planting of koala habitat areas. This will have an overall improved outcome for the environmental conservation in this locality and the broader protection of the LINR, particularly in regards to bushfire hazard management.

I request that, should you require any further information on these matters, that a phone call to the undersigned in the first instance is the most expedient means to ensure this Planning Proposal does not experience any further delays.

Regards



Michelle Love

Attachment:



Amended Planning Proposal

Adoption of BCD additional E2 – Environmental Conservation Land adjoining Lake Innes Nature Reserve
Approximately 1.3ha of Residential Lots and surrounding urban footprint (APZ, Perimeter Road, etc) as shown

25th May, 2021



Our Ref: DOC21/65777
Your Ref: E-mail dated 03/02/2021

Chief Executive Officer
Port Macquarie Hastings Council
PO Box 84
Port Macquarie NSW 2444

Attention: Ms Leanne Fuller, Land Use Planning

Dear Dr Allen

RE: Revised planning proposal for the Charley/Vilro land at Lake Innes (South Lindfield)

Thank you for your e-mail dated 3 February 2021 about the revised planning proposal for the Charley/Vilro land at Lake Innes seeking comments from the Biodiversity and Conservation Division (BCD) of the Biodiversity, Conservation and Science Directorate in the Environment, Energy and Science Group of the Department of Planning, Industry and Environment. I appreciate the opportunity to provide input.

We have reviewed the documents supplied and advise that we have identified several biodiversity issues for the proposed planning proposal. These issues are discussed in detail in **Attachment 1** to this letter.

In general, the BCD considers some residential development could be supported in the planning area, but there are some significant environmental issues that require careful management to avoid and minimise impacts on biodiversity values.

We support an E2 Environmental Conservation zone being applied to land in the south and west for areas that contain critically endangered native guava plants as well as primary koala habitat. However, we consider these areas to be at risk of fragmentation and significant edge effects given their narrow, linear shape.

The E2 areas need to be connected where possible to other habitat areas and be of a viable size and shape. Also, consideration must be given to how the E2 lands will be protected and managed over time.

Our submission also discusses the importance of strengthening and protecting corridor linkages, particularly for the koala. We consider this planning proposal offers an opportunity to rezone some adjoining land that is mapped coastal wetland from RU1 Primary Production to E2 in accordance with the North Coast Regional Plan 2036, as the area is of high environmental value. There is also an opportunity to rezone the currently cleared area in the south of the planning area to create a vegetated buffer to the coastal wetland. This would then be a suitable location in which to establish supplementary koala habitat to offset the loss of some primary koala habitat.

We also discuss the consultant's argument regarding the NSW Scientific Committee's Determinations regarding threatened ecological communities (TECs). We conclude supplementary descriptors are important additional information but are not key to defining a TEC according to the definition in the *Biodiversity Conservation Act 2016*.

In summary, the BCD recommends:

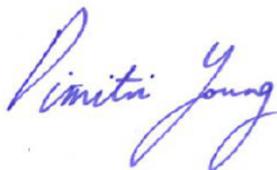
1. For the planning proposal:
 - a. The R1 General Residential zone should only be applied to suitable land within the planning area mapped for urban investigation.
 - b. The area to be zoned E3 should instead be zoned E2 given it is habitat for the critically endangered native guava (*Rhodomyrtus psidioides*) pending the council's advice on the maintenance requirements for the sewer easement.
 - c. The E2 zone should be extended along the length of the western side of the planning area to provide a secure and viable north-south corridor linkage.
 - d. The proposed E2 zone area in the south should be extended to the coastal wetland / Lake Innes Nature Reserve (LINR) boundary and be revegetated, including with plantings of koala feed trees, to form a vegetated buffer to the wetland and LINR.
 - e. The planning area should be expanded to include the privately owned mapped coastal wetland south of the existing planning area so that this is also zoned E2.
 - f. Suitable land use zones and minimum lot sizes should be applied to minimise and mitigate the impacts on the LINR that could arise from the future residential subdivision of the planning area.
 - g. A planning agreement should be executed between the council and the landholder that commits the landholder to:
 - i. protecting and managing the E2 zoned land through the preparation and implementation of a Vegetation Management Plan (VMP).
 - ii. Preparing and implementing a sub-plan to the VMP containing specific measures for the protection and management for threatened entities such as the native guava, including consideration of whether the area should be fenced to restrict access from the reserve areas into the residential area to reduce injury and mortality risks for koalas.
2. For subsequent development applications arising from the planning proposal:
 - a. The subdivision layout should be redesigned to exclude the road network indicated in the proposed subdivision layout which extends east and south west and retain the access track to Ascot Park for emergency access purposes only.
 - b. The sewer easement and any stormwater management infrastructure should be excluded from the land to be zoned E2.
 - c. The draft Koala Plan of Management (KPoM) should be updated to include a map describing the local koala habitat linkages as described in the KPoM text.
 - d. The proposed revegetation to create koala habitat should reference local government resources for koala conservation on the Department's website including the koala habitat revegetation guidelines, noting that the currently cleared area that adjoins the

