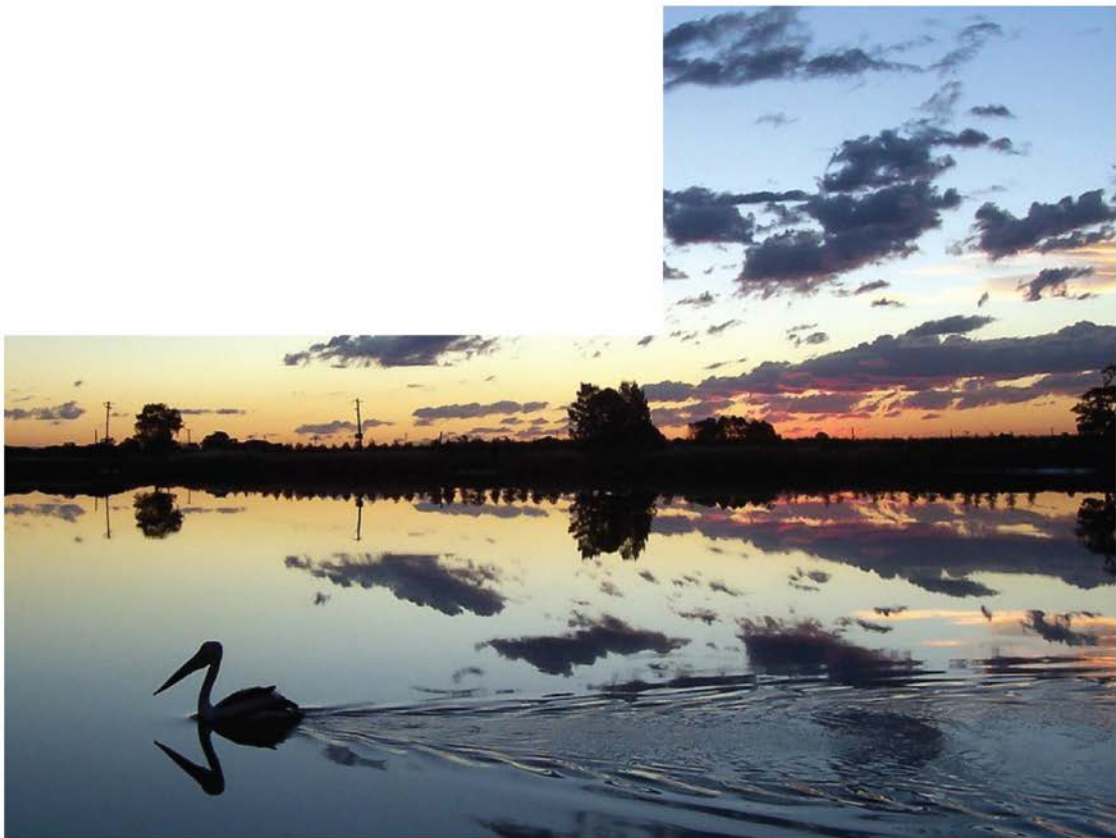

SIX-MONTHLY REPORT
JANUARY TO JUNE 2017



The Six-Monthly Report January to June 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

Proposed mergers

In January 2017 the State government announced that mergers proposed for regional councils would not go ahead. Port Stephens Council remains a stand-alone council however at its meeting on 28 February 2017 Council voted to approach Dungog Shire Council to seek a voluntary merger. During May 2017 Dungog Shire Council considered our proposal but in the end voted not to proceed at this time.



Financial sustainability

The financial results to 30 June 2017, whilst not yet subject to audit, continue to support the findings of the Independent Pricing and Regulatory Tribunal (IPART) that Council remains financially sustainable into the future. The estimated results reflect an underlying operating surplus of **\$1.5 million** that 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.

Since January 2017 Council has also been awarded \$24,000 as part of the NSW Government's heritage grants program, as well as continuation of funding for major road initiatives such as Black Spot funding.

Community survey results

The Port Stephens community has once again given Port Stephens Council its endorsement delivering an overall community satisfaction rating of 79% for 2017.

