
SIX-MONTHLY REPORT JULY - DECEMBER 2016



The Six-Monthly Report July to December 2016 has been prepared in accordance with the requirements of Section 404(5) of the *Local Government Act 1993*:

"The general manager must ensure that regular progress reports are provided to the council reporting as to its progress with respect to the principal activities detailed in its delivery program. Progress reports must be provided at least every 6 months."

General Manager's Report

Merger proposals

At the time of writing this report, more than a year has elapsed since the surprise announcement of a proposed merger between this Council and Newcastle City Council.

It has been more than six months since Council made a counter-proposal of a merger with Dungog Shire Council.

In December 2016 the NSW Premier indicated that a decision would be made 'early in 2017' on outstanding merger proposals, of which there are 25 currently awaiting decisions across the state. There has been no definite indication of when the Minister for Local Government will determine the outcome of this process as it affects the Port Stephens Council and community. However Minister Toole has indicated that his preferred position is to wait until all legal challenges are resolved.

Despite the fact that none of the three potential merger councils are involved in these legal challenges, in this scenario the determination may yet take months to eventuate.

As a result of this situation no Council elections were held in September 2016, and the Mayor and Councillors elected in 2012 will continue to serve until further notice.

Although not required to do so because of the merger process, Council delivered an End of Term Report and a State of Environment Report, which were adopted as part of the Annual Report 2015-2016. These documents and the audited financial statements are available on Council's website.

I am immensely proud of the staff of Council who have taken these unsettling times in their stride and continued to deliver valued services to our community, win awards for performance across a range of operations, and remain highly engaged in the face of an uncertain future.

Financial sustainability

More than a year ago Council was found to be 'fit for the future' by the Independent Pricing and Regulatory Tribunal, the latest in a series of reviews of Council's performance that found it to be financially sustainable into the future.

The financial results for the six months to 31 December 2016 continue to support those findings. Revenue sits at 19% more than budgeted and an underlying operating surplus of \$930,000 continues to allow Council to address its decreasing infrastructure backlog and add valued service delivery to its community in line with the Long Term Financial Plan.



Community survey results

The Port Stephens community has once again given Port Stephens Council its endorsement delivering an overall community satisfaction rating of 86.5% for 2016.

Council conducted its annual survey over April and May of this year, with the end result representing an increase of 7.5% on the 2015 result and a return to levels seen in 2013-2014 where results of 87% were achieved.

The wide-ranging survey comprised community appraisals on general facilities, libraries, communications, development services, holiday parks and children's services, with significant improvement in satisfaction across 11 surveyed categories.

The results are indicative of the focus placed on business improvement across the organisation. This is a journey we've been taking as a team for a number of years, improving the way we do business to ultimately provide better service to our residents. The community survey results are available on Council's website.

Capital works

Opening of Men's Shed, Boomerang Park December 2016:

The Raymond Terrace Men's Shed was officially opened on Tuesday 20 December 2016 with the Mayor, Councillors and Council staff in attendance.

An interim tenancy agreement was issued Wednesday 21 December 2016 for the new facility with a full lease to be issued in 2017.

A public exhibition process has commenced for the full lease with a public notice appearing in the Examiner on Thursday 22 December 2016. This process is in keeping with the requirements of the *Local Government Act 1993* for leasing community land. A report will be prepared for Council following the public exhibition period.

Road Safety Projects

Four major road safety projects have commenced in Port Stephens as a result of successful funding applications under the Federal Black Spot Program and the NSW Government Safer Roads Program.

The Black Spot Program is part of the Federal government's commitment to reducing accidents on Australian roads, with projects selected based on the number and nature of incidents recorded at each location.

Projects funded under the Federal Black Spot Program are:

- **Glen Oak** – shoulder widening along a section of Clarence Town Road just north of the Timber Tops intersection.

- **Salamander Bay** – provision of an acceleration lane and improvements to the delineation of the intersection of Salamander Way and Town Centre Circuit.
- **Shoal Bay** – installation of traffic lights at the intersection of Shoal Bay Road and Government Road along with a new raised pedestrian crossing near the shopping precinct (rescheduled from 2015-2016 due to a revised funding application).

