



PORT STEPHENS
COUNCIL

SIX-MONTHLY REPORT
JULY TO DECEMBER
2017



The Six-Monthly Report July to December 2017 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

The past six months have seen many changes and achievements at Port Stephens Council. It is with great pleasure that I present the progress report for July to December 2017.

Key highlights for the six month period are as follows:

New Council

With mergers off the table, elections were held for a new Council in September 2017. In this process we farewelled Mayor MacKenzie, Councillors Dover, Morello, Dingle and Kafer. We welcomed Mayor Palmer, Councillors Dunkley, Abbott, Smith and Arnott along with existing Councillors Nell, Doohan, Tucker, Jordan and Le Mottee to form Council's elected representatives for the next three years.

Planning for our Future

With a new Council onboard initial discussions have begun with the community on their aspirations for the Community Strategic Plan. A number of workshops and sessions were held with members of the community on developing a new Community Strategic Plan from October to December 2017. Officers have collated this input and begun developing a draft Community Strategic Plan together with Council's Delivery program (3 year plan), Operational Plan (annual plan) and resourcing strategies to respond to the community's objectives.

The drafts of these plans are to be considered by the elected Council in March 2018 and if endorsed will be placed on public exhibition for community comment during April 2018.

Achievements and Awards

Council has continued its commitment to delivering high quality facilities and services to the community, of notable mention are:

- Construction of a new surf lifesaving facility at One Mile Beach;
- Construction of a new skate park, croquet court, accessible playground equipment and fitness hub at Boomerang Park;
- Unveiling the first stage of the \$3M Koala Sanctuary Port Stephens at Treescape Holiday Park, One Mile Beach;
- Lighting up Boomerang Park in Raymond Terrace with the Illuminate Festival attracting 7,000 visitors;
- Investing in 12 events in the local government area generating an estimated economic impact of more than \$3M;
- Completion of construction at 155 Salamander Way, Salamander Bay including new entry and improved roadworks, bus interchange, entry statement and traffic lights;
- Reconstruction of 1.6 kilometres of Cabbage Tree Road (State Road) under budget and ahead of time;
- And many more road safety projects, drainage improvements works, flood studies, capital, recreational projects and community services as outlined in the Principal Activities below.

Council consistently performs well across its operations, attaining the following awards over the reporting period.

- Winner – IPWEA NSW Public Works Leader of the Year 2017.
- Reece Arday won the Trainee of the Year Award in the Business Administration category as well as the Overall Trainee of the Year Award of the Hunter Region Apprentice and Trainee Awards.
- Winner - 2017 Premier's Award for Making Housing More Affordable.
- Winner – Culture Change Innovation and Excellence award for a 'Large Regional Council' at the first Local Government NSW (LGNSW) Planning Awards.
- Winner - Excellence in Workplace Health and Safety Culture at the 2017 SafeWork NSW Awards.
- Finalist - 20th Local Government NSW Excellence in the Environment Awards - Environmental Management System (EMS) Development Project received a Highly Commended award in the category of Innovation in Planning, Policies and Decision Making.
- Two Silver 2017 NSW Tourism Awards for Thou Walla Sunset Retreat in the Unique Accommodation category and Fingal Bay Holiday Park for Caravan and Holiday Parks.
- Finalist - Employer of Choice (Public Sector & NFP) category of the 2017 Australian HR Awards.
- Finalist - 2017 Hunter Safety Awards - Best Work Health and Safety Improvement (Large Organisation).

Financial Sustainability

Council's original budget was formulated on the basis that a small surplus of \$497,000 was anticipated to the 30 June 2018. This figure has been subsequently revised to an anticipated budget surplus of \$1.351M at the September 2017 quarterly budget review, and a year to date underlying surplus of \$1.039M as per the December Quarterly Budget Review. Council continues to meet asset renewal and maintenance accounting criteria as established by the Office of Local Government and is on trend to further reduce the overall asset infrastructure backlog as at 30 June 2018.

People

Despite beginning 2017 under the threat of an unwanted merger, staff continued to be resilient, maintaining focus and energy to deliver a large program of works to date. A personal highlight was our improved staff engagement score, coming in at 70%.