Council conducted its annual survey over April and May of this year, with the end result representing a slight decrease compared to 2016 but still relatively high for a local government organisation.

The wide-ranging survey comprised community appraisals on general facilities, libraries, communications, development services, holiday parks and children's services.

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.

Capital works

During the six months to 30 June 2017 Council has commenced or completed capital works totaling \$10.4 million, making an annual capital works delivery valued at more than \$23 million.

Major roadwork projects have included:

- East Seaham Road reconstruction and seal - \$1,600,000
- Abundance Road reconstruction - \$830,000
- Medowie Road Williamtown - \$273,000
- Morpeth Street Wallalong - \$114,000
- Pedestrian ramps Medowie - \$142,000
- Clarence Town Road at Glen Oak road reconstruction - \$548,000
- Shoal Bay traffic light installation - \$1,150,000
- Shoal Bay Road Nelson Bay - \$312,000
- Rigney Street Shoal Bay - \$41,000
- Reseals various roads - \$1,500,000

Major Community and Recreation projects have included:

- Midden protection Ridgeway Avenue Soldiers Point - \$85,000
- Playground replacement Corlette Hall - \$70,000
- Various park shade sails - \$130,000
- Boat ramp upgrade East Seaham - \$255,000
- Upgrade Lionel Morten Oval Karuah - \$85,000
- Carpark reseal Yulong Oval - \$51,500
- Playground replacement Gwen Parade Raymond Terrace - \$60,000
- Public amenities Boomerang Park - \$140,000
- Tilligerry Rural Fire Service building - \$1,070,000
- Raymond Terrace Men's Shed - \$900,000

Awards

In April 2017 Port Stephens Council was announced the winner of the NSW Local Government Excellence Awards in the Community Partnerships and Collaboration category for councils with a population over 15,000. Port Stephens competed with five other councils and six other projects.

The award acknowledged the declaration of Soldiers Point as an Aboriginal Place in June 2016, a process that resulted in the understanding of the non-aboriginal community about what aboriginal places are and what it means to manage them.

In the last five years, the aboriginal community and the non-aboriginal community were able to work out a way to manage the cultural values in what is a highly developed, modern landscape.

Council now has a clear process of ensuring that Aboriginal cultural values are at the forefront of every decision made at Soldiers Point.

Our Waste Services team were runners up at the 2017 Australian Landfill and Transfer Stations Innovation and Excellence Awards in Sydney for the Salamander Bay Waste Transfer facility.

The efforts of the team turned around what was an operating deficit of some \$600,000 per annum into a modest annual surplus, as well as greatly improving local environmental issues.

Council consistently performs well across its operations.

- Winner – Career Development Association of Australia – Employer of the Year.
- Winner – Reece Arday, Overall Trainee of the Year, Hunter Region Training Awards.
- Winner – Reece Arday, Business Administration Trainee of the Year, Hunter Region Training Awards.
- Finalist – Australian HR Awards in the Employer of Choice Category.
- Silver – NSW Tourism Awards Unique Accommodation – Thou Walla Sunset Retreat.
- Second – Workplace Health and Safety Award at the StateCover WHS Excellence Awards.
- Bronze – Pacific Coast Tourism Awards – Halifax Holiday Park.
- Finalist – NSW Tourism Awards – Halifax Holiday Park/Fingal Bay Holiday Park.
- Finalist – National HR Awards – Best Use of Technology, Human Resources Information System.
- Finalist – Local Government Awards.
- Finalist – Work Health and Safety Business of the Year in the Hunter Safety Awards.
- Fingal Bay Holiday Park is on the NSW Caravan Holiday Parks Gold List Star Ratings Australia in March 2016 for exceeding guest expectations from online reviews.
- Lakeside Leisure Centre was ranked as the best facility in a state-wide audit of safety amongst 77 aquatic centres by the Royal Life Saving Society NSW. Tomaree Aquatic Centre ranked third out of 77 and Tilligerry Aquatic Centre ranked 11th.

