



PORT STEPHENS
COUNCIL

**SIX-MONTHLY
REPORT
JANUARY TO JUNE
2018**



The Six-Monthly Report January to June 2018 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



With the closure of the financial year and completion of another cycle of Integrated Plans, the past six months have seen many highlights, achievements and work carried out at Port Stephens Council.

Council delivered on 97.5% of its Operational Plan 2017-2018 and achieved an outstanding 85% overall satisfaction rating from the community for Council's services¹. 2017-2018 was a successful year in delivering on our commitment to the community of Port Stephens and continuing to provide strong governance, financial sustainability and risk management.

I am proud to present the progress report for January to June 2018, with the key highlights for the six month period as follows:

Planning for our Future

With a new Council onboard Council was eager to have discussions with the community on their aspirations for the Community Strategic Plan over the next 10 years. Informal community consultation via a number of workshops and sessions was held in October to December 2017, with a Community Strategic Plan discussion paper developed to assist and engage the community in this process.

Following initial community, Councillor and staff input, Council prepared a draft Community Strategic Plan and associated Integrated Planning and Reporting documents for further community consultation and public exhibition in April 2018.

During the public exhibition, Council actively engaged with the community through a number of dedicated information sessions and discussions groups throughout the local government area resulting in over 60 submissions to Council. The information sessions were a great opportunity for community members to have informative discussions with Councillors and staff, creating a greater understanding of the

¹ Port Stephens Council - Community Satisfaction Survey 2018, Overall community satisfaction rating with Council's services.

documents, what they mean and how Council conducts its operations.

Subsequently, after considering the submissions received, on 26 June 2018 Council adopted the Integrated Plans and the Fees and Charges for implementation on 1 July 2018.

Council acknowledges and wishes to thank the community for its effort and contribution in participating in such a complex process and looks forward to providing future reports such as these on progress of the new Delivery Program for 2018-2021 and Community Strategic Plan for 2018-2028.

Service Delivery, Community Satisfaction, Achievements and Awards

Council's vision is to deliver services valued by our community in the best possible way. The community's overall satisfaction rating with Council for 2017-2018 is evident in its overall satisfaction rating of 85% for 2018 up from 79% in 2017. This is a great result for Council, following its election in September and well exceeding its target of 75% overall customer satisfaction.

Over 1,300 community members participated in the survey, which is an excellent participation rate based on the targeted response and previous year's participation.

Staff and Councillors continue to work to maintain and improve on our commitment to a great lifestyle in a treasured environment. Over the period, Council has continued its dedication to delivering high quality facilities and services to the community. Of notable mention are:

- Completion of the Yacaaba Street extension at Nelson Bay (approx. \$1.85M), providing a pedestrian and traffic link between the CBD and the waterfront.
- A new Community Hall at Fern Bay (approx. \$1.6M).
- Construction of a new rural fire station at Fingal Bay, providing a long overdue upgrade and allowing the Rural Fire Service to work out of a modern facility.
- Development of 'Salamander Central'- 155 Salamander Way, Salamander Bay.
- Endorsement of the Birubi Point Aboriginal Place Management Plan and Master Plan, completing 10 years of consultation and negotiation on how best to manage Aboriginal cultural values in a contemporary landscape.
- Securing \$3M in funding from the NSW State Government towards the Koala Sanctuary project.
- Development and launch of the Nelson Bay Next brand and the way that it captured the sense of momentum, confidence and excitement about the changing face of Nelson Bay.
- 517 Development Applications being determined in the period with a median determination time of 37 days. Council has received positive feedback from key industry stakeholders that our pre-Development Application process is one of the best in the Hunter Councils.
- And many more road safety projects, drainage improvement works, flood studies, capital, recreational and property projects, community services and infrastructure provision as outlined in the Principal Activities below.

Council has consistently performed well across its operations, attaining the following awards over the period:

- Winner - 2018 Best Work Health and Safety Improvement (Large Organisation) at the Hunter Safety Awards for its workplace mental health program.
- Winner - 2017 SafeWork NSW Awards - Excellence in Workplace Health and Safety Culture for big business.
- Winner - 2018 Australasian Management Challenge – NSW Division.
- Silver award - 2018 Australasian Reporting Awards for the 2016-2017 Annual Report.
- Finalist - 2016 Local Government Excellence Awards – Excellence in Risk Management (this is awarded in 2017 year for the 2016-17 year's work)
- Finalist - Service Review Program (NSW Local Government Professionals)

Financial Sustainability

Council continues to maintain an underlying surplus, with Council's original 2017-2018 budget formulated on the basis of a small underlying surplus of \$497,000 for 30 June 2018, which was subsequently revised to an anticipated underlying surplus of \$961,000 at the March 2018 quarterly budget review. The financial results to 30 June 2018, whilst not subject to audit yet, continue to trend toward the anticipated underlying surplus figure. In addition Council continues to meet asset renewal targets, reducing the overall asset infrastructure backlog.

