



Six monthly report

JULY TO DECEMBER 2018



PORT STEPHENS
COUNCIL

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The Six monthly report July to December 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 message



Wayne Wallis, General Manager

"2018-2019 is a year of new beginnings as we implement a new Delivery Program based on our community's vision for Port Stephens."

"I'm excited to share the progress we have made over the past six months with many projects, proposals, achievements and community conversations."

Services, activities and achievements

- We're on track to achieve Council's targets for service delivery, community satisfaction (85%), governance, risk management and financial sustainability, with some improvements required in regard to our employee engagement score of 68% (against an ambitious new target of 70%). However, we still remain above the target of an 'engaged workforce' of 65% and significantly above the average local government sector engagement score of 55%. (Further details are outlined on the Scorecard section from page 25).
- Numerous funding announcements from the NSW State Government including:
 - \$11.7 million to assist with construction of the Astra Aerolab by Newcastle Airport Pty Ltd (NAPL), of which Council is a shareholder. This aerospace park is anticipated to create 5500 jobs and inject \$246m into the economy.
 - \$5.4 million to build an information centre and tourism interchange at Birubi Point, Anna Bay.
 - \$1.6 million for sport and recreation upgrades across Port Stephens including new playgrounds, playing surfaces and shared paths.
 - \$600,000 to build a shared pathway at Boomerang Park, Raymond Terrace.
- Production of a short video showcasing Council's achievements for 2017-2018 as further detailed in Council's 2017-2018 Annual Report 'Shine Bright'. Watch now: <http://bit.ly/PSChighlights2018>

- Completion of several large capital works projects in Port Stephens including:
 - Lemon Tree Passage Road roundabout
 - Gan Gan Road One Mile road project
 - the State Roads Maintenance Resealing program
 - a new 4 bedroom cabin at Halifax Holiday Park and much more.
- Progression of a number of the Key Priorities identified in the Delivery Program (page 6 to 11) including:
 - preparing and submitting a Development Application for the Koala Sanctuary
 - providing more accessible playgrounds and facilities
 - installing new gateway signage
 - supporting a number of events which add economic value to Port Stephens
 - continuing to support the community through advocacy for the Williamtown Management area.
- Reduction in our Development Application (DA) processing times, with December's median net determination for all DAs at 31.5 days — under the Premier's target of 40 days for residential development.

Council having the fastest processing of planning certificates in the Hunter, with turnaround times slashed from five days to 24 hours.



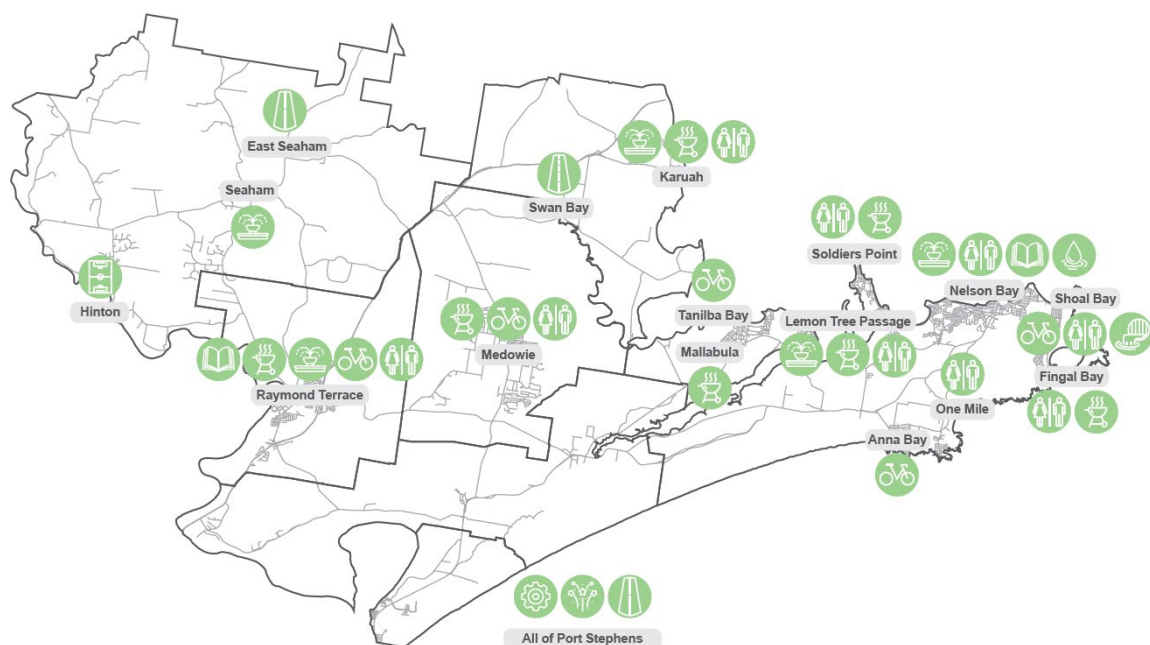
Financial sustainability and Special Rate Variation proposal

We continue to be financially sustainable with an underlying surplus. However, during consultation on our Community Strategic Plan, our community sent us a clear message — they want more for Port Stephens. More and safer roads, revitalised town centres, more paths and cycleways and better community facilities. We continue to face increased pressure to provide enhanced services and facilities to meet the high standards our community expects.

While Council is financially fit and continues its ongoing Service Review program to implement productivity savings and cost reductions across our operations, our ability to fund additional priorities and projects is limited. That's why we have extensively consulted with the community over the past six months on a proposal to apply for a Special Rate Variation (SRV).

We acknowledge and thank the community for their contribution to the SRV process and we look forward to providing further updates as our application progresses.

More information on the SRV is outlined under Key Priorities on page 13 of this report.



Key projects proposed under a Special Rate Variation

People and awards

We have consistently performed well across our operations, attaining the following awards over the period:

- Winner — Best Strategic/Enterprise Risk Management Initiative (Large Regional Councils/Metropolitan Councils division) at Statewide Risk Management Excellence Awards for our Integrated Risk Management System
- Winner — most dramatic Business Impact Award at Cornerstone Converge
- Major Airport of the Year — Australian Airports Association for Newcastle Airport
- Green Flag Award — for Nelson Bay Foreshore green space
- International Sister City Award from Bellingham, USA — to acknowledge the strength of Council's relationship with the Worimi
- Highly Commended IPWEA Award — Excellence in Road Safety Engineering for the Shoal Bay Traffic Signals and Raised Pedestrian Crossing project
- Second Place — Australasian Management Challenge National Final
- Finalist — Innovative Leadership and Management at NSW Local Government Excellence Awards for Service Review Program
- Nomination for a Minister's Award — Women in Local Government in the non-senior staff member rural or regional Council category for Nicole Le Grange, Work Health & Safety Manager

I am proud of what we have achieved so far — both staff and Councillors have made a huge effort to deliver on our community's vision for Port Stephens, as set out in 2018-2028: Our Place. Our Plan. The future continues to shine bright in Port Stephens. Together we are building a better future for the next generation.