There is certainly much for Council to be proud of over the past six months and I take this opportunity to thank our Councillors, staff and volunteers for our ongoing strong performance in the six months to 31 December 2017.

Wayne Wallis
General Manager



OUR COUNCIL

Community's Vision

A great lifestyle in a treasured environment

Council's Vision

Engaged people, working together, delivering values services

Council's Purpose

To deliver services valued by our community in the best possible way.

Elected Council

In September 2017 the following Councillors were elected to Council for a term of 3 years:

Mayor: Ryan Palmer

East Ward Councillors: Cr Glen Dunkley, Cr Jaimie Abbott, Cr John Nell

Central Ward Councillors: Cr Chris Doohan, Cr Sarah Smith, Cr Steve Tucker

West Ward Councillors: Cr Giacomo Arnott, Cr Ken Jordan, Cr Paul Le Mottee



SNAPSHOT OF HIGHLIGHTS & ACHIEVEMENTS - 1 JULY TO 31 DECEMBER 2017


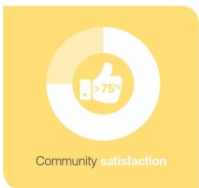




- Welcome new elected Council.
- Port Stephens Council wins multiple awards.
- 10 year Community Strategic Plan conversation begins.
- Annual Report and Audited Financial Statements adopted for the 2016- 2017 financial year.
- Year to date underlying operating surplus of \$1.039M as per the December Quarterly Budget Review.
- Over 98% of 2017-2018 Operational Plan Actions were On track.
- Less than 2% of 2017-2018 Operational Plan Actions were Off track.
- Unveiling first stage of the \$3M Koala Sanctuary Port Stephens at Treescape Holiday Park One Mile Beach.
- Construction of 155 Salamander Way, Salamander Bay.
- Holiday Parks have a Trip Advisor Certificate of Excellence and achieve 'world class' Net Promoter Score.
- Construction of a new surf lifesaving facility at One Mile Beach.
- New skate park, croquet court, accessible playground equipment and fitness hub at Boomerang Park.
- Completion of a new skate park, shade sail and other reserve improvements at Lakeside Reserve.
- Various community hall upgrades.
- Increase in domestic waste recycling rate from 58% to 60% diversion from landfill.
- New self-checkout facilities installed at libraries.
- Aquatic Centres – the Royal Life Saving Society rated Port Stephens Aquatic Centres were the best for water safety.
- Reconstruction of 1.6 kilometres of Cabbage Tree Road (State Road).
- Implementing Holiday Time Road Safety Program.
- Completing RMS Road Safety Projects, Raymond Terrace Mentor Driver Program.
- Drainage studies and improvement works at Shoal Bay (Shoal Bay Road, Government Road and Bullecourt St, Horace Street and Rigney Street) Woodville (Iona Lane), Williamtown (Williamtown Drive) Nelson Bay (Tomaree Sports Complex) and Corlette (Foreshore Drive).
- Disability Inclusion Action Plan, Birubi Point Aboriginal Place Master Plan and Draft Delivery Program - Progress of the Nelson Bay Town Centre and Foreshore Strategy endorsed by Council.
- 49,500 visitors and over \$500,000 in tours and accommodation booked at Port Stephens Visitor Information Centre.
- \$3M estimated economic impact from Council investment in 12 events (including Surfing NSW Port Stephens Pro at Birubi Beach, Tastes at the Bay in Nelson Bay, DSA Disability Bowls Championships and the Cricket NSW Country Championships at Raymond Terrace, the NSW Country Junior Rugby Championships and the Ultimate Frisbee Championships at Salamander Bay)

- Customer First Framework – developed and presented to Council's Executive Leadership Team.
- Social media engagement levels have increased more than 100%
- 70% employee engagement
- Commitment to safety resulting in less workplace injuries, less severe injuries and a reduction in workers compensation premiums
- A whole of Council approach to ICT improvement initiatives has been developed including a structured ICT Asset Management program, implementation of new server and storage infrastructure and a new integrated telephone system

PRINCIPAL ACTIVITIES - 1 JULY TO 31 DECEMBER 2017

How well are we doing

Underpinning what we do at Port Stephens Council are six main result measures: Customer Satisfaction, Employee Engagement, Financial Sustainability, Governance, Risk Management and Service Delivery.