People





I take this opportunity to thank our staff and volunteers for our ongoing strong performance in the six months to 30 June 2017.

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 the time of reporting

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

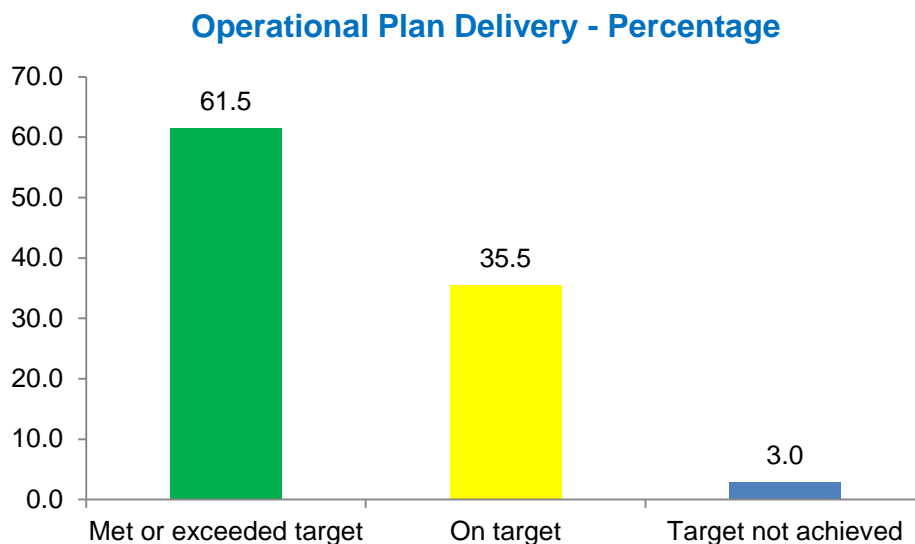
The Business Improvement Program of Work has been developed to bring together a whole of Council approach to improvement initiatives.

Once the proposed merger was quashed there has been a concentrated effort to review and re-prioritise the Program of Work. The primary focus from January 2017 to June 2017 has been to improve the organisation's approach to data management. This coupled with refining the way we use our corporate systems, means that the organisation is now better placed to progress key e'services and mobile working initiatives.

All actions which have been scheduled to progress 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 35.5% in progress and 65.5% ahead of schedule or completed, being **97%** as at 30 June 2017.



3. Capital Works Delivery

Road works projects

Project	Cost
Abundance Road, Medowie	\$830,000
Morpeth Street, Wallalong	\$114,000
Medowie Road, Williamtown	\$273,000
East Seaham Road, East Seaham	\$1,610,000
Pedestrian ramps, Medowie	\$142,000
Pedestrian ramps Benjamin lee Drive, Raymond Terrace	\$10,000
Pedestrian refuge Swan Street, Raymond Terrace	\$27,000
Pedestrian refuge Sturgeon Street, Raymond Terrace	\$10,000
Pedestrian refuge Sandy Point Road, Corlette	\$32,000
Pedestrian refuge Kindlebark Drive, Medowie	\$18,000
Pedestrian refuge William Bailey Street, Raymond Terrace	\$40,000
Pedestrian Access and Mobility Plan review	\$44,000
Clarence Town Road, Glen Oak	\$548,000
Salamander Way, Salamander Bay	\$260,000
Shoal Bay Road and Government Road, Shoal Bay	\$1,123,000
Boulder Bay Road, Fingal Bay	\$56,000
Shoal Bay Road, Nelson Bay	\$312,000
Drainage Study - Shoal Bay	\$6,000
Drainage Study - Patterson River Flood	\$15,000
Rigney Street, Shoal Bay	\$41,000
MR108 Nelson Bay Rd Seg60 Reseal	\$7,182
MR108 Nelson Bay Rd Seg500 Reseal	\$8,133
MR104 Richardson Rd Seg135 Reseal	\$27,265
MR108 Nelson Bay Rd Segment 200 Reseal	\$51,919
MR108 Nelson Bay Rd Segment 210 Reseal	\$38,161
MR 108 Nelson Bay Rd Drainage - Letterbox Pits*	\$69,826
MR302 Tomago Rd SCRIM AC correction*	\$26,859
MR 108 Nelson Bay Rd Lemon Tree Passage Roundabout Resurfacing*	\$223,159
MR 108 Nelson Bay Rd Heavy Patching*	\$50,000
MR 302 Tomago Rd Asphalt Overlay*	\$360,509