Wayne Wallis

Our Port Stephens

Located on the east coast of Australia about two hours north of Sydney, Port Stephens is known for its stunning natural beauty, unique wildlife and strong community spirit. These characteristics make it an ideal recreation, tourist and retirement destination as well as a great place to live, work and play.

The Worimi people are the traditional owners of the Port Stephens local government area (LGA). We value the unique status of Aboriginal people as the owners and custodians of these lands and waters.

Port Stephens was named after 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.

Snapshot	
Region:	Hunter
Area:	858.5 square kilometres
Population:	71,716 people (2017 Estimated Residential Population)
Population projection:	90,384 by 2038
Median age:	45
Population density (persons/ha):	0.81
Population by ward:	West 36.58% (72.91% of the land area), Central 32.07% (21.33% of the land area), East 31.18% (5.17% of the land area)
Major centres:	Raymond Terrace, Medowie, Nelson Bay
Labour force:	29,754 (ABS 2016)
Unemployment:	5.1%
Number of businesses:	4653 (ABS June 2017)
Gross Regional Product:	\$4.88 billion
Main employing industries:	Public Administration and Safety (14.75%), Manufacturing (11.79%), Construction (11.41%)



Source: Remplan 16 August 2018. For more statistical information, visit the Port Stephens Economic Profile at portstephens.nsw.gov.au/work/economic-development/economic-data-and-advice

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
17 September 2017 to current



Mayor
Ryan Palmer

East Ward



Councillor
John Nell

Central Ward



Councillor
Steve Tucker

West Ward



Councillor
Ken Jordan



Councillor
Glen Dunkley



Councillor
Chris Doohan



Councillor
Paul Le Mottee



Councillor
Jaimie Abbott



Councillor
Sarah Smith



Councillor
Giacomo Amott

Principal activities

Key priorities

The following key priorities were nominated for investigation and progression over the Delivery Program period 2018-2021. Over the past six months, we have investigated funding sources to resource these initiatives and infrastructure projects, with progress achieved as outlined below.

Accessible Port Stephens

We have implemented a number of key initiatives from our Disability Inclusion Action Plan over the period, including accessibility upgrades to Little Beach recreation area.

A brand new all-abilities playground was also officially opened at Shoal Bay's Bernie Thompson Reserve in August 2018. The \$120,000 playground incorporates three swings, climbing equipment, a net carousel, balancing rope and nature play areas. The NSW Government contributed a further \$12,000 to fence the playground.

A new playground facility was also installed on the Tilligerry Peninsula at Caswell Reserve, Mallabula. The playground forms part of the recreation precinct upgrade with access improvements made through sealing of the car parking area and installation of access pathways to the play area, amenities and barbeque facilities.

To improve accessibility at Council's beaches, we also partnered with Ability Links, Accessible Beaches Australia and Surf Life Saving NSW to provide beach mobility equipment. This included wheelchairs designed for the sand and surf as well as beach matting to allow improved access for people with a disability.



Airport DAREZ drainage environmental approval

To facilitate development of the Williamstown Defence and Related Employment Zone (DAREZ), drainage upgrades and improvements are required.

The proposed drainage works involve assessment by three tiers of government and a wide range of permits and approvals, including Commonwealth approvals related to the protected wetlands at Fullerton Cove. The proposed drainage upgrades are also located in the Williamstown Management Area affected by per- and poly-fluoroalkyl substances (PFAS), making the required assessments to authorise the works quite complex.

We have commenced the assessment process however, based on the requirements issued by NSW State agencies, it will exceed current budget estimates.

Under the current funding arrangements, the NSW Government has committed \$140,000 towards the project and Port Stephens Council has committed \$50,000. We require additional funding to make up the budget shortfall. As a result, only limited works were undertaken on the environmental approvals over the past 6 months. We continue to advocate to all levels of government for additional funding to complete the assessments required to seek approval for these critical works.

Birubi Information Centre

On 18 October 2018, we were successful in receiving \$5.4 million from the NSW Government's Growing Local Economies Fund. The funding will be used to build an information centre and tourism interchange at Birubi Point, Anna Bay. The proposed design includes 50 car parking spaces (including three disabled spaces), 10 coach parking spaces, with a drop-off zone that can accommodate two coaches and provisions for pedestrians and cyclists. The funding announcement was the culmination of seven years of hard work by the community and Council.



Coastal Management Program

We have been working closely with neighbouring councils, state agencies and relevant stakeholders to develop a Coastal Management Program (CMP) for the Port Stephens coastal zone.

Stage one of the CMP process is currently underway and is on track for completion in late 2020. A draft Scoping Study was circulated to key stakeholders for comment in early December in preparation for finalisation and submission to the NSW Office of Environment and Heritage by the end of January 2019. The Scoping Study involves:

- completing a preliminary risk assessment of current and future coastal threats
- identifying and compiling current management tools and practices
- gap analysis of current management practices
- identifying areas where further information is needed.

Cycleways, footpaths and beautification

On 30 November 2018, the NSW Government announced we were successful in receiving \$600,000 to build a shared pathway network at Boomerang Park, Raymond Terrace. The Stronger Country Communities grant will fund a 2.5 metre wide shared pathway network throughout the park, as well as solar lighting, entry signage, landscaping and bike racks.



Boomerang Park funding pathways announcement

Events

We welcomed a number of major events over the past six months, including:

- PCYC Nations of Origin
- Motul Motorcross Championships
- Love Sea Food
- Australian Senior Dirt Track Masters
- King of the Box
- Port Stephens Pro
- Cricket NSW Women's Country Championships
- Raymond Terrace Powerboat Spectacular
- Australian Veterans Golf Tournament

Sponsored events are estimated to have injected more than \$5.1 million into the local economy. A new event strategy is to be developed by 30 July 2019.

Funding investigations

As part of the Operational Plan 2018-2019, Council endorsed investigating other funding options for a range of major projects including raising rates, known as a Special Rate Variation (SRV). With funding investigations undertaken, we now propose to make an application to IPART for 7.5% per annum increase (inclusive of rate peg) for seven years from 2019-2020 to 2025-2026 inclusive.

If successful, an SRV would fund a significant Council-led capital infrastructure program of works across Port Stephens. These projects include (but are not limited to) town centre revitalisation, paths and cycleways, carparks, community amenities, drainage, street lighting and sports facilities. The proposed SRV would be applied cumulatively over 7 years. The additional funds will stimulate local economies, drive business growth, attract visitors and enhance our region for the benefit of everyone.

On 9 October 2018, Council resolved to notify the Independent Pricing and Regulatory Tribunal of its intention to apply for a SRV. As part of the application process, our Integrated Planning and Reporting documents were revised and placed on public exhibition until 21 December 2018. These documents were considered by Council at its extraordinary meeting on 29 January 2019.

If our application is successful, we will undertake the projects and services outlined in the Delivery Program. We will continue to seek other funding sources like State and Federal Government grants for specific projects. However, SRV funds (and the use of loans) will allow us to expedite projects that would normally wait for appropriate grant programs (if available) for a specific project, with no guarantee of success. Further, grant funds often require matching funds for the applicant.