The project funded under the NSW Government Safer Roads Program is at Tanilba Bay, and involves the construction of a new roundabout at the intersection of Avenue of the Allies and Lemon Tree Passage Road.

Road Construction and Rehabilitation Projects

Other works completed recently include Shoal Bay Road rehabilitation in front of West Diggers, and Burbong Street, Nelson Bay.

Projects currently under construction include Shoal Bay Road in the foreshore area and Clemenceau Crescent, Tanilba Bay.

Council was contracted by NSW Roads and Maritime Services to complete project works on Nelson Bay Road and rehabilitation and shoulder widening of Richardson Road.

Lemon Tree Passage Boat Facility

In December 2016 the upgraded Lemon Tree Passage boat facility at Port Stephens was completed in time for summer. The NSW government provided Port Stephens Council with \$900,000 through the Transport NSW Boating Now program and Council provided \$400,000 to improve boating infrastructure in the community.

The \$1.3 million project will deliver a significant upgrade of the existing boat ramp area, provision of an additional boat ramp, installation of a pontoon, sea wall revetment works and landscaping.

Seaham Boat Ramp Upgrade

A significant project this period was the Seaham boat ramp upgrade which resulted in the temporary closure of the ramp to allow major works which commenced in September, 2016.

The works involved improvements to the supporting structure and surface of the boat ramp. Additional works including the installation of a canoe launcher and the formalisation of the car park at Torrence Street were carried out once the ramp re-opened. The cost of the project was \$300,000 and has been jointly funded by Port Stephens Council and Transport NSW's Boating Now Program.

Emergency management

Port Stephens Council is a member of the Lower Hunter Emergency Management Committee, which on 2 November 2016 endorsed the Port Stephens Emergency Management Plan. This timely endorsement provided the framework for managing the large bushfire that engulfed the northern part of the local government area between 5 and 12 November 2016.

Fortunately this event resulted in no loss of life or homes and minimal damage to other property. Lessons learned from this large fire have been incorporated in a Remediation Program as part of the Emergency Management Plan.

Economic development

On 27 September 2016 Council agreed to the closure of the Port Stephens Business Centre in its current format. This change in operation will enable the Economic Development unit to focus on core objectives that provide the greatest value to Council and local business.

In July 2016 Council completed a 'town centres' audit. This audit mapped progress to date on the actions identified within Council's five town centres strategies. Annual reports on the progress of each Town Centre Strategy will be rolled out in 2017. As part of this focus, discussions began on the potential development of two separate sites in the Nelson Bay central business district after Council resolved to enter into exclusive negotiations with Veritas Property Group and Anglican Care.

These organisations were behind initial concept plans for the Donald Street East and Donald Street West car parks incorporating residential units, retail space, aged care, private and public car parking. They were selected from a response to Council's Call for Detailed Proposals campaign in 2015-2016. This is the beginning of a long process and consultation will continue with the community and stakeholders on an ongoing basis. A Nelson Bay strategy discussion paper went before Council in December 2016 generating significant discussions with Nelson Bay NOW, an advocacy group for the Tomaree Peninsula – especially Nelson Bay.

In late December 2016 Council sought expressions of interest to develop two parcels of land in Raymond Terrace on the proviso that any proposals would provide a boost to the local economy.

Council continues to support a major events strategy designed to attract high profile events to the local government area. Some of Australia's biggest Surf Life Saving stars converged on Fingal Bay on the weekend of 26 and 27 November 2016 for round three of the 2016 Summer of Surf national series. The event saw 680 competitors and officials descend on the region, whilst over 1,000 spectators also visited Fingal Bay and surrounds over the weekend. The event was televised nationally and internationally and contributed to the ongoing strategy to profile Port Stephens as having the capacity to attract major events.

On 14 September Council hosted a major conference dinner of the Otitis Media Australia (OMOZ) 2016. The event was held at Birubi Surf Life Saving Club which looks out over the spectacular Worimi Conservation Lands, a culturally significant coastal landscape owned by the Worimi people. This event promoted Port Stephens and its indigenous culture to conference attendees, most from outside the region. The event also provided opportunities for destination marketing to promote Port Stephens as a leading conference location.