Six Main Result Measures		Status
	1. Service Delivery <i>Target:</i> >90% Integrated Plans delivered on time <i>Achievement:</i> 98% Actions On track, 2% Off track	●
	2. Customer Satisfaction <i>Target:</i> >75% customer satisfaction <i>Achievement:</i> 79.03% ¹	●
	3. Governance <i>Target:</i> >90% Governance Health Check <i>Achievement:</i> Target exceeded with overall rating 96.13% ²	●
	4. Risk Management <i>Target:</i> 65% Risk Management Maturity score <i>Achievement:</i> Target exceeded with risk maturity score 83% ³	●
	5. Financial Sustainability <i>Target:</i> Underlying Financial Surplus <i>Achievement:</i> Underlying Operating Surplus \$1.039M year to date	●
	6. Employee Engagement <i>Target:</i> >65% Employee Engagement <i>Achievement:</i> 70% ⁴	●

¹ 2017 Customer Satisfaction Survey

² Actual as at April 2017

³ Actual in 2016

⁴ Actual as at September 2017

Legend:

- Target exceeded
- Target achieved or on track to be achieved
- Target not achieved
- Data not available at the time of reporting



By balancing these key metrics, we ensure that we're delivering on what we say we're going to do, the community is satisfied with the level of service, Council is financially sustainable, the right practices and governance are in place, has an appropriate risk maturity and has engaged employees who deliver on what we say we're going to do.

1. Service Delivery

For the reporting period, progress made on the Actions within the 2017-2018 Operational Plan which contribute to delivering the Delivery Program objectives are as follows:

- Over 98% of Actions were On Track;
- Less than 2% of Actions were Off Track.

Following is a summary of completed Road, Community and Recreation Projects as at 31 December 2017.

Road projects

Shoal Bay Traffic Lights	\$ 659,042
Bullecourt Street Drainage	\$ 459,598
Francis Ave, Lemon Tree Passage - Reconstruction	\$ 670,000
East Seaham Road - Stage 4	\$ 1,553,728
Shearman Ave, Lemon Tree Passage - Rehabilitation	\$ 150,000
Purcell Avenue, Lemon Tree Passage	\$ 75,000
Benjamin Lee Drive Pedestrian Crossing	\$ 184,606
Boulder Bay Road - Market Street, Fingal - Footpath and blister	\$ 82,000
Medowie Road Seg 270	\$ 193,039
Medowie Road Seg 330	\$ 263,150
Cassias Avenue, Medowie,	\$ 153,760
Lloyd George Grove, Tanilba Bay	\$ 175,000
The Parkway North, Mallabula	\$ 50,000
Wemyss Way, Tanilba Bay	\$ 50,000
TOTAL	\$ 4,718,923