If the SRV application is unsuccessful, we will continue to seek a broader range of State and Federal Government grants. The challenge is that grant program priorities often do not match those of local projects. We will also continue to optimise our investment returns.

Gateway, location and town signage

Five large gateway signs have been installed to enhance our key entrance points across Port Stephens. These signs welcome both residents and visitors to our beautiful area and are designed to reflect their location — fostering a sense of place for our community.

This is the first in a number of planned signage updates for Port Stephens as outlined in the recently endorsed Signage Style Guide (which was approved by Council's Senior Leadership Team in December 2018).



Key roads projects

Council has a plan to deliver a number of key capital works projects. Over the past six months, the following has been achieved on these key projects:

- Church Street, Nelson Bay — We have completed reconstruction of the first stage (160m) of Church Street from Moorrooba Crescent to north of Tomaree Street. This work included new pavement for increased durability, a new asphalt surface, minor drainage and pedestrian access improvements.
- Fingal Bay Link Road – We have commenced preliminary survey and concept design in consultation with Roads and Maritime Services. Our focus is on the western intersection between the proposed link road and Nelson Bay Road.
- Tomaree Road, Shoal Bay – We have significantly progressed the detailed design of Stage 2, which includes the complete reconstruction of Tomaree Road between Marine Drive and Verona Road. Physical works are expected to commence during the next six month period.
- Tanilba Road, Mallabula – No activity was planned for the past six months. Project initiation and design is set to commence in the latter half of the 2019-2020 financial year, while construction is scheduled for the 2020-2021 financial year.
- Fairlands Road, Medowie – No activity was planned for the past six months. Project initiation and design is set to commence in the latter half of the 2020-2021 financial year, while construction is scheduled for the 2021-2022 financial year.
- Warren Street, Seaham — No activity was planned for the past six months. Project initiation and design is set to commence in the latter half of the 2020-2021 financial year, while construction is scheduled for the 2021-2022 financial year.



Koala Sanctuary

The Port Stephens Koala Sanctuary (Koala Sanctuary) is a Council-endorsed project to build and operate a koala hospital, education and eco-tourism facility at Council's Treescape Holiday Park at One Mile Beach, in conjunction with Port Stephens koalas.

In August 2018, Council (in its capacity as property owner) prepared and submitted a Development Application for the hospital, tourism centre and glamping tents. Following a tender process, BKA Architects were appointed to undertake the detailed design of the buildings and car parks. Preliminary works to construct koala pens and fences are expected to commence in early 2019 after all relevant approvals have been obtained. The Development Application (DA) 16-2018-534-1 for the Koala Sanctuary is currently being assessed with the draft conditions now received and provided to BKA Architects. The application is expected to be determined by Council at an Ordinary Council Meeting in February 2019.

Medowie Multi-Purpose Community Centre

Funding and construction of the Medowie Sport and Community Facility has been approved by Council. The project will create a high quality facility that can be utilised by the growing population of Medowie, as well as the wider Port Stephens community. The building can also be used as an emergency evacuation centre and will expand on the existing sport and recreation facilities available at the Ferodale Sports Complex. Construction is proposed for the second year of the 2019-2020 Delivery Program.

Off-leash dog parks

Off-leash dog parks have been identified as a community priority. As such, we have investigated options to improvement facilities over the period. Council has recently approved the establishment of a new off-leash area at Lancaster Park in Soldiers Point which will be upgraded in the near future. We will also investigate options for increased facilities at off-leash areas such as fencing, water bubblers and seating.

Placemaking

Creating people friendly, vibrant spaces across Port Stephens has been identified as a key priority requiring investment from both Council and the community.

Placemaking activities range from planning and investment to arts, culture and events. Activities to date include:

- School holiday program at Robinson Reserve Anna Bay.
- Marketing and administration support for the Port Stephens Farmers Relief Charity Program.
- Implementation panels appointed in November to drive delivery of strategic plans for Raymond Terrace, Medowie and Nelson Bay. This leads to the delivery of the adopted Nelson Bay Town Centre and Foreshore Delivery Program, a blueprint to revitalise one of the Hunter's key tourism destinations, and preparing a Nelson Bay Public Domain Plan, Streetscape Design Guideline, Street Tree Masterplan and Wayfinding Strategy, completing a key action from the Nelson Bay Delivery Program to drive revitalisation in the town centre.
- Commenced works to implement the Apex Park Masterplan, completing Stage 1a in November 2018 just in time for Remembrance Day 2018. Stage 1b will begin in earnest after the holiday period and Anzac Day and will include new steps, new banner poles and new paving in the park.
- Finalised four development control plan amendments including supporting the development of two urban release areas in Medowie, and nine planning proposals, including the rezoning of Medowie Town Centre, a key action from the Medowie Planning Strategy that will unlock the planned community hub and commercial town centre.
- Commenced grant funding applications to invest in public infrastructure and support the visitor economy in Nelson Bay.

Port Stephens Council depot development

The existing Council depot buildings and set down areas are not meeting the current standards for condition and functionality. The way Councils use depots is very different from how they were used when the depots were first built. Funding models have been prepared with a proposal to use some of the Special Rate Variation income for part of the costs. Preliminary architectural designs are completed with detail designs and commencement of the approval process set for the coming year.

Strategic Planning Statement and Local Housing Strategy

We have been accepted by the NSW Department of Planning and Environment as the Lower Hunter Council involved in the pilot program for preparing a Local Strategic Planning Statement (LSPS). The LSPS will set the direction for strategic planning in Port Stephens with consideration for economic, social and economic factors whilst identifying the planning priorities for the local government area.

We have also commenced work on a Local Housing Strategy — an action to implement part of the Greater Newcastle Metropolitan Plan. We have gathered preliminary dwelling data from Council records and the NSW Department of Planning and Environment's Urban Development Program. The Local Housing Strategy will review population, demographic and forecast data along with key dwelling trends in Port Stephens to plan for future housing growth within existing and new centres.

Both the LSPS and Local Housing Strategy will be completed in 2019.

Williamstown Management area

Council continues to support the community through advocacy and participation at forums such as the Elected Members Group and the Williamstown Community Reference Group. Community Reference Group meetings are held on a bi-monthly basis and are attended by our General Manager. In September 2018, the Department of Defence released the Williamstown regional drainage study and presented this to the Community Reference Group.

Our General Manager also made a presentation to Senate Inquiry into the management of PFAS by Defence on 24 July 2018.

Findings of the Federal Senate Inquiry into PFAS were released in December 2018. It was noted that a number of the recommendations put forward by Council in its submission were accepted by the Inquiry.

Delivery program objectives update

 **Focus Area One | Our C**
Port Stephens is a thriving and strong community respecting diversity

100% on track
Operation Plan actions 

C1 Community diversity

We have continued to:

- provide facilities and services for children
- support young people to build their confidence and contribution to the community
- encourage Port Stephens to be inclusive and access friendly
- support the needs of an ageing population and
- support volunteers to deliver appropriate community services.