Council has developed a project led by Group Manager Development Services, Mike McIntosh to oversee the economic development of the airport and surrounding precincts. Key issues identified to date include drainage, and land use requirements in the short and medium term. A report is planned for Council in mid-2017.

Environment

We have achieved an 80% reduction in illegal dumping across the local government area through a range of proactive measures managed by our specialist compliance officers. This outcome received strong praise from the NSW Environment Protection Agency.

Awards

Thou Walla Sunset Retreat

I am pleased to report that Council has again achieved excellence in three major awards. Thou Walla Sunset Retreat has been awarded silver in the Unique Accommodation category at the prestigious 2016 NSW Tourism Awards at Luna Park in Sydney. Nominated for the first time, Thou Walla ranked amongst some of the most competitive accommodation offerings in the state, including Taronga Western Plains Zoo, which took gold for both Unique Accommodation and Best Attraction. It is truly an honour for Thou Walla to have been recognised alongside such strong competition.

Port Stephens Family Day Care

Port Stephens Family Daycare has taken out top prize in the children's services category at the *Port Stephens Examiner's Annual Business Awards*. In a ceremony at Wests Nelson Bay Diggers in October, the daycare was acknowledged for its excellent service and tireless work serving the Port Stephens community. Raymond Terrace Out of School Hours Care was also acknowledged as a finalist in the category.

Work Health and Safety Management

Port Stephens Council has been recognised by Safework NSW as having the best Workplace Health and Safety Management System in the Public Sector and Not for Profit category in the 2015-2016 year.

Vast improvements have been made to Council's safety record over the past five years, which has resulted in less workplace injuries, less severe injuries and a reduction in our 2015-2016 workers compensation premiums – from \$1.8 million to \$558,000 per annum – resulting in significant financial savings for Council.

Additionally, in the 2015-2016 Workers Compensation report from local government insurer, StateCover, Port Stephens Council has achieved the number one average premium rating across councils of a comparable size, well below the local government average.

I acknowledge the efforts of Council staff for these impressive safety results, and extend congratulations across the whole organisation, from our holiday parks, to our libraries, depot staff and those based in our administration building.

While the result is outstanding, the effort needs to continue. Less people are being injured at Port Stephens Council than ever before, but, unfortunately, we still do have some accidents in the workplace. Our focus must remain on achieving zero injuries in the workplace.

Recent awards in the areas of Risk Management, Workplace Safety and Leadership Excellence have seen Council identified as an Employer of Choice. I believe that this is due to Port Stephens Council's whole of organisation focus on safety.

People

Freeman of Port Stephens

In July 2016 Council named lifetime Port Stephens resident and community stalwart Eric Holliday as a Freeman of Port Stephens. This is the highest honour that Port Stephens Council can bestow. The honour is in recognition of decades of service to the community largely through his work as one of the area's most recognised vegetable farmers.

Mr Holliday is a prominent member and past National President of the vegetables association, an advocate for the Port Stephens and Veterans Aged Care Committee, a Justice of the Peace, Order of Australia recipient and has mentored thousands of students at Tocal Agricultural College during his career.

Appointment of Group Manager Facilities & Services

On 14 December 2016 I was delighted to announce the appointment of Greg Kable as Group Manager Facilities & Services. Greg, who has fulfilled the role of Section Manager Capital Works since 2013 and Works Manager before that since 2011, brings over 30 years' local government experience to his new role with Council's Executive Team.

Greg's appointment follows an extensive recruitment process which drew an extremely high calibre of candidates. Greg is a great addition to our strong leadership team here at Port Stephens Council and I look forward to working with him in his new role.

I take this opportunity to thank our staff and volunteers for our ongoing strong performance in the six months to 31 December 2016.

Wayne Wallis
General Manager

Key Result Areas: A Snapshot

The table below is a snapshot of Council's performance against a set of measures agreed between the Council and the General Manager to be significant priorities for the period. Full details are provided in the section which follows this table.