* Not yet completed. Note that the Lemon Tree Passage Roundabout will be done over two years, with approximately \$100,000 expended in 2016-2017.

Community and Recreation projects

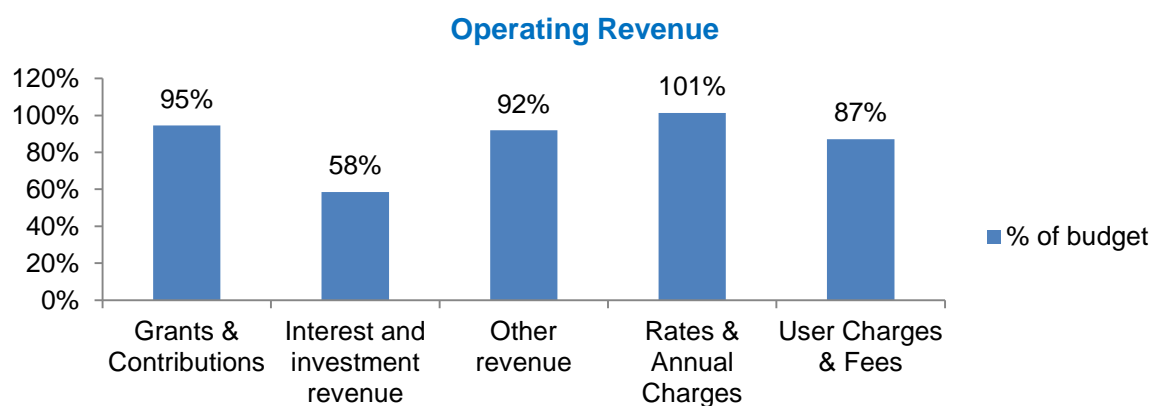
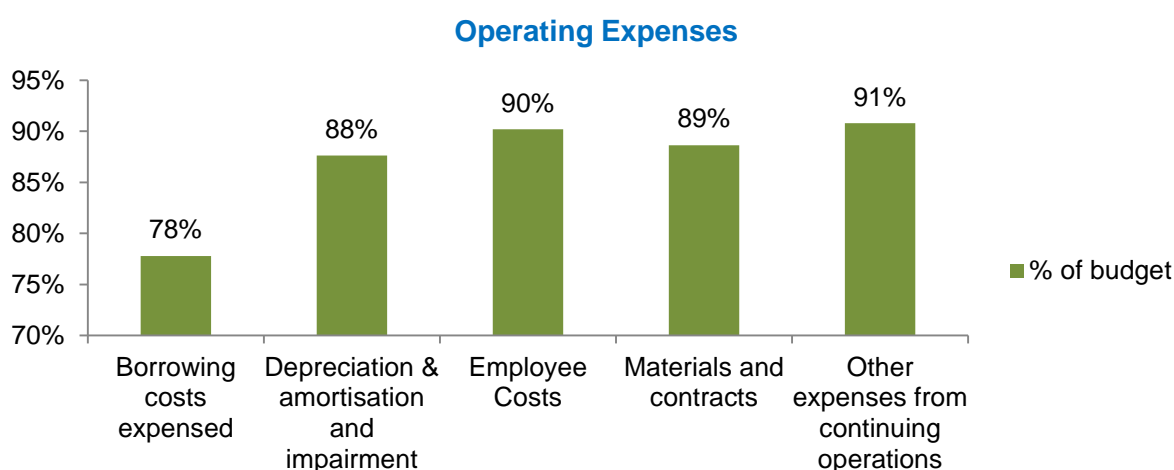
Project	Cost
Midden Protection and Retaining Wall – Car parking area, Ridgeway Avenue, Soldiers Point	\$85,000
Playground Replacement – Corlette Hall	\$70,000
Playground Upgrade – Dutchies Beach, Nelson Bay	\$15,000
Shade Sails and Landscaping – Boomerang Park Playground, Raymond Terrace, Henderson Park Playground, Lemon Tree Passage and Fern Bay Playground, Rankin Road, Fern Bay	\$130,000
Boat Ramp Upgrade – Torrence Street, Seaham	\$255,000
Seating, Fencing and Access Upgrade – Lionel Morten Oval, Karuah	\$85,000
Carpark Reseal – Yulong Oval, Medowie	\$51,500
Disabled Access Upgrade – Old School Site, Lemon Tree Passage	\$20,000
Playground Replacement – Gwen Parade, Raymond Terrace	\$60,000
New Public Amenities – Boomerang Park, Raymond Terrace	\$140,000
Tilligerry Rural Fire Service Building	\$1,070,000
Raymond Terrace Men's Shed	\$900,000
One Mile Surf Lifesaving Facility - Under construction. Due for completion late September 2017.	\$1,000,000
Lakeside Skate Park, Raymond Terrace. Due for completion August 2017.	\$80,000
Boomerang Park Skate Park, Raymond Terrace. Due for completion August 2017.	\$200,000