Our key outcomes include:

- Successfully applying for funding to expand Mobile Preschool services for Port Stephens children. The NSW Department of Education's Early Childhood Education Directorate have provided \$60,000 to expand services to five days a week and include a new location — Fern Bay.
- Successfully applying for \$19,000 to support Youth Advisory Panel projects and leadership opportunities for panel members.
- Implementing key actions in the Disability Inclusion Action Plan. This includes partnering with Ability Links, Accessible Beaches Australia and Surf Life Saving NSW to make our beaches more accessible.



C2 Recognised traditions and lifestyles

We have continued to:

- recognise and support local Aboriginal and Torres Strait Islander people
- support and promote local cultural activities
- recognise and support the heritage of Port Stephens
- provide public libraries as vibrant community spaces.

Our key outcomes include:

- Signing a unique, historic agreement with Worimi and Karuah local Aboriginal Land Councils during NAIDOC week laying out a firm roadmap for the future. It's titled Yabung-Gu-Butunga or Road to Tomorrow.
- Successfully applying for \$5.4 million funding for the Birubi Information Centre. Refer to Key Priorities on page 11 for further information.
- Unveiling the 'Walk of Art' in September — bringing colour and vibrancy to Apex Park and Yacaaba Street, Nelson Bay with work from local artists showcased on street banners.



C3 Community partnerships

We have continued to:

- assist community service providers to effectively deliver services in the region
- support local community events that highlight and foster the creative and diverse nature of our community
- provide recreational and leisure services
- support financially creative and active communities

Our key outcomes include:

- Holding strategic interagency meetings to focus on delivering agreed outcomes for vulnerable people and families.
- Providing \$55,280 to schools and community organisations through our Mayoral and Ward funds (to 31 December 2018).
- Providing sponsorship to a large number of events celebrating food, art, sport and the natural environment.
- Providing the safest pools in the state — Lakeside Leisure Centre was rated Belgrave Leisure's highest performing aquatic facility in NSW for the second consecutive year as part of the 2017-2018 Royal Life Safety Assessment Audit.

Mayor Ryan Palmer with Lakeside Leisure staff





Focus Area Two | Our Place

Port Stephens is a liveable place supporting local economic growth

P1 Strong economy, vibrant local businesses, active investment

100% on track
Operation Plan actions



We have continued to support sustainable business development and deliver services that attract sustainable visitation in Port Stephens.

Our key outcomes include:

- Drafting a new Economic and Development Strategy.
- Facilitating a Small Business Month program funded by the NSW Government and offering a range of workshops and programs to increase the capacity and competitiveness of our local businesses.
- Preparing a Development Application for the Port Stephens Koala Sanctuary.
- Providing financial support for events (refer to Key Priorities for further details).



P2 Infrastructure and facilities

We have continued to plan, build and maintain civil and community infrastructure to support the community. We have also delivered road infrastructure services on behalf of Roads and Maritime Services.

Our key outcomes include:

- Receiving \$1.6 million funding from the NSW Government's Stronger Country Communities Fund for sports and recreation upgrades across Port Stephens.
- Progressing our Capital Works program, including a makeover of Mallabula's Caswell Reserve, works at Waterfront Road in Swan Bay and replacing the seawall at Longworth Park. (Refer to Service Delivery from page 32)
- Providing design, project and contract management services for works including Karuah boat ramp, Robinson Reserve, Koala Sanctuary and Gan Gan Road.
- Upgrading 73 bus stops to improve accessibility and quality across Port Stephens utilising \$130,000 from Transport NSW.
- Completing improvements and modifications to drainage outlet at Shoal Bay, Lillian Street Reserve and Little Beach.
- Maintained state roads in accordance with Roads and Maritime Services contract. (Refer to Service Delivery from page 32).
- Repairing 8253 potholes, heavy patching 4100 square metres of road, spraying 11,120 metres of drains, mowing 8500 metres of drains and excavating 3500 metres of drains.
- Continuing the Fleet Replacement Procurement Program.
- Launching the Holiday Time Road Safety Program in December 2018. This involved installing signage across Port Stephens to raise awareness of increased children and traffic during the school holidays.
- Trialling new Greencrete — a product which looks and performs like concrete, but uses recycled glass instead of quarried sand — its first use in the Hunter.
- Initiating potential SRV projects to ensure timeframes can be met if approved.

P3 Thriving and safe place to live

We have continued to provide land use plans, tools and advice that sustainably supports the community by:

- Managing key planning documents, including progressing the draft contributions plan, exhibiting amendments to the Development Control Plan (DCP) and finalising a planning proposal for Medowie town centre.
- Providing optimal response times to customer enquiries, including planning proposals, strategies and record times for planning certificates.
- Adopting the Nelson Bay Town Centre and Foreshore Implementation Plan.

We have also enhanced public safety, health and liveability through the use of our regulatory controls and services. Our key achievements include:

- Reducing Development Application processing times.
- Providing quality environmental health inspections — satisfaction scores are at 89% for food premises, 100% for public pools and 100% for wastewater.
- Responses to development compliance customer requests are on target.
- Implementing Ranger campaigns to educate and inform owners of dangerous dogs of their obligations and reduce illegal roadside signage.
- Delivering a range of projects and surveillance under the Illegal Waste Program.

We have continued to support the amenity and identify of Port Stephens through:

- Adoption of the Nelson Bay Town Centre and Foreshore Program.
- Officially opening the first major infrastructure project under Nelson Bay Next — the \$1.85 million extension of Yacaaba Street.
- Finalising four DCP amendments (see Key Priorities on page 16).

We have continued to support emergency services, protect Council assets from bushfires and extreme weather events, and implement the Local Emergency Management Plan. Our key achievements include:

- Constructing and opening a new Rural Fire Station in Fingal Bay, funded by the NSW Rural Fire Service.
- Coordinating the Emergency Management Plan for fires at Salt Ash and Campvale, while continuing to maintain Asset Protection Zones on Council land.





Focus Area Three | Our Environment

Port Stephens' environment is clean, green, protected and enhanced

E1 Ecosystem Function

We have continued to:

- protect and enhance the local natural environment
- educate the community about the natural environment

92% on track
Operation Plan actions



Our key achievements include:

- Implementing the Bushland Assessment Tool for contractors to undertake assessments on over 70 of our natural areas.
- Responding to a significant increase in demand for Environmental Impact Assessment services.
- Taking a proactive approach to biosecurity compliance to protect the Port Stephens Environment from prohibited and priority weeds such as Frogbit, Paterson's Curse, Mother of Millions and more. In September 2018, we received \$160,000 to fight the war the on weeds from the NSW Government's Crown Reserves Improvement Fund.
- Drafting a report of koala hubs (source populations) in Tomago, Medowie and Kings Hill. This forms part of a broader project to identify and assess the health of koala hubs across Port Stephens.
- Drafting a Tree Management Policy to provide greater clarity about our Tree Permit system and ensure a consistent approach to managing public tree assets.
- Adopting the Raymond Terrace Flying Fox Camp Management Plan along with a reviewed Tree Vandalism Policy.
- Finalising the Hunter and Central Coast Region Flying Fox Education Project — Little Aussie Battlers — in conjunction with Hunter Joint Organisation.
- Finalising the Summer Coastal Activities program for the school holidays.