Legend:

	Target exceeded
	Target achieved or on track to be achieved
	Target not achieved
	Data not available at time of report

Key Result Area	Status
1. Business Improvement Program	
2. Community Strategic Plan/Operational Plan Delivery	
3. Capital Works Delivery	
4. Financial Sustainability Program	
5. Workforce Strategy Implementation	
6. Infrastructure Planning	
7. Technology Improvement Program	
8. Land Use Strategy Development	
9. Flood and Drainage Study Implementation	
10. Integrated Risk Management Program	
11. Community Engagement and Customer Focus Initiatives	

1. Business Improvement Program

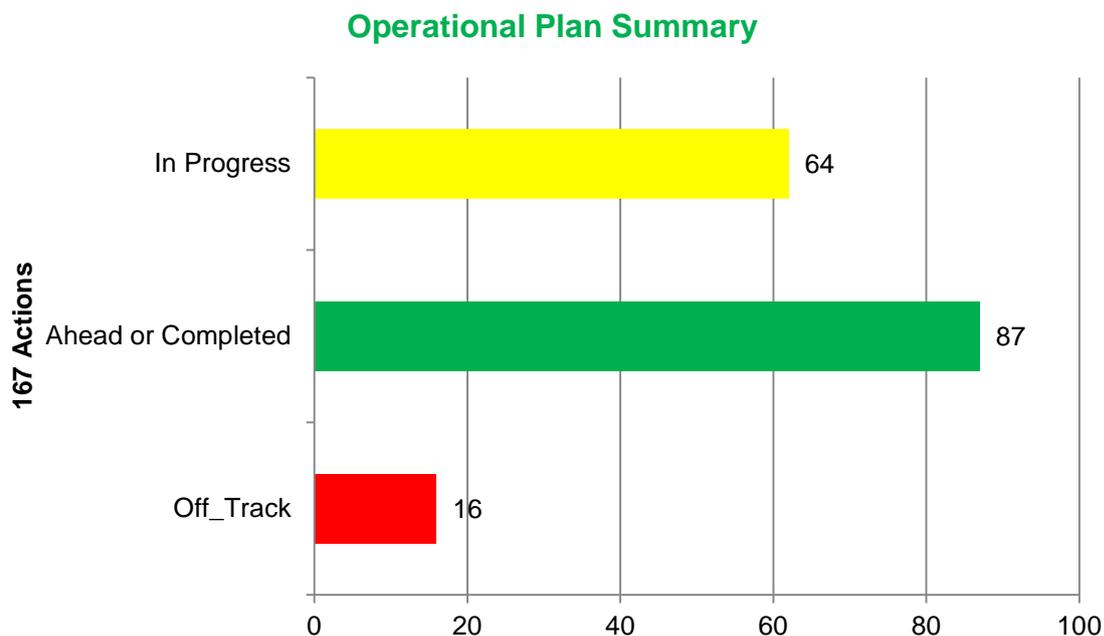
This program is in two parts. The Sustainability Review program of work has been developed however all reviews, unless there were extenuation circumstances, were placed on hold due to the merger proposals. Discussions have commenced to re-invigorate this program.

The Business Improvement program of work has been developed to bring together a whole of Council approach to improvement initiatives. All actions, which have been scheduled to progress irrespective of the merger proposal, are on track.

2. Community Strategic Plan/Operational Plan Delivery

The target is to complete >90% of the actions due for completion or in progress in this six months.

Actual comprises 38.3% in progress and 52.1% ahead of schedule or completed – a result of 90.4% as at 31 December 2016.



3. Capital Works Delivery

Road works projects

Project	Cost
Victoria Parade, Nelson Bay	\$430,000
Burbong St, Salamander Way	\$30,000
Nelson Bay Rd, Bobs Farm	\$705,000
Clemenceau Crescent, Tanilba Bay	\$1,500,000
Richardson Rd, Grahamstown	\$1,210,000
Dawson Rd, Raymond Terrace	\$40,000