People

Council continues to be a strong and vibrant organisation which is reflected in the awards achieved this year. Council's employee engagement score remains stable at 70% exceeding Council's target of 65% (engaged workforce). At Port Stephens Council we have been working to improve the engagement of our workforce for some time with great results which make us part of the upper quartile of highly engaged organisations in the Australian workforce.

As always, there is much for Council to be proud of over the past six months and I extend my gratitude to our Councillors, staff and volunteers for Council's ongoing strong performance in the six months to 30 June 2018.

Wayne Wallis
General Manager





OUR COUNCIL

Community's Vision

A great lifestyle in a treasured environment.

Council's Vision

Engaged people, working together, delivering valued services.

Council's Purpose

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

Values



Respect

Creating a unique, open and trusting environment in which each individual is valued and heard.

Integrity

Being honest and inspiring trust by being consistent, matching behaviours to words and taking responsibility for our actions.

Teamwork

Working together as one Council, supporting each other to achieve better results for everyone.

Excellence

Improving the way we work, to meet the challenges of the future.

Safety

Providing a safety focused workplace culture to ensure the wellbeing of staff, their families and the community.

Elected Council

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



OUR PORT STEPHENS





About Port Stephens

The Port Stephens local government area (LGA) is the land of the Worimi nation. Council values the unique status of Aboriginal people as the original owners and custodians of lands and waters, including those of the Port Stephens LGA.

Port Stephens was named for Sir Philip Stephens, First Secretary of the Admiralty in the late 1700s and later a Lord Commissioner of the British Admiralty between 1795 and 1806.

Region: Hunter

Area: 858.5 square kilometres

Population: 71,716 (2017 Estimated Residential Population)

Median Age: 45

Population Density (persons/ha): 0.81

Unemployment: 5.1%

Number of Businesses: 4,653 as at June 2017 (ABS)

Main Employing Industries: Public Administration & Safety (14.75%), Manufacturing (11.79%) and Construction (11.41%)

Major Population Centres: Raymond Terrace, Medowie, Nelson Bay

(Source: REMPLAN 16 August 2018. For more statistical information refer to Council's website <http://www.portstephens.nsw.gov.au/work/economic-development/economic-data-and-advice>)

Port Stephens is known for its natural beauty and highly valued environment, making it an ideal recreational, tourist and retirement destination, as well as a great place to live and work. For these reasons, Port Stephens has very diverse social, environmental and economic characteristics. It is these characteristics that make us such a unique and special place.

SNAPSHOT OF HIGHLIGHTS & ACHIEVEMENTS

1 JANUARY to 30 JUNE 2018



A Strong Performance

- Overall (community) satisfaction with Council's services was 85%.
- Over 97% of Council's 2017-2018 Operational Plans achieved.
- Community consultation and Council adoption of a new Community Strategic Plan 2018-2028 and associated other Integrated Planning and Reporting documents by 26 June 2018.
- Financial results to 30 June 2018, trending towards an anticipated underlying surplus of \$961,000 (as reported at the March 2018 quarterly budget review).
- Governance Health Check rating of over 96%.
- Council winning multiple awards for WH&S, Risk, Reporting, Management and other categories.



Projects, Facilities and Services

- Securing \$3M in funding from the NSW State Government towards the Koala Sanctuary project.



- Development of 'Salamander Central' – 155 Salamander Way, Salamander Bay.

- Completion of Yacaaba Street extension, Nelson Bay (approx. \$1.85M).



- Completion of a new Community Hall, Fern Bay (approx. \$1.6M).
- Sealing stage 4 of East Seaham Road, East Seaham (approx. \$1.4M).
- NSW Government Safer Roads funded roundabout at the intersection of Lemon Tree Passage Road and Avenue of the Allies, Tanilba Bay (approx. \$1.29M).
- Construction of a new rural fire station at Fingal Bay (approx. \$0.86M).
- New netball courts at Ferodale Sports Complex in Medowie.
- School pedestrian crossing improvements at Wirreanda Public School (Ferrodale Road, Medowie) and Raymond Terrace Public School (Swan Street).
- Numerous road rehabilitation and safety projects, drainage improvements works, sports and recreational facility improvements, picnic and playground upgrades, and public facility replacement projects across the local government area.
- Leasing of vacant Council-owned commercial properties in Raymond Terrace.
- Management and implementation of the changes to the Crown Lands Management Act.
- Council endorsement of the Birubi Point Aboriginal Place Management Plan and Master Plan and securing funding for the Masterplan projects
- Submission of a development application for a tourism information centre at Birubi Point Aboriginal Place, paving the way for a \$6M project that brings a quality visitor experience to Worimi Conservation Lands and Birubi Point Aboriginal Place.

- Development of the Tomaree Sports Complex Masterplan.