coastal wetland and is within the coastal wetland proximity area would be a suitable site for revegetation if it was rezoned to E2.

- e. The BDAR should be updated to include more advice on how the surveys for squirrel glider were undertaken and provide sufficient advice for the decision maker on Serious and Irreversible Impacts (SAIIs) in accordance with Section 9.1 and 9.1.2 of the BAM 2020, particularly actions and measures taken to avoid indirect impacts on the species at risk of an SAI.
- f. In determining a koala habitat polygon, the BDAR should be revised to consider BAM support guidance on koala surveys if available. If not available, the BDAR should consider connectivity between Plant Community Types with confirmed koala presence in the overall extent of the species polygon, with justification for decisions provided in the BDAR.

If you have any questions about this advice, please do not hesitate to contact Ms Rachel Lonie, Senior Conservation Planning Officer, at rachel.lonie@environment.nsw.gov.au or 6650 7130.

Yours sincerely



24 February 2021

DIMITRI YOUNG
Senior Team Leader Planning, North East Branch
Biodiversity and Conservation

Enclosure: Attachment 1. BCD Detailed Comments - Revised planning proposal for the Charley/Vilro land at Lake Innes

cc: Mr Dan Croft, Land Use Planning

Attachment 1: Detailed BCD Comments – Revised planning proposal for the Charley/Vilro land at Lake Innes

The Biodiversity and Conservation Division (BCD) in the Department of Planning, Industry and Environment provided previous advice in our letter dated 11 September 2020 on a planning proposal for a broader planning area at South Lindfield (known as the Charley Brothers land). In that letter we concluded that the smaller extent of high environmental value (HEV) land in the South Lindfield area suggested that some residential zoning could be applied there. However, we also stated that further studies would be required to accurately identify all the HEV land in that part of the planning area so that impacts on such land can be avoided to the greatest extent possible by applying appropriate land use zones and minimum lot sizes, including the E2 Environmental Conservation zone.

1. Extent of Urban Investigation Area

The current planning proposal now only applies to a study area of 4.36 ha. It proposes to rezone approximately 2.86 ha of land to R1 General Residential, 1.38 ha to E2 Environmental Conservation and 0.12 ha to E3 Environmental Management under the Port Macquarie-Hastings Local Environmental Plan (LEP) 2011 and to amend the minimum lot size map to 450 m² for the R1 zoning. Most of the land identified in the planning area is mapped as *Investigation Area – Urban Land* in the North Coast Regional Plan 2036, as shown in Figure 1 below.



Figure 1. Mapped Investigation Area – Urban Land in the North Coast Regional Plan 2036

While we support the planning area being expanded to include the land to the south of the mapped urban land investigation area, we do not support land that was not mapped for urban investigation land being rezoned to R1 without adequate justification.

2. Proposed subdivision and road network

The proposed subdivision layout provided with the planning proposal shows a road network extending toward the east, as shown in Figure 2 below.

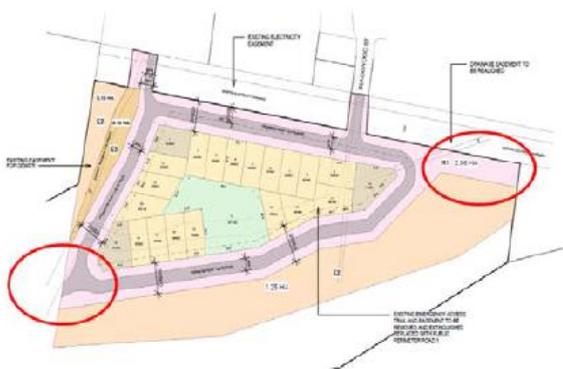


Figure 2. Proposed subdivision layout showing road network to the east and south west (circled in red)

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We do not consider these roads should be enabled as a result of the planning proposal as there is no broader strategic plan for adjoining residential development and as we have previously commented there are significant environmental constraints in the adjoining lands that should preclude further residential development.