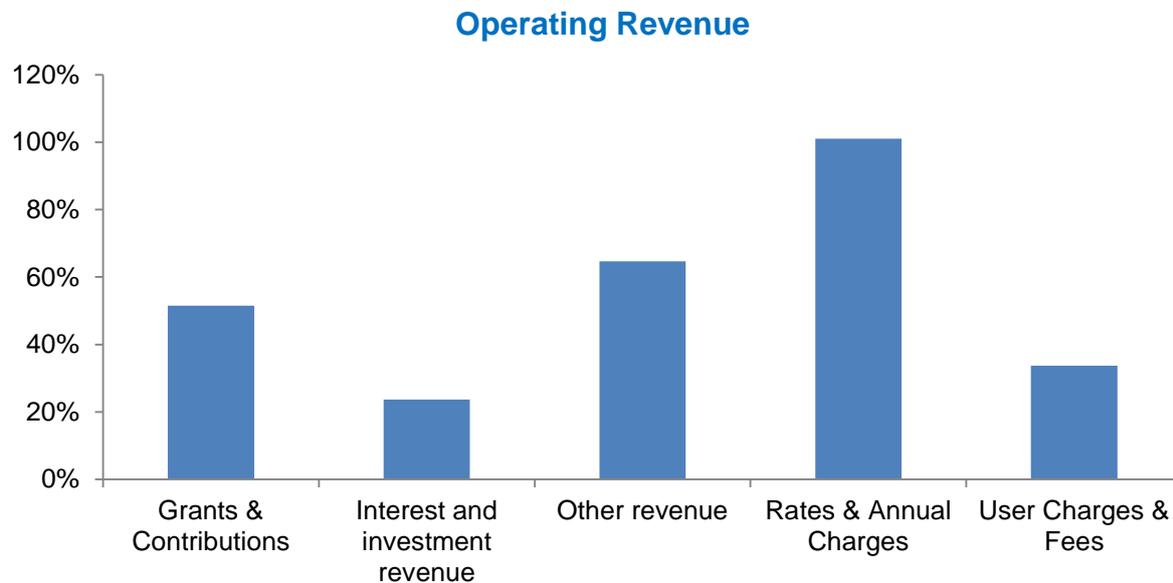
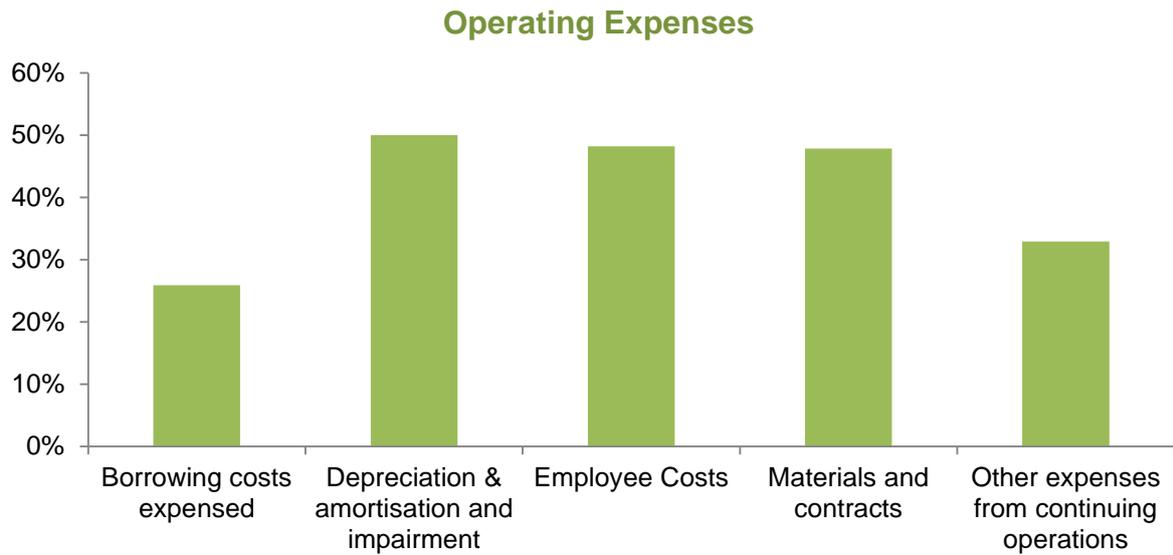
Community and recreation projects

Project	Cost
Sunset Beach Revetment	\$110,000
Taylor's Beach Amenities	\$140,000
Lakeside Playground	\$55,000
Lemon Tree Passage Foreshore	\$324,000 (Note: total project cost on completion will be \$1,300,000)