E2 Environmental Sustainability

We have continued to focus on reducing the community's environmental footprint. Our key achievements include:

- Coordination of the waste collection service. Discussions are continuing between the Environment Protection Authority and Council about a change in regulation of Mixed Waste Organic Material. As a result, we will now see an increase in waste going to landfill.
- Improving our energy usage by installing solar power at the administration building.

E3 Environmental Resilience

We have continued to:

- encourage community resilience to coastal hazards
- encourage community resilience to detrimental impacts on the environment
- encourage community resilience to the impacts of climate change

Our key achievements include:

- Development of a region-wide Coastal Management Program (refer to Key Priorities on page12).
- Planning and approvals process is underway for coastal projects at Shoal Bay West and Conroy Park.
- Participation in the Williamstown Reference Group (refer to Key Priorities on page17).
- Issuing documentation to rehabilitate the former Raymond Terrace Landfill site with work expected to commence in early 2019.

Work on drafting a Climate Change Policy is currently off track — refer to Scorecard for further information.



Focus Area Four | Our Council

Port Stephens Council leads, manages and delivers valued community services in a responsible way

L1 Governance

100% on track
Operation Plan actions



We continue to develop and encourage the capabilities and aspirations of a contemporary workforce through:

- progressing the Human Resources Program of Work including a new Capability Framework, Assessment Module and enhanced human resource information system (Cornerstone) to aid workforce management and service delivery.

We continue to provide strong civic leadership and government relations by:

- Delivering efficient support services to Councillors and Council's executive team.
- Hosting a citizenship ceremony for 27 conferees in September 2018.
- Participation on the Newcastle Airport Pty Ltd Board. Success over the period includes trialling a new route to Auckland, New Zealand in November 2018 and securing funding for the Astra Aerolab.
- Participation on the Hunter Joint Organisation (consisting of 10 Councils) to commence the 'Regional Deals' funding prospectus.

We continue to have a strong ethical governance structure as a result of:

- Legal, governance and internal audit services being provided organisation-wide in conjunction with managing various legal matters within the court system.
- Openly seeking the community's input on our services and facilities via the Community Satisfaction Survey. Refer to the Scorecard section for further information on the survey results.
- Regular progress reports to Council and the community on implementing the Delivery Program and Operational Plan including a Six Monthly report in August 2018 and Annual Report in November 2018.
- Consulting with the community on the revised Integrated Planning and Reporting documents which include a proposed Special Rate Variation.
- Processing 12 informal and one formal access for information applications under the Government Information (Public Access) Act and meeting obligations under the Privacy and Personal Information Protection Act.

We continue to provide strong supportive business systems for operations through:

- Conducting five service reviews — delivering organisational savings and ensuring services are delivered to our community in the best possible way.
- A Corporate Improvement Program of work (including ICT infrastructure improvements and upgrades, Data and Records Management, Business Excellence and other system improvements) which is on track and includes a number of online services and internal work flow efficiencies.

Continuing to reduce risk across Council by:

- Implementing the CAMMS Risk Management system, bringing all facets of risk management together in a unified system. This will provide staff with clearer reporting and accountability.

L2 Financial Management

We continue to:

- maintain strong financial sustainability
- maximise non-rate revenue and investment to support Council services

Our key achievements include:

- An anticipated underlying financial surplus to 31 December 2018 — see Scorecard for details.
- Preparing an application for a Special Rate Variation to fund a significant program of works for Port Stephens (refer to Key Priorities on page 13).
- Revising the Long Term Financial Plan (LTFP) 2019-2029 to include the proposed SRV. This was on public exhibition until 21 December 2018.
- Timely completion of the Annual Financial Statements, which provides Council with the information needed to make astute and considered decisions. This includes the Holiday Parks and Investments Property Report, which shows the financial results for all Holiday Parks operated by Council, as well as the financial result for Council's Investment Property Portfolio and Newcastle Airport.
- Renegotiating the lease with Property NSW for 437 Hunter Street Newcastle.
- Working on fully tenanting vacant premises in the Raymond Terrace CBD, maximising returns through lease negotiations and proactive management of Council's business and investment asset portfolio. This includes capital works programs such as the Raymond Terrace Shopping Village and PCYC.
- Sale of a number of significant parcels within the Salamander Central precinct and progress with development of lands at Medowie.
- Operating productive Holidays Parks, with a number of large capital improvement projects delivered across all five sites in readiness for summer when the holiday parks were at full occupancy between Christmas and New Year.

L3 Communication and Engagement

We continue to:

- promote a customer first organisation
- provide information in a range of accessible formats
- strengthen Council's reputation
- provide a voice for the community

Our key achievements include:

- Developing the Customer First Framework and implementing a range of initiatives to improve key metrics. This includes detailed customer feedback, a streamlined customer complaint processes, 'closing of the loop' with customers, active customer service training and a customer service matrix.
- Developing a Social Media Strategy for the next 12 months.
- Developing a comprehensive public relations and marketing campaign for the proposed SRV.
- Completing a detailed community engagement program including Birubi Point Aboriginal Place, Apex Park Masterplan, the Special Rate Variation proposal, Nelson Bay Strategy and the Coastal Management Program.



Scorecard

Six main result measures underpin everything we do at Port Stephens Council:

Six Result Measures		Status
	<p>1. Service Delivery</p> <p>Target > 95% Integrated Plans delivered on time</p> <p>Achievement: 99% Operational Plan Actions on track to be achieved</p>	
	<p>2. Community Satisfaction</p> <p>Target > 80% Community Satisfaction</p> <p>Achievement : 85% (Source: 2018 Community Satisfaction Survey)</p>	
	<p>3. Employee Engagement</p> <p>Target > 70% Employee Engagement</p> <p>Achievement: 68% (Source: AON Hewitt, 2018)</p>	
	<p>4. Governance</p> <p>Target > 95% Governance Health Check</p> <p>Achievement: 96.9% (as at April 2018)</p>	
	<p>5. Risk Management</p> <p>Target > 80% Risk Management Maturity</p> <p>Achievement: 83% (Actual in 2017)</p>	
	<p>6. Financial sustainability</p> <p>Target: underlying financial surplus</p> <p>Achievement: Projected underlying financial surplus of \$790,000 (As at September 2018 Quarterly Budget Review)</p>	

Legend:



On track (target achieved or on track to be achieved)