- Public exhibition of the Port Stephens Recreation Strategy.
- Exhibition of 'Progressing the Nelson Bay Town Centre and Foreshore Strategy: A revised implementation and delivery program'.
- 512 Development Applications and modification applications received for the period and 517 Development Applications determined with a median determination time of 37 days.
- Reducing the number of outstanding Development Applications lodged with Council for a period of over 100 days to 29 applications.
- Achieving or exceeding on-site sewage management and commercial premises inspection programs target.
- Extension of the Septic Inspection and Rectification project for a further 12 months which results in a greater level of understanding of the potential impact of land use activities on water quality within the drinking catchment.
- Development of Council's eight (8) key advocacy priorities for the lead up to the NSW election.
- Continued work towards resolving significant legal matters in the Supreme and Land and Environment Courts, of which some have been long standing.
- Redesigning and replacing Council's Information and Communication Technology backup system to deliver significant savings and faster recovery time.
- Deployment of on-line certificates, an on-line payment gateway, online timesheets, online requisitions a new integrated telephone system for Council.

Positive Social, Environmental and Economic Impacts

- Development and launch of the Nelson Bay Next brand and the way that it captured the sense of momentum, confidence and excitement about the changing face of Nelson Bay.
- Development of a new brand for Council's Holiday Parks, forming under the one banner a more cohesive approach, creating a seamless accommodation booking experience for Holiday Park guests.
- Planning, resourcing and deployment of Council's ambitious Customer First Framework.
- Development of a new Economic Development and Tourism Strategy.
- Formalising an agreement between Council and the local Aboriginal community: Yabang-Gu-Butunga (Road to tomorrow) that will act as a road map for the future of the relationship.
- Increase in occupancy rates at Council's Holiday Parks continuing to deliver economic benefit for the wider region.
- Rezoning of the 'Kingston Estate' at Medowie to unlock approximately 300 residential lots and balance new housing supply and land preserved for environmental conservation including improved koala habitats.
- Recognition of Council for its leadership in implementing changes from the new Biosecurity Act 2015 which came into force on 1 July 2017, including the new Local Weed Prioritisation Policy adopted in March 2018.
- Development of an innovative Bushland Assessment Tool for Council's Bushland Program.
- Commitment to safety resulting in less workplace injuries, less severe injuries and a reduction in workers compensation premiums.
- Successful management of Council's employer brand, with a total of 4,453 applications received for 193 vacancies in 2017-2018.
- Continued participation in the Hunter Contaminated Land Capacity Building Program and along with seven other Councils funding the 12 month extension that resulted in many program outcomes and resources.
- Development of new capital projects with an increased focus on stormwater harvesting and energy efficiency to reduce Council's reliance on utilities suppliers.
- Integrated Vehicle Management System trial to improve safety and efficiency of our operations in a demonstrable manner.



PRINCIPAL ACTIVITIES

1 JANUARY TO 30 JUNE 2018

How well are we doing

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

Six Main Result Measures		Status
	<p>1. Service Delivery <i>Target:</i> >90% Integrated Plans delivered on time <i>Achievement:</i> 97.5% Operational Plan Actions achieved</p>	●
	<p>2. Customer Satisfaction <i>Target:</i> >75% customer satisfaction <i>Achievement:</i> Target exceeded with an overall satisfaction of 85%²</p>	●
	<p>3. Governance <i>Target:</i> >90% Governance Health Check <i>Achievement:</i> Target exceeded with overall rating 96.9%³</p>	●
	<p>4. Risk Management <i>Target:</i> 65% Risk Management Maturity score <i>Achievement:</i> Target exceeded with risk maturity score 83%⁴</p>	●
	<p>5. Financial Sustainability <i>Target:</i> Underlying Financial Surplus <i>Achievement:</i> Trending towards anticipated underlying surplus of \$961, 000⁵</p>	●
	<p>6. Employee Engagement <i>Target:</i> >65% Employee Engagement <i>Achievement:</i> Target exceeded with score of 70%⁶</p>	●

² 2018 Community Satisfaction Survey - overall satisfaction with Council's services.

³ Actual as at April 2018

⁴ Actual in 2017

⁵ As reported at the March 2018 Quarterly Budget Review and subject to finalisation and audit process

⁶ 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



Council successfully balances these key metrics, by ensuring 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, has the right practices and governance in place, has an appropriate risk maturity and has engaged employees.

1. Service Delivery

Progress made on the Actions within the 2017-2018 Operational Plan which contribute to delivering the Delivery Program objectives are as follows:

- 97.5% (155 actions) on track⁷
- 1.9% (3 actions) monitor⁸
- 0.6% (1 action) off track⁹

In terms of the Operational Plan Actions that were:

- monitor status:
 - 3.3.1.1 Complete a review of the Urban Storm Water and Rural Water Quality Plans.

Work has commenced, however availability of staff resources contributed to the project being progressed somewhat slower than originally envisaged. Additional resources are now available and work on the project has recommenced.

- 5.1.5.3 Manage the Raymond Terrace Administration Building to provide appropriate and functional office and community space for Port Stephens Council.

The project has not been progressed to its full capacity and needs to be reviewed as a priority in the coming year, with appropriate funding required.

- 5.5.1.2 Develop, implement and monitor Council's Customer Service Framework.