4. Financial Sustainability Program

The underlying operating surplus is projected to be \$1.5 million as at 30 June 2017. This projection is an estimate and the final results (audited financial statements) will be in the Council's annual report due in November 2017.

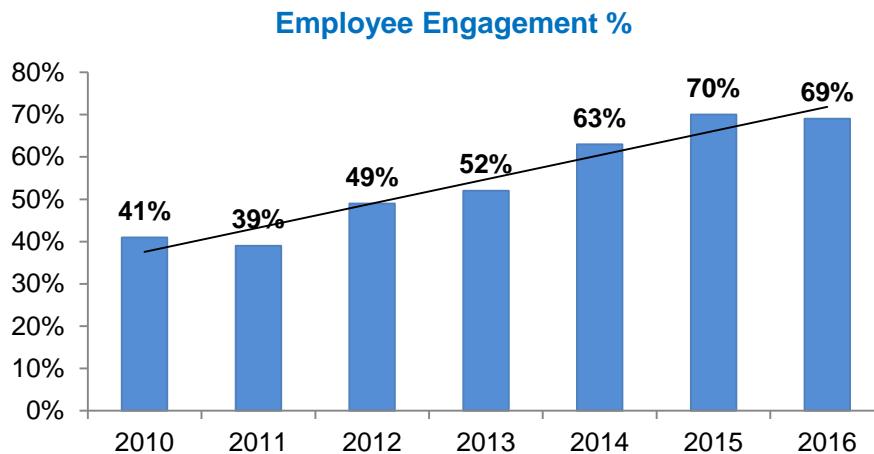
- All Fit for the Future indicators were achieved.
- Financial Statements - Note 13 indicators exceeded benchmarks.
- \$112,884.84 rebate from StateCover - Mutual Performance Rebate Distribution.
- 2016-2017 WHS Financial Incentive from StateCover - \$100,000 (maximum rebate).
- \$57,603.60 rebate from Statewide as a special distribution because of better performance of the scheme.
- A further distribution of \$31,451 has been received in the liquidation of Lehman Brothers Australia bringing total investment recoupments to \$1,474,367.
- Property sales achieved \$6.998 million and a lease income of \$130,000 p.a.

The Operating Expenses and Revenue outcomes in the graphs below are estimates and the final results will be reflected in the Council's annual report.



5. Workforce Strategy Implementation

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



The Employee Engagement Survey was conducted during November 2016 with a 69% engagement score reported being only a 1% decrease from the 2015 score. This is an excellent result given the uncertainty produced through the pending amalgamation issues. Key areas for improvement have been identified around brand, senior leadership, career opportunities and rewards and recognition. 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 23 students across various areas including customer relations, environmental, engineering, planning, libraries, information services, human resources, surveying and event management.