4. Financial Sustainability Program

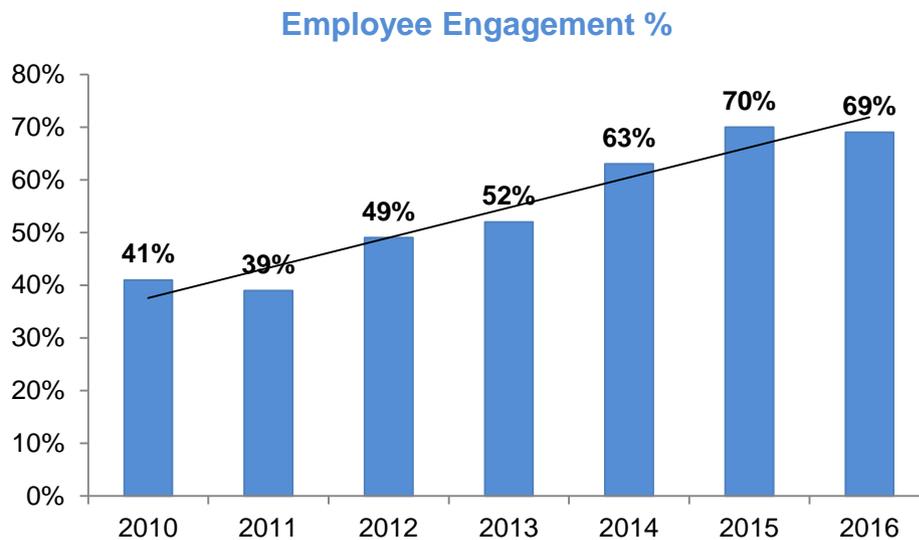
Council contained expenditure (\$50.4 million) to 46% of revised annual budget against a target of 50% year to date. Council's revenue (\$77.4 million) represented 69% of the annual revenue budget.

The year to date underlying operating surplus is \$930,000.



5. Workforce Strategy Implementation

Staff engagement **target = >65%**. Actual (August 2016) = **69%**



A program is in place to provide work experience places throughout Council. To date we have placed 16 students across various areas including customer relations, environmental, engineering, planning, libraries, information services, human resources, surveying and event management.

Council intends to recruit another seven apprentice, trainee and cadets:

- Building and Development Cadet
- School Based Trainee – Tourism
- Customer Relations Administration Trainee
- Apprentice Boilermaker
- Business Systems Support Trainee
- Property Services Cadet
- Graduate Engineer or Student Engineer

An information session for these positions was held at Council on 26 October 2016 and was well attended.

6. Infrastructure Planning

A review of the Strategic Asset Management Plan was undertaken in October and November 2016 in accordance with Section 403 of the *Local Government Act 1993*. A revised Strategic Asset Management Plan with associated works program will be placed on public exhibition in April 2017 together with the revised Long Term Financial Plan.

7. Technology Improvement Program

The Information and Communications Technologies (ICT) program of work has been developed to support a whole of Council approach to ICT improvement initiatives. This includes a structured ICT Asset Management program of work. All actions which have been scheduled to progress, irrespective of the merger proposal, are on track.

A Spatial Services program of work has been developed. Underpinning this is a Spatial Data Catalogue. There are a number of projects within the program of work, all aimed at improving the system including: bringing in webmap layers; improving and mapping processes; providing training; moving data to SQL; and improving reporting solutions. The program is on track.

8. Land Use Strategy Development

Council has produced roadmaps for Authority (149 certificates) to provide greater efficiency to ensure targets and priorities are being met. This ensures continued process improvements relating to legislative requirements, attribute date reviews and GIS updates. Recent improvements include creating a process for updating flood data. It is envisaged the process will be used as a template for updating other data across Council systems.

Strategic Planning staff continue to monitor and develop planning strategies and policies within project timeframes such as the Medowie Strategy review, alcohol management, CCTV policy, Kings Hill and Nelson Bay town centre review.

Council continues to receive requests for amendments to the Port Stephens Local Environment Plan (LEP). The target is that all new requests to amend the LEP will be initially assessed within 40 days. Staff are monitoring the assessment times and the flow-on impact with extension requests from internal staff referrals. We continue to monitor internal referral timeframes and consider ways in which these can be improved. It is important to note, the legislative amendment process is subject to State planning timeframes outside Council's control.