The Customer First Project was put on hold early in the period due to a lack of staff resources and to engage a consultant to undertake a health check of the organisation in relation to customer service delivery. With approval given to relocate staff from within the organisation to recommence the project, over the next 12 months Council will drive a number of process and cultural improvements that will significantly enhance the organisation's customer service.

- off track :
 - 1.6.1.4 Complete a community planning survey
This survey was not undertaken in the period, however a survey will be conducted in 2018-2019 as part of the preparation of the Port Stephens Local Housing Strategy.

⁷ At least 90% of action target achieved

⁸ Between 70-90% action target achieved

⁹ Less than 70% of action target achieved

Following is a summary of individual Road, Community and Recreation Projects that were completed (throughout the financial year) and in progress as at 30 June 2018¹⁰.

<u>Road Projects completed</u>	Total Expenditure as at 30 June 2018
Road Resealing Program	\$ 1,624,104
Cassias Avenue, Medowie - Road Reconstruction	\$ 174,707
Grey Gum Street / Wirreanda School, Medowie - Road Rehabilitation / Pedestrian Crossing Upgrade	\$ 414,901
Medowie Road, Medowie vicinity Macadamia Farm – Road Rehabilitation.	\$ 188,981
Medowie Road, Medowie vicinity Silver Wattle Drive – Road Rehabilitation	\$ 115,076
Francis Ave, Lemon Tree Passage – Road Reconstruction including Kerb and Gutter	\$ 666,080
Purcell Ave, Lemon Tree Passage – Cul-de-sac Reconstruction	\$ 81,327
Russell St, Lemon Tree Passage – Road Reconstruction	\$ 178,122
Shearman Avenue Lemon Tree Passage – Road Reconstruction	\$ 196,617
The Parkway, Mallabula. Cul-de-sac Reconstruction	\$ 6,893
Shoal Bay Road and Government Road, Shoal Bay – Road and Drainage Reconstruction, Traffic Light installation	\$ 691,302
Admiralty Ave, Tanilba Bay – Road Rehabilitation	\$ 197,696
Lloyd George Grove, Tanilba Ave – Road Rehabilitation	\$ 68,165
Swan Bay Road, Karuah – Road Widening vicinity Tarean Road.	\$ 326,773
Paterson Road, Woodville – Road Reconstruction and Realignment	\$ 519,174
Benjamin Lee Dr, Raymond Terrace - Pedestrian Crossing	\$ 139,770
Wemyss Way, Tanilba Bay – Gravel Road Upgrade and Sealing	\$ 34,163
East Seaham Road, East Seaham – Stage 4 Gravel Road Upgrade and Sealing.	\$ 1,423,437
Brandy Hill Drive, Brandy Hill - Guardrail construction.	\$ 53,111

¹⁰ This is not an exhaustive list of all Capital Works projects carried out by Council in the period.

William Bailey St, Raymond Terrace – Pedestrian Refuge	\$ 10,771
Sandy Point Road, Corlette - Pedestrian Refuge.	\$ 4,605
Swan Street, Raymond Terrace - Pedestrian Crossing	\$ 145,904
Boulder Bay Road, Fingal Bay – Footpath and Kerb & Gutter Extension	\$ 106,973
Italia Road, Balikera – Road Rehabilitation	\$ 737,612
TOTAL	\$ 8,106,264

Community & Recreation Projects completed

Total Expenditure as at
30 June 2018

Ferodale Sports Complex, Medowie – New Netball Courts	\$ 174,529
Tanilba Bay Sailing Club, Tanilba Bay - Sewer Connection	\$ 2,148
Boomerang Park, Raymond Terrace - Croquet Centre	\$ 319,136
One Mile Surf Life Saving Facilities	\$ 787,553
Lakeside Sports Fields - Irrigation Investigation	\$ 120,931
Fern Bay Community Hall - Construction	\$ 1,588,278
Shoal Bay Foreshore Reserve – Access Upgrade	\$ 8,766
Riverside Park, Raymond Terrace - BBQ and Picnic Shelter Construction	\$ 55,001
John Pde Park – Footbridge Replacement	\$ 20,215
Ross Wallbridge Reserve, Raymond Terrace - Solar Light Installation	\$ 14,397
Boomerang Park, Raymond Terrace - Fitness Trail Construction	\$ 32,136
Seaham Park - Gravel Road Upgrade and Sealing	\$ 28,170
Medowie Skate Park - Improvements	\$ 12,500
Mallabula Skate Park - Improvements	\$ 9,852
Lakeside Skate Park - Construction	\$ 120,451
Boomerang Park, Raymond Terrace - Playground Construction Stage 2	\$ 2,317
Boomerang Park, Raymond Terrace - Skatepark Construction	\$ 187,125
Boomerang Park, Raymond Terrace - Playground Upgrade	\$ 51,744