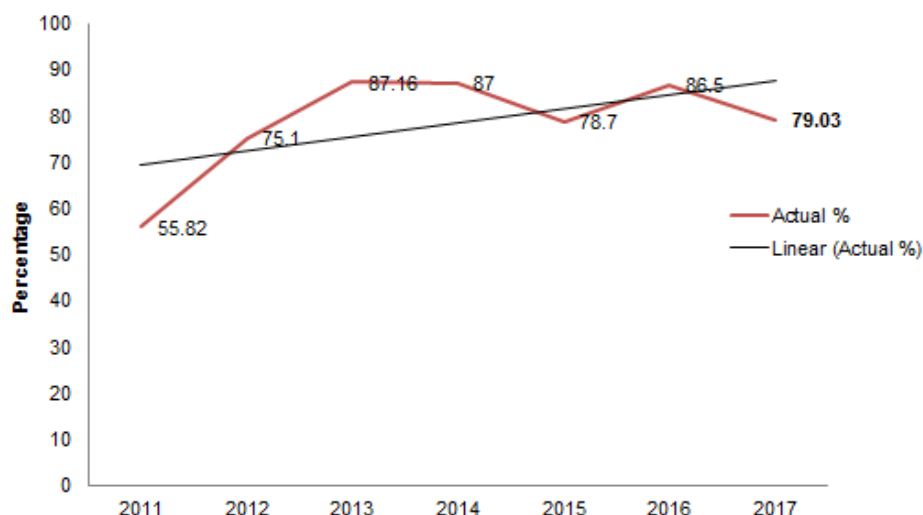
Community & Recreation projects

Karuah Boat Ramp	\$ 460,097
Boomerang Park Fitness Trail	\$ 30,514
Boomerang Park Skate Park	\$ 179,582
Boomerang Park Croquet	\$ 279,139
Boomerang Park Carousel	\$ 50,618
Boomerang Park amenities	\$ 52,570
Boomerang Park paths	\$ 50,000
Lakeside Skatepark, paths and shade sail	\$ 132,060
Ross Wallbridge Reserve Lighting	\$ 25,000
Lemon Tree Passage Old school - replace vinyl flooring	\$ 20,000
Tanilba Bay senior citizens- replace vinyl flooring	\$ 25,000
Tanilba Bay amenities - switchboard replacement	\$ 5,000
Mallabula Skate Park	\$ 10,000
Medowie Skate Park	\$ 15,000
TOTAL	\$ 1,334,580

2 Customer Satisfaction

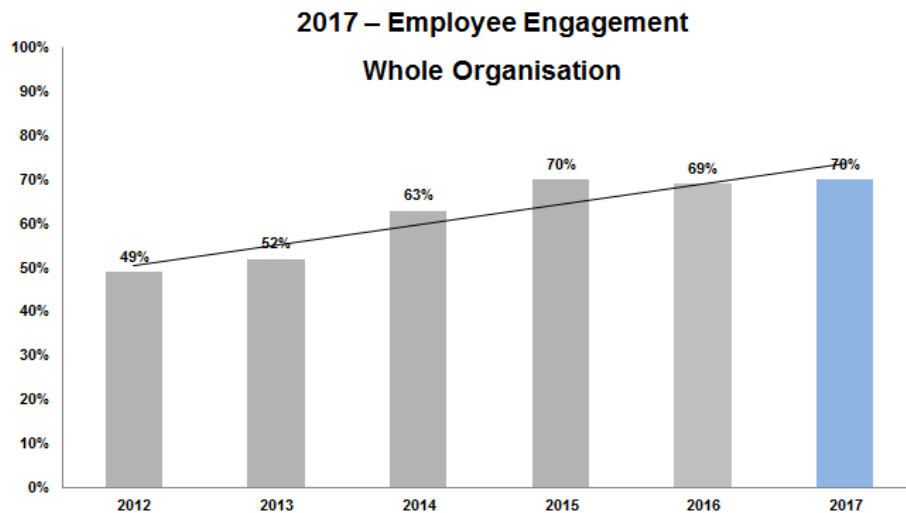
In April and May 2017 Council conducted its annual community satisfaction survey, which yielded an overall satisfaction level of 79.03% against a target of 75% satisfaction. The next survey is to be conducted in mid-2018.

Overall Satisfaction Trend



3 Employee Engagement

The Employee Engagement Survey was conducted during September 2017 with a 70% engagement score remaining stable and exceeding Council's target of 65%. This is an excellent result given the uncertainty produced through a number of service reviews being conducted during the period as a flow on effect of the amalgamation issues of the previous 18 month period. Key areas for improvement have been identified around communication, brand, senior leadership and career opportunities. The combined leadership team has been briefed by AON Hewitt and is now working to improve engagement in their individual areas.



Work experience places are continually provided throughout Council. Year to date we have placed 11 students across various areas including customer relations, environmental, engineering, planning, libraries, information services, human resources, surveying and event management.