Recruitment of another seven apprentice, trainee and cadets is finalised and the successful applicants of the positions below have commenced work with Council.

- 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

Work has continued on the implementation of Cornerstone with a significant number of new elements rolled out this year. A comprehensive work program of improvements using the Cornerstone product has been developed for 2016-2017 which will see continuing productivity savings across Council as these initiatives are rolled out.

Management of Council's employer brand continues. Since December 2015, whilst we have been dealing with the uncertainty around a potential amalgamation, we have been able to maintain relatively high application rates for positions and our turnover for the 2016-2017 is currently sitting at 7% with our overall target of 11.6% for 2016-2017. According to the Local Government Operational and Management Effectiveness report for FY15 the survey revealed a low overall median staff turnover rate of 13.1%. This shows that our brand is still strong in the market irrespective of the uncertainty around our future status.

6. Infrastructure Planning

A review of the Strategic Asset Management Plan (SAMP) 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 was adopted by Council together with the revised Long Term Financial Plan at its meeting on 13 June 2017.

- Implemented ICT Asset Management and long term replacement program.
- Replacement of eco tents at Thou Walla Sunset Retreat.
- Approved DA for eight lot townhouse development at 14 Bagnall Avenue, Soldiers Point.
- The Department of Planning has issued a Gateway determination to reclassify surplus Council land at 9B Diemars Road, Salamander Bay from community to operational.
- Development applications have now been lodged by both Woolworths and ALDI for their respective developments within the 155 Salamander Road shopping centre extension.
- Civil construction underway for a seven lot subdivision of commercial land at 155 Salamander Way, Salamander Bay.

7. Technology Improvement Program

The 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; the implementation of new server and storage infrastructure; and the preparation for a new integrated telephone system. All actions which have been scheduled to progress 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

From January to June 2017, Council will have produced close to 1,700 certificates, which represents an increase of 6% or 49 certificates over the previous six month period.

During this same period, a monthly average of \$193,351 of development contributions were collected, which is below the forecast. This fluctuation can be attributed to the variation in payment schedules for haulage levies, as well as the sporadic nature of payment of development contributions.

Council adopted the Aircraft Noise Policy, Rural Residential Policy, Crime Prevention Plan and the completion of the exhibition period for the Discussion Paper: A Review of the Nelson Bay Town Centre & Foreshore Strategy. Council also made significant progress on other major projects, such as the review of the Port Stephens Development Contributions Plan and the Disability Inclusion Action Plan.

We are more effectively monitoring the implementation of statutory tools, including the Port Stephens Development Control Plan 2014. This commenced by reviewing the Officer Assessment Reports for a number of Development Applications for dual occupancies. This review identified four key matters that will be addressed through the review of the Housekeeping DCP, being site coverage, upper storey setbacks, lodgement requirements and balconies.

9. Flood and Drainage Study Implementation

Flood and drainage studies for Anna Bay/Lemon Tree Passage:

The draft Anna Bay and Tilligerry Creek Flood Study (which encompasses Lemon Tree Passage) was received by Council at the end of May 2017. Council and the Office of Environment and Heritage (OEH) will review the report and provide feedback to the consultant. A meeting of the Floodplain Advisory Panel is being arranged. The meeting will see Councillors, representatives from Hunter Water Corporation (HWC), State Emergency Services, OEH and the community as well as Council officers and the consultant discuss the draft Anna Bay and Tilligerry Creek Flood Study.