Fingal Bay Rural Fire Station – Construction	\$ 858,882
TOTAL	\$ 4,394,131

Projects in Physical Progress as at 30 June 2018

Total expenditure as at
30 June 2018

Yacaaba Street, Nelson Bay – New Road Construction	\$ 1,863,609
Lemon Tree Passage Road, Tanilba Bay – Roundabout Construction	\$ 835,601
Swan Bay Road, Swan Bay - Gravel Road Upgrade and Sealing	\$ 101,057
Foreshore Drive, Salamander Bay - Widening of Mambo Wetland outlet and Shared Path Construction.	\$ 56,722
Bob Cairns Reserve, Salamander Bay - Repair Park Infrastructure and Public Amenities Upgrade	\$ 100,418
Tomago Boat Ramp – Installation of Floating Pontoon Wharf	\$ 225,903
Longworth Park, Karuah - Seawall Upgrade	\$ 38,856
Little Beach, Nelson Bay – Disabled Access Wharf Upgrade	\$ 52,172
Karuah Boat Ramp –Wharf Upgrade Stage 2	\$ 311,339
Taylor's Beach - Wharf and Rockwall Improvements	\$ 275,363
Bernie Thompson Park, Shoal Bay – Install New Play Ground	\$ 112,049
Karuah Rural Fire Station – DA only	\$ 26,132
Fitzgerald Bridge Amenities, Raymond Terrace - Replacement	\$ 22,643
Tomaree Library - Improvements	\$ 10,024
Halifax Holiday Park - 4 Bedroom Villa Construction	\$ 191,630
Medowie Multi Purpose Community Facility – Design & Tender Only	\$ 349,724
Peace Park, Tanilba Bay – Amenities Replacement	\$ 52,139
TOTAL	\$ 4,625,381

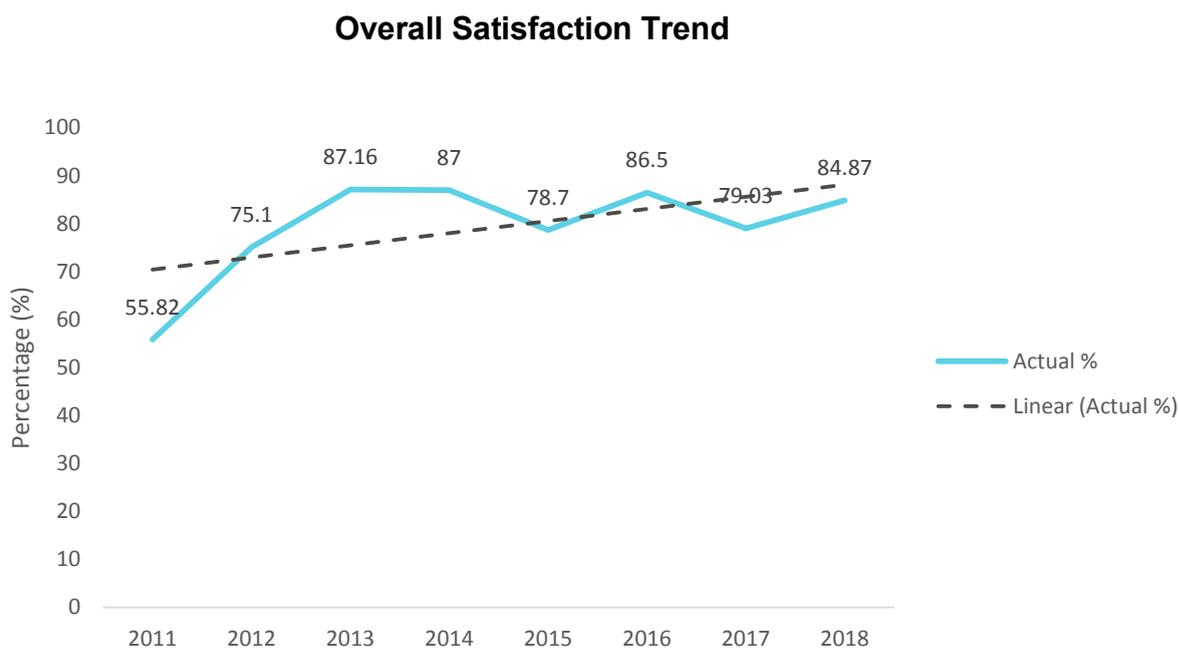
Projects not Physically commenced as at 30 June 2018

Tomaree Road, Shoal Bay – Road Reconstruction
Salt Ash - BMX Track Construction
Medowie Multi Purpose Community Facility – Playground Construction
King Park, Raymond Terrace - Irrigation Upgrade
Robinson Reserve, Anna Bay - Install New playground
Tomaree Sports Complex - Install Splash Pad
Nelson Bay Marina - Sand Clearing
Anna Bay Cemetery - Expansion Planning
Nelson Bay Depot, Salamander Bay – New Depot Planning
Fingal Bay Holiday Park – Amenities Replacement
Shoal Bay Holliday Park – Amenities Replacement
Halifax Holiday Park – Amenities Replacement

2 Customer Satisfaction

Council conducted its annual community satisfaction survey in May and June 2018, which yielded an overall satisfaction with Council's services of 85% against a target of 75% satisfaction.