The proposed layout also indicates a more substantial road network to the west is proposed. There is currently only an access track in this location. The planning proposal report indicates that there is a requirement for emergency bushfire access for Ascot Park to the west. We would not support a rezoning that enabled any further extension of residential development in the southern Charley Brothers' land, as no further areas have been identified as urban growth areas and there has been no strategic plan to support this. Also, as discussed below this could sever a north-south habitat link.

3. Primary koala habitat

The planning proposal identifies vegetation within the area to be zoned R1 as primary koala habitat. Residential development in this area will directly impact on koalas through the loss of such habitat and will likely introduce threats to koalas including dogs and vehicular traffic, and possibly make them more stressed and susceptible to disease such as chlamydia.

We have not reviewed the draft Koala Plan of Management (KPoM) in detail as this would be required at a future development application stage and is not required as part of a planning proposal. We note however the KPoM discusses the importance of habitat linkages and provides a map that shows the extent of koala habitat areas that were burnt in the catastrophic 2019/2020 fires. The only map to describe koala habitat linkages is a regional corridors map prepared in 2002 by Scotts. The KPoM should be updated to include a map that describes the local linkages that are described in the KPoM text.

4. Local habitat linkages

A previous draft KPOM (May 2017) identified an east-west habitat link south of the planning area, as shown in Figure 3 below.



Figure 3. Earlier draft KPOM by Naturecall dated May 2017 with habitat links and corridor mapping

As the planning proposal report states, the vegetation retained on the western side creates a habitat linkage to the retained habitat area location on the adjoining northern residential area recently approved by the Port Macquarie Hastings Council. The planning proposal report states that no road will bisect habitat. However, a constructed road network to Ascot Park south of the planning area would bisect this habitat linkage.

The BCD has long maintained the importance of a north south corridor linkage along the western boundary of the Vilro land. Our letter dated 21 September 2016 discussed the status of the cemetery land and the recommendation for a configuration that included a habitat link for native wildlife. This

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would connect habitat from the Lake Innes Nature Reserve to koala habitat in the north, such as within the E2 land in South Lindfield that will become a council reserve. Such linkages are not only important in enabling koalas to access feed trees but also to allow for fauna movements if for example there are bushfires.

We note the council has recently sold the cemetery land and this will become a private crematorium. There is no certainty for how native vegetation will be managed in the future in this adjoining land. A viable north south linkage is needed and should not be bisected by a fully formed road.

5. Threatened species and BDAR requirements

We previously recommended targeted surveys be undertaken on land that has not been identified as High Environmental Value (HEV) land for other reasons, but that could provide habitat for species-credit species such as *Petaurus norfolcensis* (squirrel glider) and *Litoria aurea* (green and golden bell frog). We also recommended a further and systematic targeted threatened plant survey for native guava (*Rhodomyrtus psoides*).

The BDAR outlines the fauna and flora surveys and these appear to have been done in accordance with the Biodiversity Assessment Method (BAM) and relevant survey guidelines. However, we have not reviewed the BDAR in detail and note that we could provide such advice at development assessment stage if requested.

We note the surveys for the squirrel glider involved the use of five cameras over four weeks, with a total effort of 140 trap nights, but it is not clear if there was regular spraying of the tree trunks and fresh baits provided which are needed to attract the animals and would demonstrate sufficient survey effort rather than the recommended Elliot traps. While we accept that the surveys that have been undertaken are adequate to determine the likely presence of HEV in the planning area, the BDAR should be updated at the development application stage to clarify how the surveys for squirrel glider were undertaken.

Figure 15 in the BDAR maps a koala habitat polygon. The BCD has been advised that a BAM Koala Survey guide is being prepared. It is expected this will be available soon, and, if so, it should be referenced in the BDAR. Until this time, the BCD advises that connectivity between PCTs with confirmed koala presence must be considered in the overall extent of the species polygon, with justification for decisions provided in the BDAR. The koala species polygon in the BDAR should be updated at the development application stage.

We do not consider the BDAR assessment of Serious and Irreversible Impacts (SAIs) provides sufficient advice for the decision maker in accordance with Section 9.1 and 9.1.2 of the BAM 2020, particularly actions and measures taken to avoid indirect impacts on the species at risk of an SAI. The SAI assessment in the BDAR should be updated at the development application stage.

6. Extending E2 zonings

We support the proposed rezoning of land to E2 in the southern and western parts of the planning area. However, both areas are narrow and have a large perimeter to surface area ratio with greater threat exposure and which could become isolated.