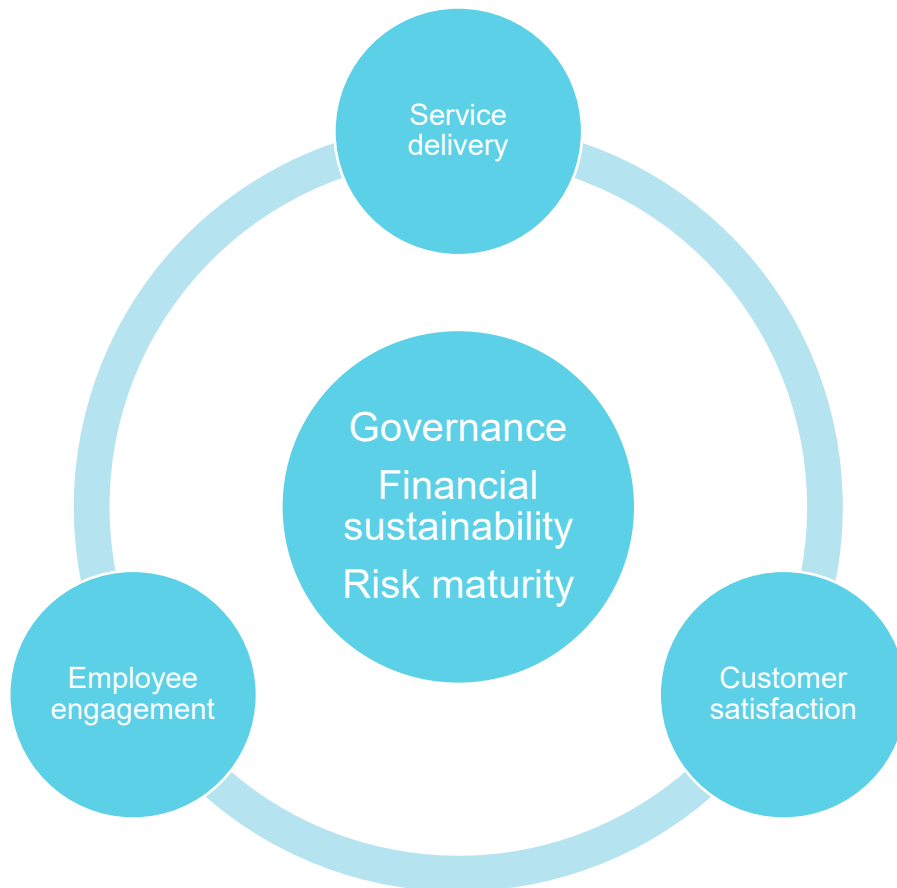
Monitor (< 5% off the target)



Off track (> 5% off the target)

We successfully balance these key metrics by:

- ensuring that we're delivering on what we say we're going to do
- ensuring our community is satisfied with the level of service
- being financially sustainable
- having the right practices and governance in place
- having an appropriate risk maturity
- having engaged employees.



1. Service Delivery

The following progress has been made on the actions in the 2018-2019 Operational Plan, which contribute to delivering the Delivery Program objectives:

- 99% (89 actions) on track
- 1% (1 action) off track

The 'off track' Operational Plan action is:

- E3.3.1 Review Climate Change Adaptation Action Plan

Drafting of a Climate Change Policy has not yet commenced due to temporary staff shortages. A preliminary literature review was completed in November 2018 which will help inform drafting of the Policy in the second half of 2018-2019.

The following tables are a summary of individual road, community and recreation projects that were completed and are in progress as at 31 December 2018. It is not an exhaustive list of all Capital Works projects carried out during that period.



Roads and drainage projects completed	Total expenditure as at 31 December 2018
Yacaaba Street extension, Nelson Bay	\$ 85,140
Lemon Tree Passage Road/Avenue of the Allies roundabout, Tanilba Bay	\$ 712,229
Market Street, Fingal Bay	\$ 78,703
Brandy Hill Drive, Brandy Hill - Segment 60	\$ 121,070
Church Street, Nelson Bay	\$ 308,051
Evans Road, Medowie - Segment 10	\$ 141,783
Mitchell Street, Soldiers Point - Segment 10	\$ 117,098
Medowie Road, Medowie - Segment 400	\$ 210,121
Clarencetown Road, Glen Oak - Segment 280	\$ 235,445
Salt Ash Avenue, Salt Ash	\$ 105,204
Paterson Road, Dunns Creek	\$ 189,182
Clarencetown Road, Seaham Guardrail underrun	\$ 83,740
Gan Gan Road, One Mile	\$ 544,054
Waterfront Road, Swan Bay	\$ 452,606
Country Passenger Transport Infrastructure Grants Scheme (CPTIGS) Bus stops	\$ 98,121
Main Road 104 Seaham Road roundabout	\$ 607,263
Main Road 108 Salt Ash shared path	\$ 201,896
TOTAL	\$ 3,482,547

Community and recreational projects completed	Total expenditure as at 31 December 2018	
Little Beach wharf	\$	83,794
Little Beach accessibility upgrades	\$	15,227
Longworth Park-seawall replacement	\$	118,898
Community Hall Assets – Fire Indicator Panel detector replacement	\$	20,955
Lakeside Sports Complex - replace vehicle barriers	\$	55,817
Salt Ash Sports Complex - replace front fence	\$	18,184
Lakeside Leisure Centre - replace chlorine dosing pump, replace heat pump, install procal units	\$	82,310
Tomaree Aquatic Centre - DE socks	\$	14,930
Soldiers Point Wharf pump out facility	\$	3,595
Lancaster Park - replace vehicle barriers	\$	312
Caswell Reserve Playground	\$	165,664
Robinson Reserve, Anna Bay - skate park and playground	\$	140,403
Apex Park redevelopment Stage 1a	\$	194,092
Fern Bay Community Hall	\$	104,204
Tomaree Library- internal painting	\$	42,782
Halifax Holiday Park - four bedroom villa	\$	200,000
TOTAL	\$	1,261,167

Roads and drainage projects under construction

Total expenditure as at 31 December 2018

Holdom Road, Karuah	\$	49,960
Shoal Bay Road and Gowrie Avenue, Nelson Bay roundabout - state blackspot	\$	67,578
Newline Road Tip Capping, Raymond Terrace	\$	20,000
TOTAL	\$	137,538

State roads maintenance and minor projects

Total expenditure as at 31 December 2018

Reseal program - local road	\$	995,726
Reseal program - state road	\$	395,954
State road minor projects	\$	296,726
TOTAL	\$	1,688,406



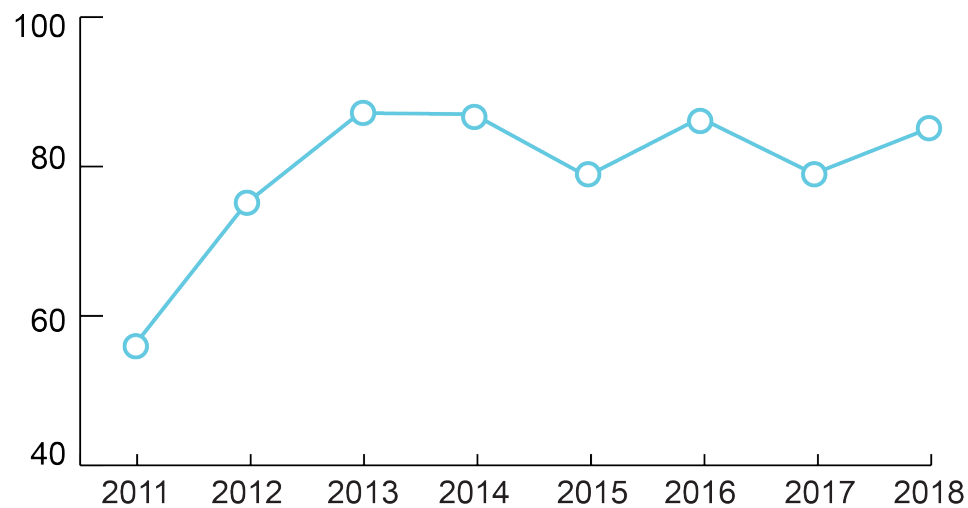
Community and recreational projects underway**Total expenditure as at 31 December 2018**