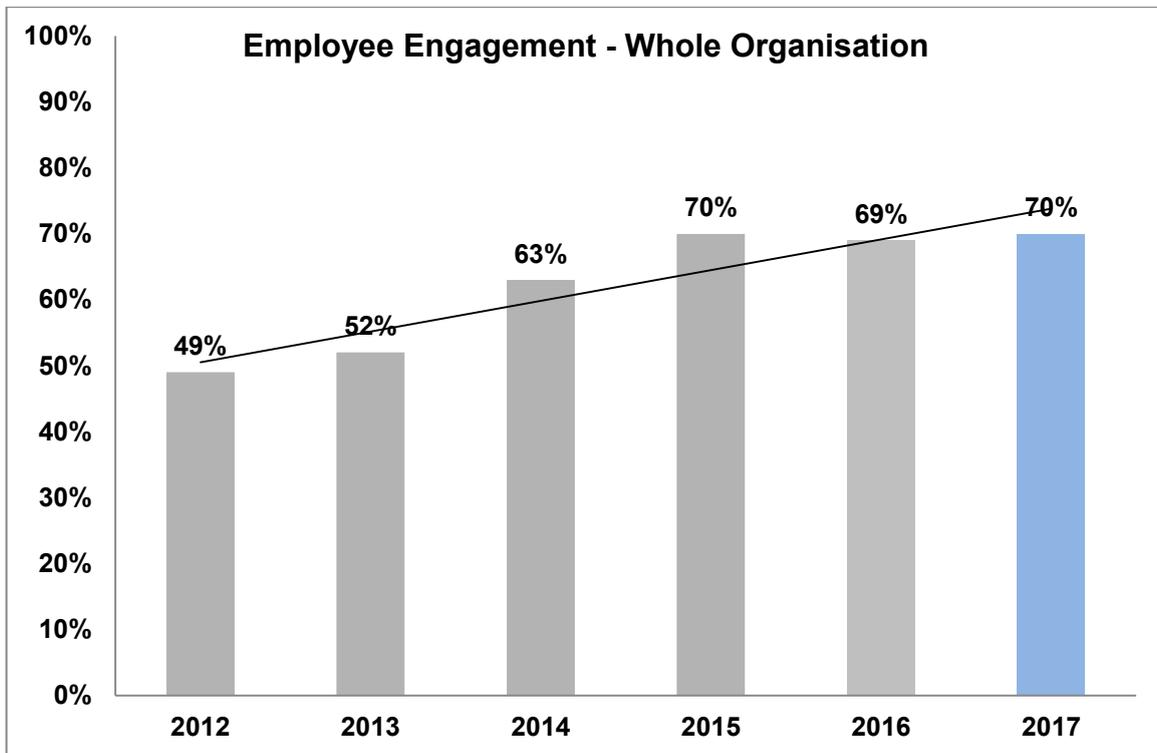
This is an extraordinary achievement with the overall satisfaction trends and progress since 2011 shown in the graph below. The next survey is to be conducted in mid 2019.



3 Employee Engagement

The Employee Engagement Survey was conducted during September 2017 attaining a 70% engagement score 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 continuing to work to improve engagement in their individual areas.

The results shown in the graph below illustrate an upward trend in employee engagement compared to 2012 levels.



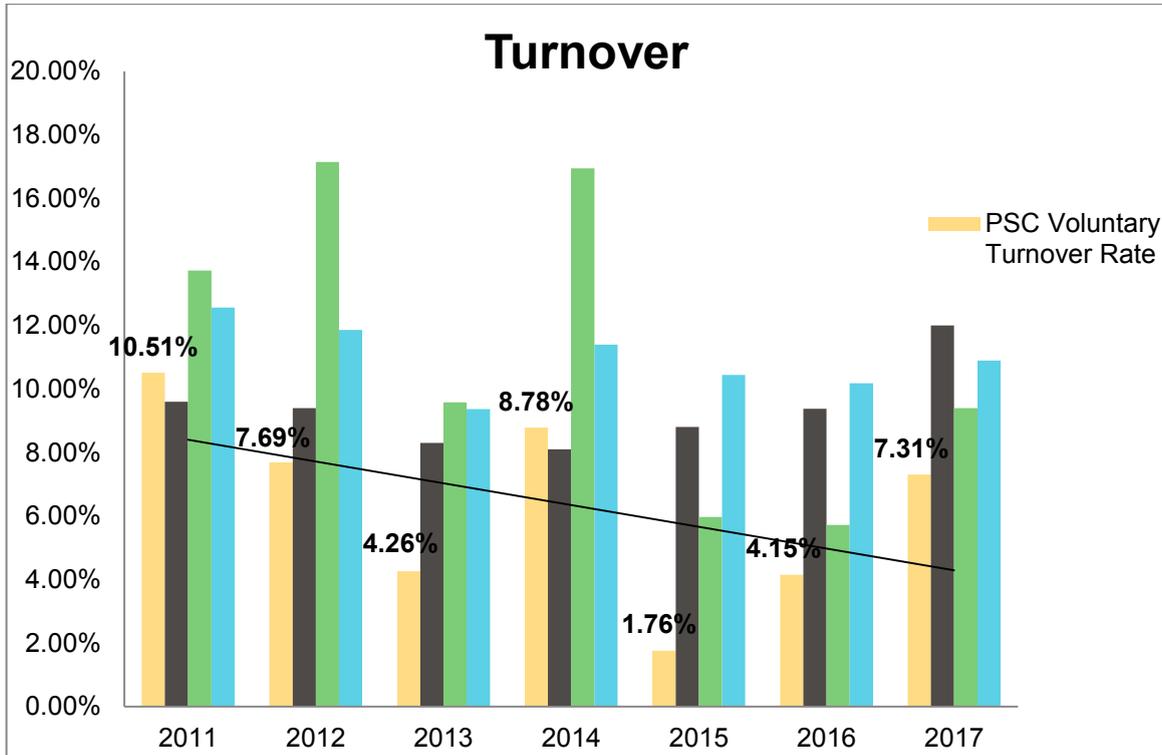
The Apprentice, Trainee & Cadet Strategy continues to be a successful program for Council with the all positions filled. Two positions are currently vacant and Council is in the process of filling these. Work experience participation continues to be above our annual target.