Flood and drainage studies for Tanilba Bay and Mallabula:

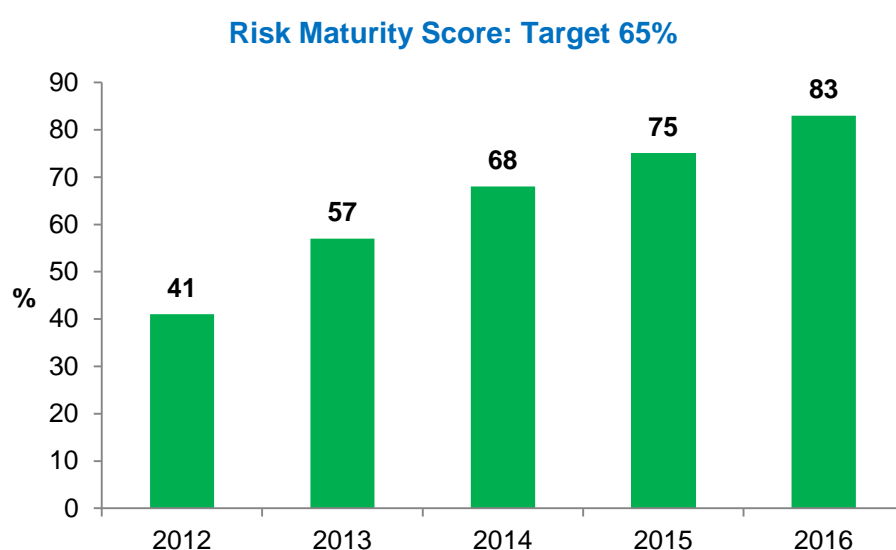
Tanilba Bay is part of the Anna Bay and Tilligerry Creek Flood Study. Mallabula was part of the Flood Study that was administered by the (then) Great Lakes Council with our Council assisting with data. This project has been postponed by the new MidCoast Council.

Drainage and flood studies for the Paterson River and Port Stephens Flood Risk Management Study:

The Paterson River Flood Study is being managed by Maitland City Council (MCC). The Study represents the first stage of the floodplain management process which will provide a comprehensive flood management approach for the three Councils of Dungog, Port Stephens and Maitland. The Flood Study will be brought before MCC for adoption in June 2017.

10. Integrated Risk Management Program

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



Port Stephens Council's Risk Management Framework is reviewed and updated on an annual basis, the most recent review having taken place in May and June 2017.

The Corporate 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 ISO 31000:2009.

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.

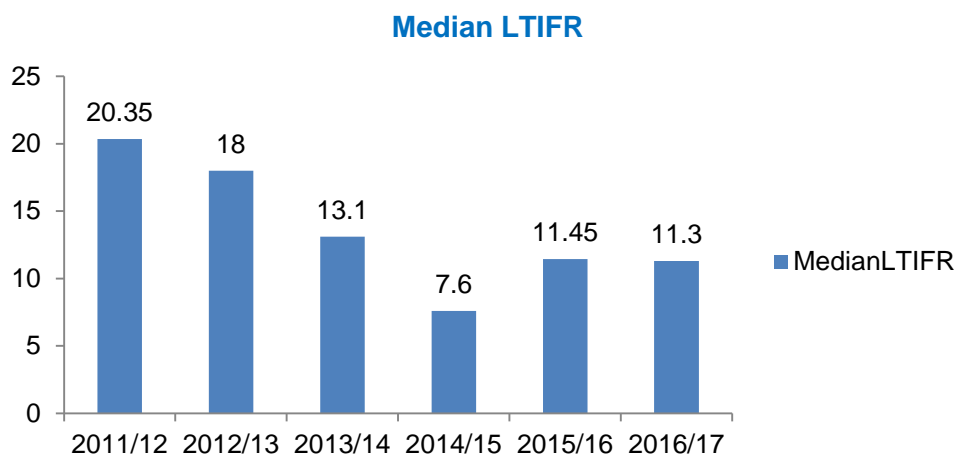
¹ Risk Maturity Score is assessed independently by an expert panel against AS/NZS ISO 31000:2009 *Risk Management*.

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%.