As stated previously, the BCD's preference would be that all land currently zoned RU1 Primary Production across the broader area is assessed to identify and confirm HEV land. Such areas would then be zoned E2, given RU1 is no longer an appropriate zone in this location. While we accept that this is not occurring for this planning proposal, the E2 zone area proposed in the south should be extended to the coastal wetland / Lake Innes Nature Reserve (LINR) boundary as shown in Figure 4 below.

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Figure 4. Approximate boundary for land that should be rezoned to E2 (outlined in yellow) which includes both the Coastal Management SEPP coastal wetland (blue polygon) and a cleared area to the Lake Innes NR that is within the wetland proximity area (blue hatched area).

Although this area is currently slashed it could be rehabilitated to form a vegetation buffer to the wetland and LINR and would be a suitable area to establish the koala feed trees that are proposed to offset the loss of primary koala habitat.

Studies have shown that koalas need to vary their habitat and feeding requirements seasonally (Ellis et al 1995). The future development to be enabled by the planning proposal would effectively reduce the diversity of koala habitat (and concomitantly feed trees) available in the area, by reducing the available Wet Sclerophyll Forests (Grassy Sub-formation) leaving predominantly Coastal Swamp Forest. While individual Tallowood, Forest Red Gum and Swamp Mahogany primary koala feed trees, together with other secondary feed trees, are present in the Coastal Swamp Forest community, habitat diversity and availability of koala browse trees across a broader area will be reduced by this future development.

Furthermore, the future development to be enabled by the planning proposal is likely to remove areas of koala habitat situated in areas outside drainage lines, leaving only lower lying areas. Cold air drainage is a significant issue for koalas, particularly in winter when energy requirements are higher (see Ellis et al 1995) and indeed, was used as a predictor in the NSW Government Koala Habitat Suitability Model. Hence, maintaining and promoting habitat in areas outside low-lying Coastal Wetlands is an important element of protecting the variety of koala habitat present. Replanting the proposed E2 buffer with a variety of koala feed tree species would therefore assist with ensuring diversity of koala habitat for seasonal habitat partitioning.

The Department has produced koala habitat revegetation guidelines available at <https://www.environment.nsw.gov.au/research-and-publications/publications-search/koala-habitat-revegetation-guidelines>. These provide evidence-based recommendations including tree planting (8-10 metres apart) and optimal sizes and locations for koala feed tree planting. Any revegetation to create koala habitat should reference these guidelines and other supporting information on the local government resources for koala conservation on the Department's website.

This planning proposal offers an opportunity to appropriately zone the coastal wetland as it has high environmental conservation values, is mapped as coastal wetland in the Coastal Management SEPP, adjoins the LINR and is not appropriate to remain as RU1 zoned land. The planning area should be expanded to include the privately owned coastal wetland south of the existing planning area so that this is also zoned E2 (see Figure 3 above).

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The area proposed to be zoned E3 in the western part of the planning area would be better zoned E2 to better protect habitat including for the critically endangered native guava. This is however a matter for the council given there is an existing sewer easement located in this area that we understand may need to be maintained from time to time.

The relocation of the existing electricity easement and location of any stormwater management infrastructure associated with the residential development should not be located within the land to be zoned E2.

6. Threatened ecological communities

The consultant has concluded in the BDAR that no threatened ecological communities (TECs) occur in the study area as the areas do not meet the geomorphological criteria and the soil profile tests have demonstrated no evidence of sorting or layering associated with alluvial processes. The consultant supports his position by drawing on a review of papers by Preston and Adam (2004a, 2004b) and states this is the current accepted and adopted industry and current NSW government approach, and the approach followed by the NSW Land and Environment Court.

There are however more recent guidelines dated 2018 prepared by the NSW Threatened Species Scientific Committee (TSSC) to assist interpretation of the concepts and terms in the listing criteria given in the Biodiversity Conservation (BC) Regulation 2017, which discuss the current format of the NSW Threatened Species Scientific Determinations. The guidelines are available at <https://www.environment.nsw.gov.au/resources/threatenedspecies/1AGuidelines20180302.pdf>.

These guidelines state that the NSW TSSC “has developed a format for listing of threatened ecological communities that contains the following elements:

Parts 1 & 2: Section 1.6 of the Act defines an ecological community as “an assemblage of species occupying a particular area”. These features of an ecological community are described in Parts 1 and 2 of this Determination, respectively.