This strategy is proving very successful and is very supportive of developing skills and depth of ability across the organisation which is beneficial to Council as well as the broader community and local government in the Hunter generally.

Work has continued on the implementation of the Human Resource Information System, Cornerstone, with a significant number of improvements rolled out and continuing productivity savings across Council as these initiatives are implemented. This will continue in 2018-2019 with the introduction of some new modules to better synchronise human resource management activities.

Management of Council's employer brand continues to be successful. In the 2017- 2018 year we received a total of 4,453 applications for 193 vacancies (temporary and permanent). These application 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 and sustain this for a number of years.

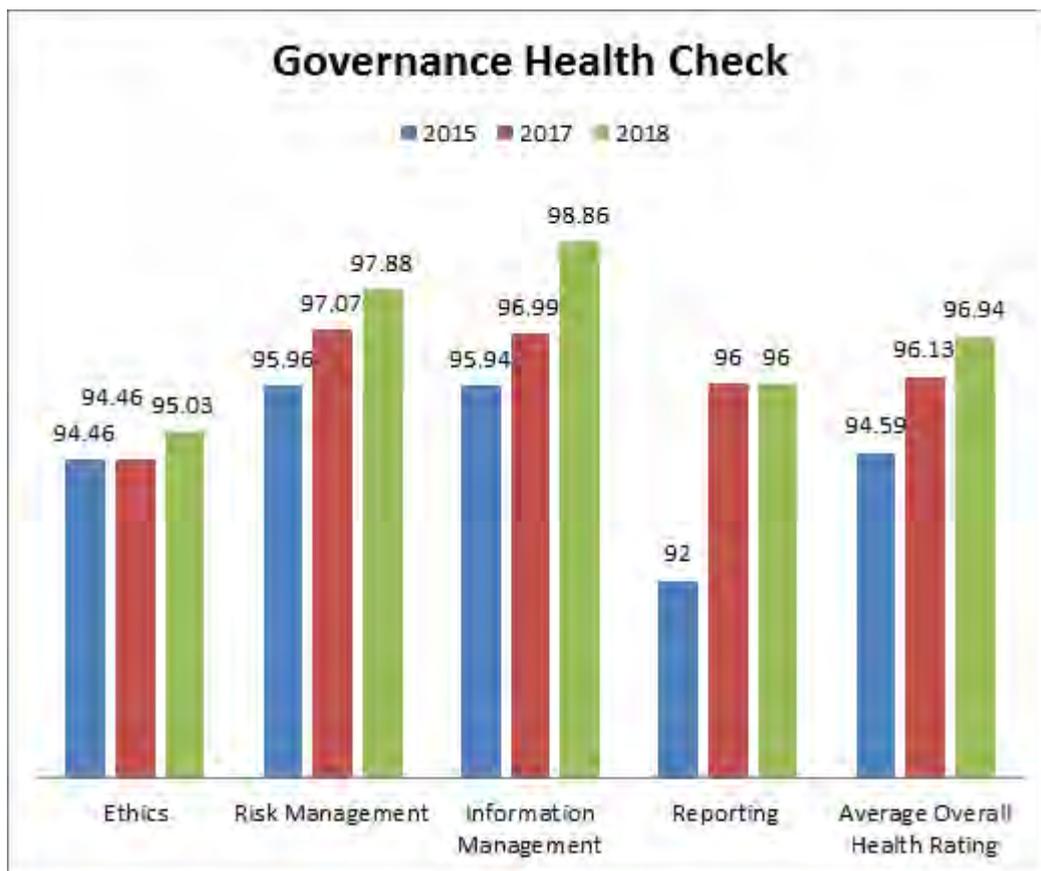


The total staff turnover across all industries (at the median) has increased to 10.9% compared to 10.18% reported in 2016 and in the public sector it has increased from 5.97% to 9.4% over the same period.