Workplace Health & Safety

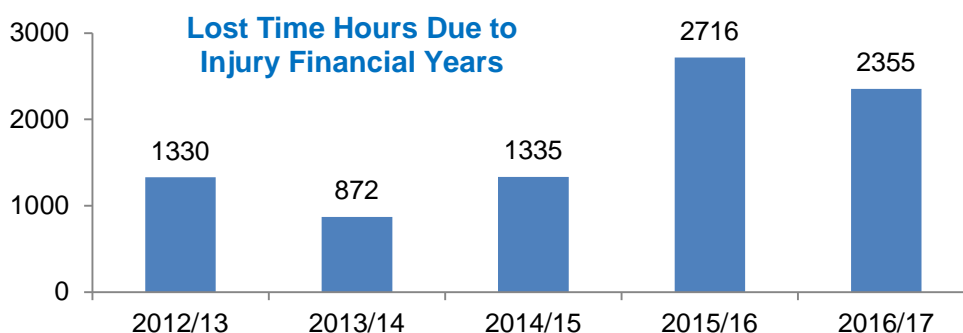
Lost Time Injury Frequency Rate

The graph below compares the lost time injury frequency rate for workers compensation injuries. The rate is expressed as a median for each financial year until May 2017.



Lost Time Hours Due to Injury

The graph below provides a comparison of the total lost time hours as a result of workers compensation claim injuries. The 2016-2017 financial year up until May 2017 is tracking below 2015-2016 but remains above the three previous financial years. This is due to the nature and complexity of claims, most notably in the second half of the financial year.



The rolling number of claims for the second half of the 2016-2017 financial year has consistently remained below the number of claims for the same period last year.

As of the end of May 2017 the workers compensation premium was tracking at \$625,560, which is below the 2016-2017 deposit premium of \$675,336. Based on current claims it is expected that the premium for 2016-2017 will remain below \$700,000.

Port Stephens Council came second for Work Health & Safety at the StateCover Awards and were finalists for Work Health and Safety Business of the Year at the Hunter Safety Awards.

StateCover declared Port Stephens Council to be the best performing Council in the scheme this year and issued Council with \$112,884 rebate from the Mutual Performance Rebate Distribution. Council also received the maximum \$100,000 rebate from the StateCover 2016-2017 Work Health & Safety Financial Incentive.

11. Community Engagement and Customer Focus Initiatives

Council continues to support the Port Stephens Youth Advisory Panel (YAP), including regular Facebook posts and meetings. The YAP made a two-way presentation to Councillors in May 2017 to summarise their activities for the financial year. A Council report documenting a mid-term update on activities against the actions outlined in the Port Stephens Youth Strategy went to Council's meeting on 27 June 2017.

Some of the highlights included:

- Delivery of the 'Next Step' Youth Mental Health Forum in March 2017 attended by 70 students from all seven local high schools.
- Delivery of Youth Week 2017 events in April 2017 which included the Port Stephens 24 Challenge, Light up the Library event, and hosting, with other community groups, a well-attended skate and scooter competition in Nelson Bay.

There were meetings of the 355c Aboriginal Strategic Committee in February and May 2017. A further meeting with representatives from this committee was held on 30 May 2017 to assess the Aboriginal Projects Fund applications received. These recommendations went to Council's meeting on 27 June 2017.

Similarly, Council met with the 355c Strategic Arts Committee in late May 2017 to assess the Cultural Projects fund applications received. These recommendations went to Council's meeting on 27 June 2017.

Council's trial project to help host a pop-up shop to showcase locally made art featuring photography, paintings, sculpture and ceramics at Magnus Street, Nelson Bay is scheduled to end 31 August 2017. This trial project which began in October 2016 has enabled a number of local artists to learn the local business culture and to provide experience in developing their own businesses into the future.

This project was a whole-of-Council approach and was supported by the Property Services section.

Port Stephens Council's Community Development and Engagement unit are looking at ways to improve their customer focus and one of these ways is to provide an easy to use interactive engagement platform for our residents who can 'have their say'.

The use of the online engagement platform has grown significantly over the last six months with a number of key projects such as the Nelson Bay CBD and Foreshore Strategy Discussion Paper and the Birubi Point Aboriginal Place Management Plan driving interest. The number of visitors to this site during the last six months was 3,900 with 139 new registrations.