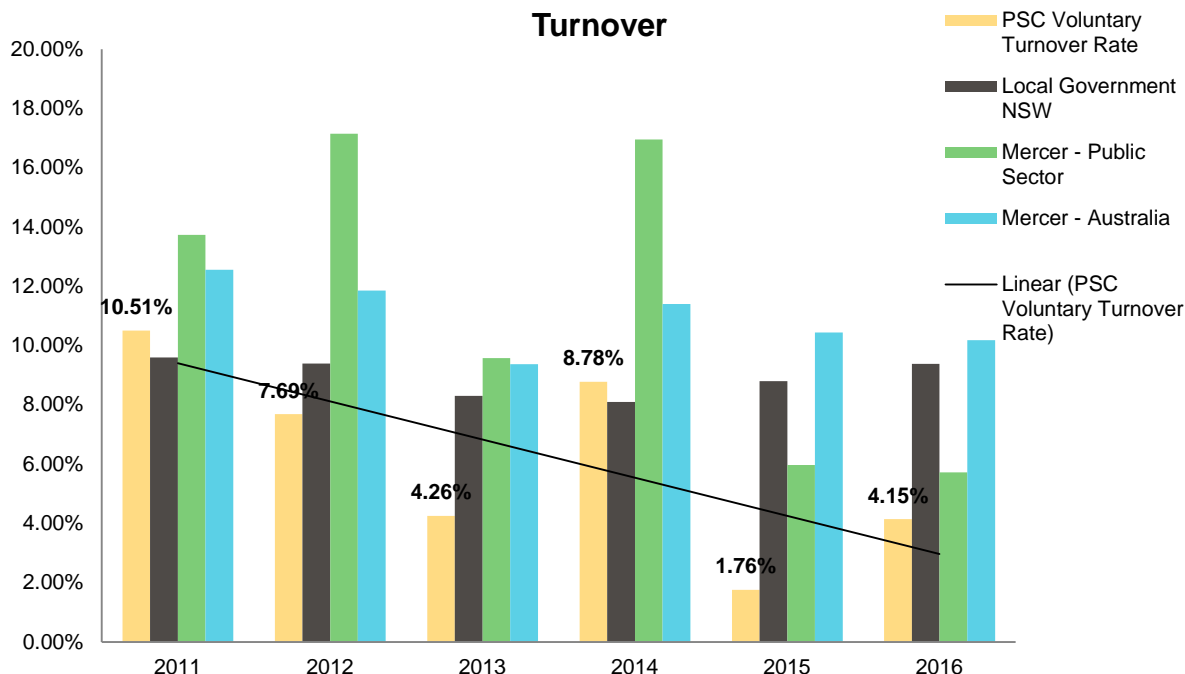
Recruitment of another eight apprentice, trainee and cadets is finalised and the successful applicants of the positions below commencing work with Council in January 2018.

- Governance Trainee
- Graphic Design Trainee
- GIS Trainee
- Accounting Cadet
- Business Administration Trainee
- School Based Trainee - Business
- Cadet Natural Resources Officer

Work has continued on the implementation of the Human Resource Information System, Cornerstone with a significant number of improvements rolled out, continuing productivity savings across Council as these initiatives are implemented.

Management of Council's employer brand continues. 2017 was an enormous year for the human resources of Council. Since the announcement of no amalgamations which occurred on 14 February 2017, a large number of temporarily staff positions have been recruited. As at 31 December 2017, Council had advertised 113 positions and received approximately 3,000 applications for these positions which needed to be processed and assessed. These applications rates are pleasing and the majority of applications are of a high standard, indicating the labour market views Port Stephens Council as a desirable employer.

Of concern to Council in the past was an increasing voluntary turnover rate. Port Stephens Council has been able to effectively reduce turnover to less than broad industry rates. A dramatic decrease was seen following the introduction of the Port Stephens Council Enterprise Agreement in September 2008 which provides a broader suite of work/life balance initiatives and a revamped salary system linked to market.