Anna Bay Hall - internal painting	\$	5,217
Foreshore erosion and excretion management	\$	10,256
Anna Bay Cemetery	\$	37,450
Drainage Detention Ballat Close, Medowie	\$	262,000
Fingal Bay Foreshore	\$	2,193
Karuah boat ramp upgrade (Stage 2)	\$	9,870
Tanilba Bay Boardwalk - replace deteriorated sections		initiated
Riverside Park - Stage 1 seawall replacement		initiated
Riverside Park - painting of Rotunda		initiated
Pirrarea Gardens boardwalk	\$	1,425
Caswells Reserve amenities	\$	75,116
Bagnalls Beach East	\$	378
Amenities DDA compliant Raymond Terrace	\$	200,000
Lionel Morton Oval amenities	\$	20,435
Medowie Sports Facility	\$	131,178
Koala Sanctuary	\$	383,029
Karuah RFS	\$	26,132
Fitzgerald Bridge amenities replacement	\$	20,434
Shoal Bay Holiday Park amenities	\$	60,000
Halifax Holiday Park amenities	\$	40,000
TOTAL	\$	1,285,113

Roads and drainage projects in planning phase	Total expenditure as at 31 December 2018	
Swan Bay Road, Swan Bay Segment 160	\$	75,788
Tomaree Road, Shoal Bay pavement reconstruction - Stage 2	\$	13,711
Foreshore Drive, Salamander Bay - culvert	\$	61,267
Hinton Road, Osterley	\$	34,367
Hinton Road, Nelsons Plains	\$	22,017
Lemon Tree Passage Road, Tanilba Bay (design only)	\$	7,752
East Seaham Road, East Seaham (stages 6, 7 & 8 design and environmental only)	\$	15,862
Boomerang Park, Raymond Terrace footpath	\$	1,625
Upgrade Nelson Bay Road & Medowie Road, Williamtown intersection project	\$	61,460
TOTAL	\$	232,389

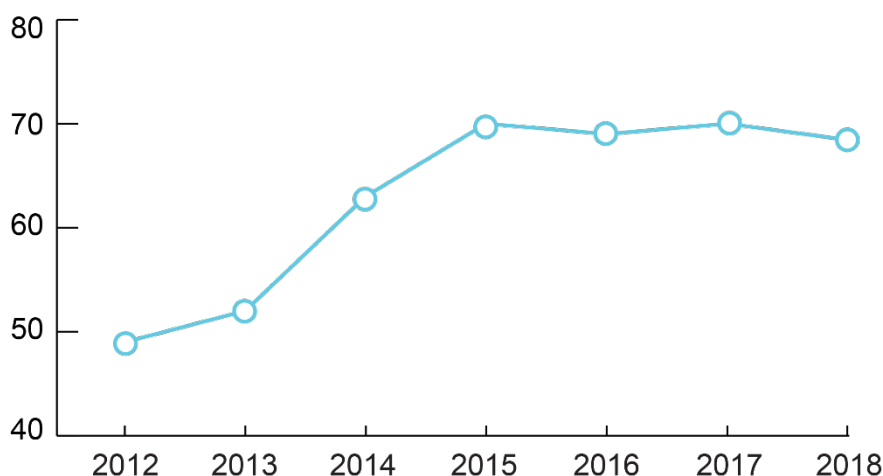
2. Community Satisfaction

We conducted our annual Community Satisfaction Survey in June 2018, which yielded an overall satisfaction with our services of 85% — exceeding our target of 75%. This is an extraordinary achievement with the overall satisfaction trends and progress since 2011 shown in the graph below. The next survey will be conducted in mid-2019.



3. Employee Engagement

The Employee Engagement Survey was conducted in September 2018 with a 68% engagement score. This is slightly below our ambitious new target of 70% but still above an 'engaged workforce' of 65% and significantly above the average local government score of 55%. The key areas for improvement are similar to last year — communication and senior leadership. AON Hewitt has briefed the Senior Leadership Team and we are now working to improve engagement across Council. A robust plan will be implemented with key stakeholders on how to improve over the next 6-12 months and beyond with short- and long-term milestones.



Work has continued on the implementation of Cornerstone — the Human Resource Information System. A significant number of improvements have been rolled out, resulting in continuing productivity savings across Council. These improvements have been recognised at the Cornerstone Converge Conference, where we were awarded the Business Impact Award for most dramatic impact. The implementation of Cornerstone will continue in 2018-2019 with the introduction of some new modules to better synchronise human resource management activities such as recruitment.



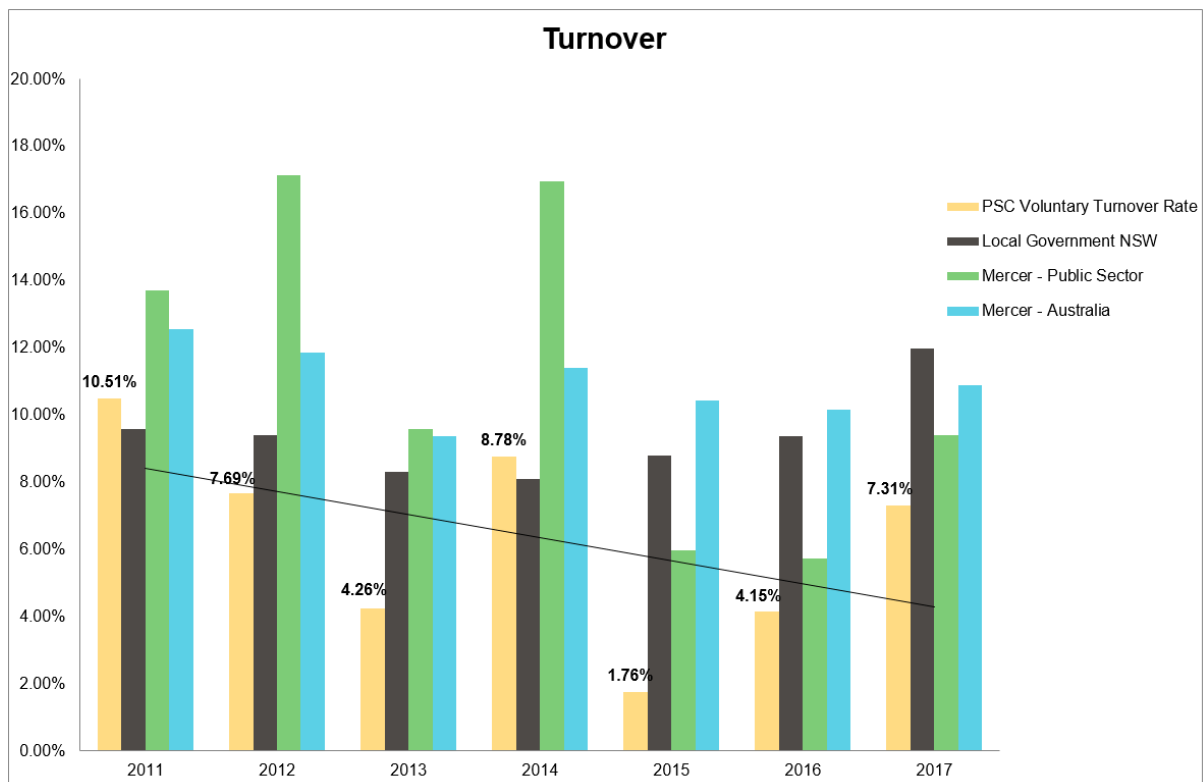
Lauren Green (far left), Senior Human Resources Advisor, receiving the award