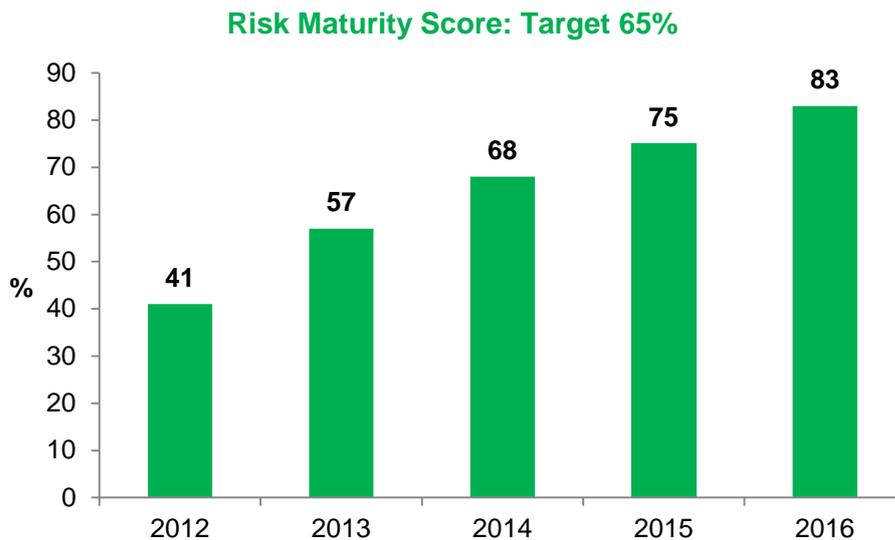
9. Flood and Drainage Study Implementation

- Flood and drainage studies for Anna Bay/Lemon Tree Passage: The Floodplain Advisory Committee was engaged and an engineering consultant has been awarded the project. The field survey is complete and the consultant is calibrating the hydraulic model.
- Flood and drainage studies for Tanilba Bay and Mallabula: Tanilba Bay is now part of the Anna Bay/Lemon Tree Passage Flood Study. Mallabula was part of the Flood Study that was administered by the (then) Great Lakes Council with our Council assisting with data, though this project has now been postponed by the new Mid Coast Council.

- Drainage and flood studies for the Paterson River and Port Stephens Flood Risk Management Study: This project is being administered by Maitland City Council and was on public exhibition until late October 2016.

10. Integrated Risk Management Program

Risk Maturity Score¹ Target: >65%. Actual = 83%.



Implementation of our Integrated Risk Management Framework has resulted in a significant decrease in the level of risk across Council. In the period July to December 2016 there were no risks assessed as extreme due to the implementation of a number of controls. This indicates a higher level of attention is being given to implementing controls by the due date. The corporate risk register and all group risk registers are being reviewed on a quarterly basis.

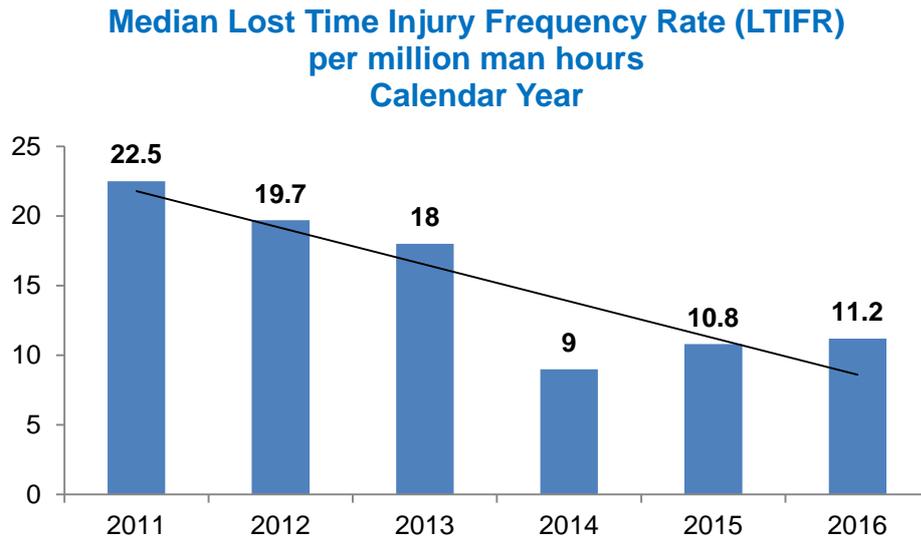
Improvements have been made to reporting of outstanding actions which has seen a 60% reduction in outstanding items since 1 July 2016. A risk maturity self-audit and risk improvement exercise was held in November 2016 to develop further items for improvement across Council.