Voluntary turnover for Port Stephens Council for the year ending 30 June 2018 was 7.31%, which is within the target range of 10% and below comparative benchmarks.

Our workforce demographics are also showing our ability to attract and retain younger works with our Gen Y population 4% higher than Local Government generally and our Baby Boomer population 5% lower than the average.

4 Governance



Council's Governance Health Check was last conducted in April 2018 and is reviewed on an annual basis. The overall rating for 2018 increased to 96.9%, 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.

The graph above demonstrating Council's progress in achieving its Governance Health Check scores from 2015 to 2018.

5 Risk Management

During 2017-18 Port Stephens Council undertook a critical review of its Integrated Risk Management Policy and Framework. The approach to the integration of all classes of risk into one comprehensive system began in 2011 and has evolved over time, however, a comprehensive review had not been undertaken since this time. During the preceding years, Port Stephens Council has developed an integrated risk management system which provides Council's integrated risk management process, methodology, appetite, reporting and also establishes roles and responsibilities.

Our system has been designed in line with the International and Australian Standards:

- AS/NZS ISO 31000:2009; 'Risk Management – Principles and Guidelines';
- AS/NZS 4804:2001 'Occupational Health and Safety Management Systems'; and
- HB 203:2012 'Managing Environment-Related Risk' which is an element of ISO14001:2016 'Environmental Management Systems'

The overall aim of integrated risk management within Council is to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats.

Council's approach to risk management has established that it is the responsibility of every employee, contractor, volunteer and elected member of the Council to manage.

The review undertaken has resulted in a more comprehensive categorisation of risk, a review of the risk appetite of the Council based on past experience of our organisation and others, the finalisation of the integration of environmental risk into the system and a complete rebuild of the organisation's risk registers to better reflect the complex environment in which local government operates. Our independent Audit Committee reviewed the enhanced Framework and is fully supportive of the changes. Our risk exposures have reduced with more effective controls in place to ensure claims minimisation and insurance premium cost control.

In March 2018, Port Stephens Council received the Best Work Health and Safety Improvement (Large Organisation) at the Hunter Safety Awards for its leading workplace mental health program.



The program was developed in response to a review of Council's existing mental health procedure, with an aim to reduce stigma, get people talking and provide high-quality support to workers experiencing mental health issues.

This is an incredible achievement for Council to be recognised for its progressive approach to mental health. Usually when people think about Work Health and Safety, they think of hard hats and hi-vis. At Port Stephens Council, we've moved beyond the physical to think about our workers' overall health. We want to send our workers home in the same or better condition than how they came to work – and that goes for mental health just as much as physical health. This award win brings Council's total to six safety-related awards in as many years.

Port Stephens Council continually works to ensure that Council provides a platform for consistent and high quality management of all risk matters affecting our workplace.

An independent Audit of the Risk System has been completed and the recommendations from that audit will be assessed and where appropriate included in the program of works for improvement of the system in the forthcoming year. The risk maturity score for 2017 remains at 83%.

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.

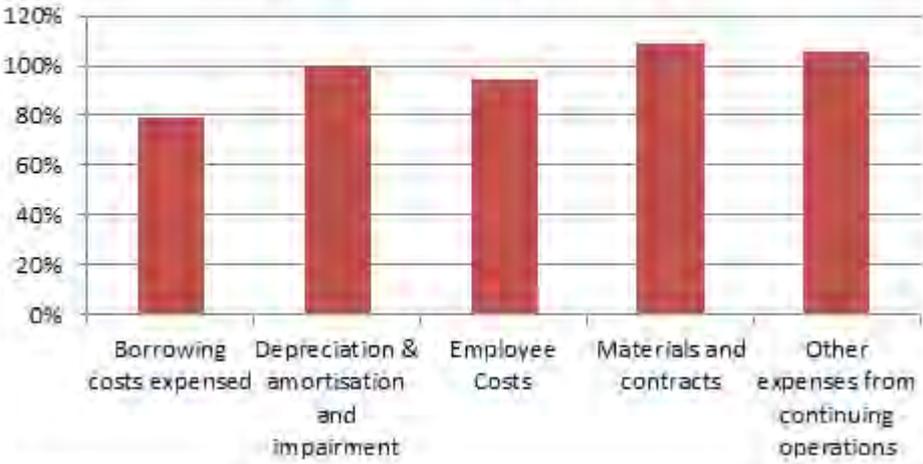
StateCover continues to recognise our excellence in this area through the provision of rebates earned due to performance. In 2017-2018 Port Stephens Council has received:

- 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's original budget was formulated on the basis of a small underlying surplus of \$497,000 for 30 June 2018. This figure was subsequently revised to anticipated underlying surplus of \$961,000 at the March 2018 quarterly budget review. The financial results to 30 June 2018, whilst not subject to audit yet, continue to trend towards this anticipated underlying surplus figure. In addition Council continues to meet asset renewal targets, reducing the overall asset infrastructure backlog.

Operating Expenses



Operating Revenue