Part 3: Part 3 of the Determination describes the eligibility for listing of the ecological community in Schedule 2 of the Act according to criteria as prescribed by the Biodiversity Conservation Regulation 2017.

Part 4: Part 4 of the Determination provides additional information intended to aid recognition of this community in the field. Rather than being diagnostic, information in Part 4 is a guide to assist recognition and given natural variability, along with disturbance history, the ecological community may sometimes occur outside the typical range of variation in the features described in Part 4”.
(added underlining)

As the TSSC has expressed a clear intention to revise the coastal floodplain threatened ecological community (TEC) determinations to accord with the new format, the BCD continues to advise that all coastal floodplain vegetation (including regenerating areas) within the study area should be considered as a TEC despite any underlying geology.

The definition of an ecological community is discussed under 4.1 of the guidelines, which state that.

“The BC Act (section 1.6) defines an ecological community as ‘an assemblage of species occupying a particular area’. This definition closely follows modern scientific texts (e.g. Begon et al. 2006) and embodies three requirements (Preston & Adam 2004a):

- i) the constituents of a community must be species;*
- ii) the species need to be brought together into an assemblage; and*
- iii) the assemblage of species must occupy a particular area.”*

The consultant has also argued that:

“It is these fundamental ecological attributes and their interaction (eg. abiotic and biotic interactions) which define the overwhelming majority of EECs via their particular area eg. the edaphic situation where it has evolved, and hence developed to match the defining assemblage... The bioregion is not such a critical influence, as demonstrated by EECs which stretch over more than one bioregion. It is a high level location descriptor (ie. the range of the EEC), with subsequent criteria provided to refine the definition of the ‘particular area’ that causes the ‘assemblage of species’ (eg. LGA, elevations, landforms, and soil landscapes) to separate EECs from non-EECs eg. coastal sandplain swamp forest from alluvial floodplain swamp forest. This is fundamental ecology.”

Under Section 4.2.2, the guidelines discuss the ‘particular area’ and state that:

“In NSW, the Land and Environment Court and the Court of Appeal have held that it is sufficient to specify the bioregions in which a community occurs and the local government areas in which it has been recorded (Preston & Adam 2004a). Consequently, for most ecological communities listed in NSW, the ‘particular area’ is defined by one or more bioregions”

The guidelines also state:

“The question of whether supplementary descriptors can be determinative regarding the occurrence of a listed community at a given location has been controversial. Some environmental consultants have argued that a listed community cannot be present at a site if the features of the site do not match the supplementary descriptors in the Final Determination, irrespective of whether the assemblage of species and particular area match those described in the Final Determination (e.g. NSWLEC 1022).

This determinative interpretation is rarely consistent with the NSW TSSC’s intent in providing information about supplementary descriptors to assist identification of a community. Courts have generally taken a broad (non-determinative) interpretation of supplementary descriptors (e.g. NSWLEC 2971 - VAW Kurri Kurri vs Scientific Committee 2003, NSWLEC 7703). Preston & Adam (2004b) stress that supplementary descriptors... “cannot be used as a substitute for a description of the assemblage of species and the particular area in which the community is located. Rather they should be seen as a valuable adjunct.” This reasoning stems from the statutory definition of an ecological community. Nonetheless determinative interpretations of supplementary descriptors continue to be presented (e.g. NSWLEC 1022), and it is important that wording of Determinations gives guidance as to whether a broad interpretation is intended.” (added underlining)

We therefore refute the consultant’s argument that the bioregion is not a critical influence in determining the criteria for a TEC, and we also refute the definitions that the consultant has used to describe the particular area (e.g. edaphic criteria, LGA, elevations, landforms, and soil landscapes). As discussed above, these supplementary descriptors are important additional information but are not key to defining an ecological community according to the definition in the BC Act.

7. Impacts on the adjoining Lake Innes Nature Reserve

The planning proposal does not appear to consider the Department’s *Guidelines for development adjoining land managed by the Office of Environment and Heritage* as previously recommended. If the planning proposal proceeds and is placed on public exhibition, we will seek the advice of the NSW National Parks and Wildlife Service (NPWS) about the potential impacts arising from the proposed rezoning to provide a consolidated response.

The guidelines (see <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Parks-reserves-and-protected-areas/Development-guidelines/guidelines-for-developments-adjoining-land-managed-by-OEH-130122.pdf>) cover issues such as stormwater runoff,

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wastewater, management implications relating to pests, weeds and edge effects, fire and the location of asset protection zones, boundary encroachments and access through NPWS estate lands, visual, odour, noise, vibration, air quality and amenity impacts, threats to ecological connectivity and groundwater dependent ecosystems and cultural heritage.