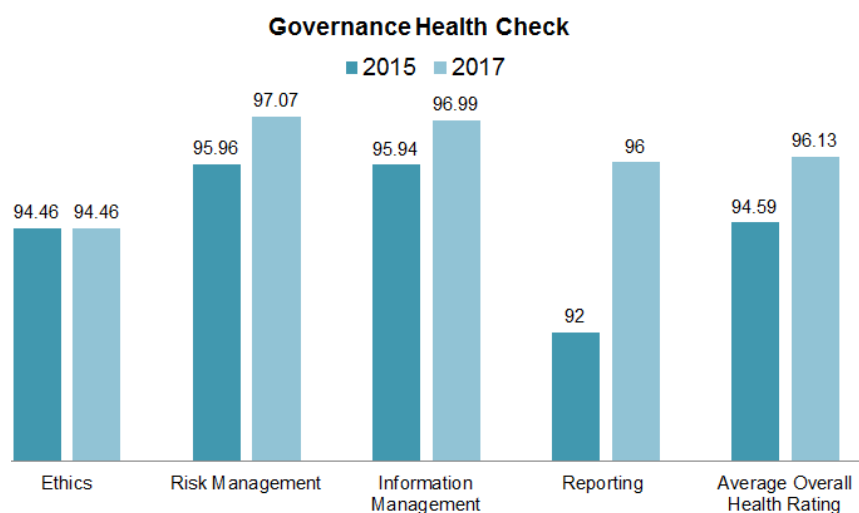


The total staff turnover across all industries (at the median) has decreased to 10.18% compared to 10.44% reported in 2015 and in the public sector it has decreased from 5.97% to 5.72% over the same period.

Voluntary turnover for Port Stephens Council for the year ending 30 June 2016 was 4.15%, which is within the target range of 10% and below comparative benchmarks. This showed that our brand was still strong in the market irrespective of the uncertainty around future status.

Voluntary turnover for 2017-18 is projected to be under 10%, currently tracking at 4.6% for the six months to 31 December 2017.

4 Governance



Council's Governance Health Check was last conducted in April 2017 and is reviewed on an annual basis. The overall rating of 96.13% still remains current, exceeding Council's target of 90%. The Governance Health Check is a tool to measure Council's governance and how well it performs. It covers four areas, ethics, risk management, information management and reporting.

5 Risk Management



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

Port Stephens Council's Integrated Risk Management Framework is reviewed and updated on an annual basis, the most recent review having taken place during this reporting period, along with the Integrated Risk Management Policy which will shortly be presented to Council for adoption.

The Integrated Risk Management Framework provides a comprehensive overview of Council's risk management approach, systems and processes to help all employees manage risk and it is aligned to the risk management standard AS/NZS ISO31000:2009.

How we approach risk management is a reflection of our commitment to our success and our own safety and that of the community and is the lens through which we will be judged as custodians of the municipality.

The corporate and group risk registers are reviewed by risk owners and the Audit Committee on a quarterly basis and presented to the Executive Leadership team on a regular basis.

Risk management is part of the Port Stephens Council culture and is integrated into corporate and business plans and everyday activities, rather than being viewed or run as a separate program. The effectiveness of the risk management practices across the organisation is evident in the latest risk maturity score of 83% compared to a previous score of 75%.



Pictured: Port Stephens Mayor Ryan Palmer, Council's Work Health and Safety Manager, Nicole Le Grange and General Manager Wayne Wallis at the 2017 SafeWork NSW Awards.

In October 2017 Port Stephens Council received the award for 'Excellence in Workplace Health and Safety Culture for big business' at the 2017 SafeWork NSW Awards. The awards recognise businesses and workers with the highest standards of workplace health and safety and return to work outcomes in the state.

For Port Stephens Council to be recognised as having the best Work Health and Safety culture in the state is an amazing achievement. Developing a workplace culture isn't a simple fix, it takes a mammoth team effort over a long period of time to establish and maintain. This award is truly a credit to each and every Council worker.

Our commitment to safety has resulted in less workplace injuries, less severe injuries and a reduction in workers compensation premiums – saving Council over a million dollars per year.

StateCover continues to recognise our excellence in this area through the provision of rebates earned due to performance. In 2017-18 Port Stephens Council will receive:

- Member Discount: \$35,366.94;
- Work Health and Safety Incentive: \$ 126,784.80;
- 2016-2017 Hindsight Performance Payment: \$25,000.00;
- Mutual Performance Rebate: \$159,457(paid in two equal instalments in March 2018 and March 2019).

6 Financial Sustainability

Council continues to meet asset renewal and maintenance accounting criteria as established by the Office of Local Government and is on trend to further reduce the overall asset infrastructure backlog as at 30 June 2018.

Council contained expenditure (\$52.7M) to 51% of revised annual budget against a target of 50% year to date. Council's revenue (\$81.97M) represented 78% of the annual revenue budget.

As per the December Quarterly Budget Review the year to date underlying operating surplus is \$1.039M.