¹ Risk Maturity Score is assessed independently by an expert panel against AS/NZS ISO 31000:2009 *Risk Management*.

Workplace Health & Safety

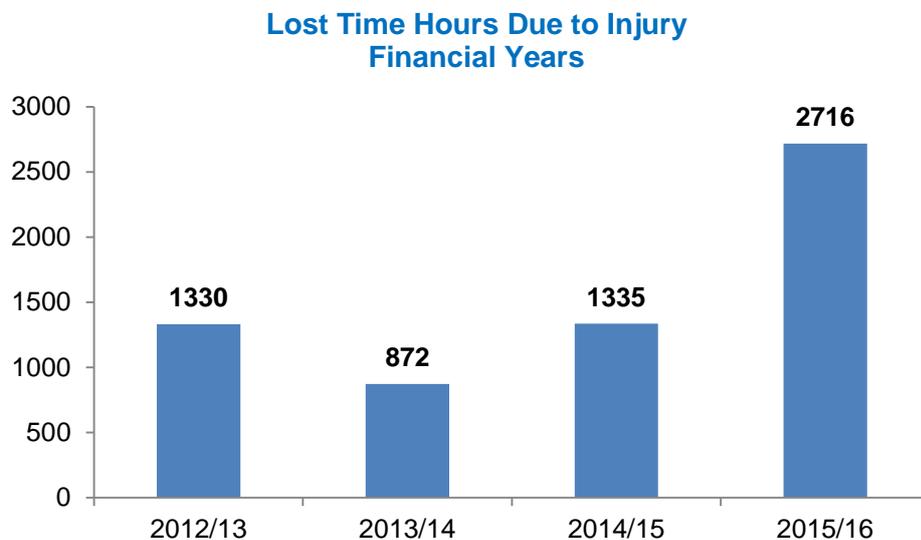
Lost Time Injury Frequency Rate:

The graph below compares the lost time injury frequency rate for workers compensation injuries. The rate is expressed as a median of the calendar months in each calendar year to December 2016.



Lost Time Hours Due to Injury:

The graph below provides a comparison of the total lost time hours as a result of workers compensation injuries. Overall there has been a 50% increase in the hours lost for 2015-2016 compared to last year. This is consistent with the nature and severity of injuries sustained as there were several significant and complex claims.



The Statecover audit has been completed and submitted for this year with 100% compliance in all but three elements. Council has received a refund of \$10,330.28 against its 2015-2016 premium. Our 2016-2017 deposit premium is \$675,000. Statecover has advised that Port Stephens Council is the best performing Council of our size in the scheme.

Work has recommenced on identifying improvements for our work health and safety system and risk systems with recommendations for improvements to be delivered by 30 June 2017.

11. Community Engagement and Customer Focus Initiatives

Council continues to support the Port Stephens Youth Advisory Panel (YAP), including daily Facebook posts, and supported the production of PSC YAP Summary of Business document to Advocate for Children and Young People. The YAP met with Council staff in September 2016.

In addition Council supported young people to attend a Youth Forum Event (Sydney) in July 2016; met with the NSW Mental Health Commissioner in September 2016; hosted a youth sector meeting in August 2016; and facilitated the Port Stephens Youth Interagency meeting in September 2016. Council also assisted with a Youth Opportunities funding application submitted in July 2016.

There was a meeting of the 355c Aboriginal Strategic Committee in August 2016 and a joint dinner was held on 18 November 2016.

Council met with the 355c Strategic Arts Committee on 11 August 2016. Council also participated with the Committee in a Smarts Arts Program and Pop up shop at Nelson Bay on 14 and 29 July, 12 August and 9 September 2016.

In April and May 2016 Council conducted its annual community satisfaction survey, which yielded an overall satisfaction level of 86.5% against the target of 75% satisfaction. The next survey is due to be conducted in April and May 2017.