While the guidelines are for considering impacts at the development assessment stage, the planning proposal should consider how the rezoning to enable a residential subdivision could negatively impact on the LINR and how these impacts could be minimised and mitigated at the planning proposal stage. For example, issues such access into the LINR and stormwater management should be considered.

8. Planning Agreement

The planning proposal report refers to a Vegetation Management Plan (VMP) that will guide the management of the reserves including that no public access (e.g. footpath or road) will pass through them. The planning proposal should be supported by a planning agreement between the council and the landholder that commits the landholder to protecting and managing the E2 zoned land through the preparation and implementation of a VMP. This should include a sub-plan containing specific measures for the protection and management for threatened entities such as the native guava. including consideration of whether the area should be fenced to restrict access from the reserve areas into the residential area to reduce injury and mortality risks for koalas.

BCD Recommendations

In summary, the BCD recommends that:

1. For the planning proposal:
 - a. The R1 General Residential zone should only be applied to suitable land within the planning area mapped for urban investigation.
 - b. The area to be zoned E3 should instead be zoned E2 given it is habitat for the critically endangered native guava (*Rhodomyrtus psidioides*) pending the council's advice on the maintenance requirements for the sewer easement.
 - c. The E2 zone should be extended along the length of the western side of the planning area to provide a secure and viable north-south corridor linkage.
 - d. The E2 zone area in the south should be extended to the coastal wetland / Lake Innes Nature Reserve (LINR) boundary, as per Figure 3 above, and be revegetated, including with plantings of koala feed trees, to form a vegetated buffer to the wetland and LINR.
 - e. The planning area should be expanded to include the privately owned mapped coastal wetland south of the existing planning area so that this is also zoned E2.
 - f. Suitable land use zones and minimum lot sizes should be applied to minimise and mitigate the impacts on the LINR that could arise from the future residential subdivision of the planning area.
 - g. A planning agreement should be executed between the council and the landholder that commits the landholder to:
 - i. protecting and managing the E2 zoned land through the preparation and implementation of a Vegetation Management Plan (VMP).
 - ii. Preparing and implementing a sub-plan to the VMP containing specific measures for the protection and management for threatened entities such as

the native guava, including consideration of whether the area should be fenced to restrict access from the reserve areas into the residential area to reduce injury and mortality risks for koalas.

2. For subsequent development applications arising from the planning proposal:
 - a. The subdivision layout should be redesigned to exclude the road network indicated in the proposed subdivision layout which extends east and south west and retain the access track to Ascot Park for emergency access purposes only.
 - b. The sewer easement and any stormwater management infrastructure should be excluded from the land to be zoned E2.
 - c. The draft Koala Plan of Management (KPoM) should be updated to include a map describing the local koala habitat linkages as described in the KPoM text.
 - d. The proposed revegetation to create koala habitat should reference local government resources for koala conservation on the Department's website including the koala habitat revegetation guidelines, noting that the currently cleared area that adjoins the coastal wetland and is within the coastal wetland proximity area would be a suitable site for revegetation if it was rezoned to E2.
 - e. The BDAR should be updated to include more advice on how the surveys for squirrel glider were undertaken and provide sufficient advice for the decision maker on Serious and Irreversible Impacts (SAIIs) in accordance with Section 9.1 and 9.1.2 of the BAM 2020, particularly actions and measures taken to avoid indirect impacts on the species at risk of an SAI.
 - f. In determining a koala habitat polygon, the BDAR should be revised to consider BAM support guidance on koala surveys if available. If not available, the BDAR should consider connectivity between Plant Community Types with confirmed koala presence in the overall extent of the species polygon, with justification for decisions provided in the BDAR.

10. References

Ellis WAH , Melzer A , Green B , Newgrain K , Hindell MA Carrick FN (1995) Seasonal-Variation in Water Flux, Field Metabolic-Rate and Food-Consumption of Free-Ranging Koalas (*Phascolarctos-Cinereus*). *Australian Journal of Zoology* **43**, 59-68.

NSW Threatened Species Scientific Committee (2018) *Guidelines for interpreting listing criteria for species, populations and ecological communities under the NSW Biodiversity Conservation Act 2016* (accessed from <https://www.environment.nsw.gov.au/resources/threatenedspecies/> on 22/02/2021)