The Apprentice, Trainee and Cadet Strategy continues to be a successful program with all positions filled. Work experience participation continues to be above our annual target. This strategy is proving very successful and supports the development of skills and capability across the organisation.

Management of Council's employer brand continues to be successful. We received 1703 applications for 65 vacancies (temporary and permanent) over the past six months. These application rates are pleasing and the majority of applications are of a high standard, indicating the labour market views us as a desirable employer.

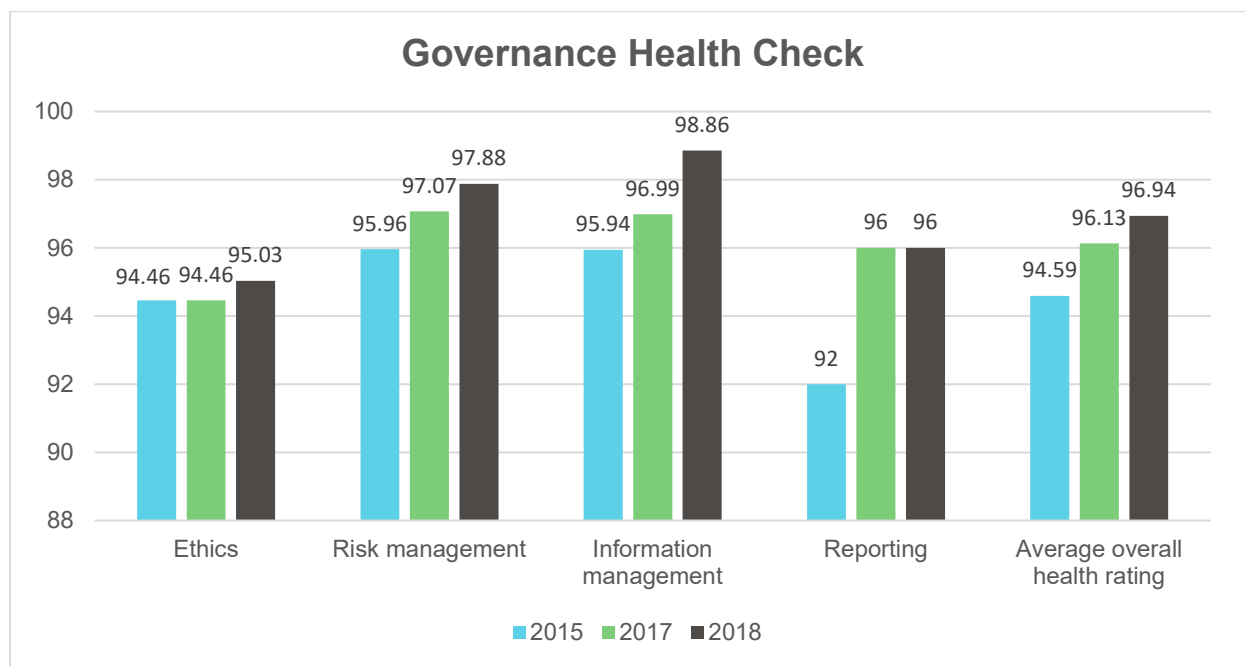
Previously, our increasing voluntary turnover rate was of concern. Port Stephens Council has been able to effectively reduce turnover to less than broad industry rates and sustain this for a number of years. The total staff turnover across all industries (at the median) has increased to 10.9% compared to 10.18% reported in 2016. In the public sector, it has increased from 5.97% to 9.4% over the same period. Voluntary turnover for Port Stephens Council for this 6 month period is 5.08%, which is within the target range of 10% and below comparative benchmarks. This is lower than the 7.31% for the 2017-2018 year.

Our workforce demographics are also showing our ability to attract and retain younger works. Our Gen Y population is 4% higher than the local government sector, while our Baby Boomer population is 5% lower than the average.



4. Governance

Our 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 our target of 90%. The Governance Health Check is a tool to measure our governance and how well we perform. It covers four areas: ethics, risk management, information management and reporting. The graph below demonstrates our progress in achieving our Governance Health Check scores from 2015 to 2018.



5. Risk Management

Our overall aim for integrated risk management is to ensure that our capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats. Every employee, contractor, volunteer and elected member of the Council is responsible for managing risk.

In 2017-2018, we undertook a critical review of our Integrated Risk Management Policy and Framework. The approach to the integration of all classes of risk into one comprehensive system began in 2011 however a comprehensive review had not been undertaken since then. During the preceding years, we developed an integrated risk management system which comprises our processes, methodology, appetite and reporting, as well as roles and responsibilities.

The review undertaken has resulted in:

- a more comprehensive categorisation of risk
- a review of the risk appetite based on our organisation's past experience and that of other organisations
- bringing environmental risk into the integrated risk management system
- a complete rebuild of our 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. Our innovative approach to risk management was recognised at the prestigious Statewide Risk Management Excellence Awards on Thursday 30 August 2018. Port Stephens Council was named the overall winner in the Large Regional Councils / Metropolitan Councils division for best strategic / enterprise risk management initiative for its Integrated Risk Management System. This award cements Port Stephens Council as a leader in the risk management field.



Works are progressing on the Integrated Risk Management Program of Works. A major project of these works is the implementation of the new CAMMs Risk Management System — a one-stop-shop for managing risk to our employees, our environment and our organisation. The system will see all facets of risk, insurance, claims management, risk registers and reporting unified, creating clear accountability and reporting over required actions.

Port Stephens Council continually works to ensure that we provide a platform for consistent and high quality management of all risk matters affecting our workplace. The risk maturity score for 2017 remains at 83%. Our risk system has been independently audited — the recommendations will be assessed and included in the implementation of the new CAMMs system development where appropriate. A further independent audit is scheduled for the 2018-2019 identifying a new maturity score rating.

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 performance rebates. In 2017-2018 Port Stephens we received:

- Member Discount: \$35,366.94
- Work Health and Safety Incentive: \$ 126,784.80
- 2017-2018 Hindsight Performance Payment: \$96,609
- Mutual Performance Rebate: \$ 79,728.43

Taking into account the above rebates and also an adjusted amount of \$45,151.71 due to higher than predicted wages our premium for 2017-2018 was \$721,467.97.

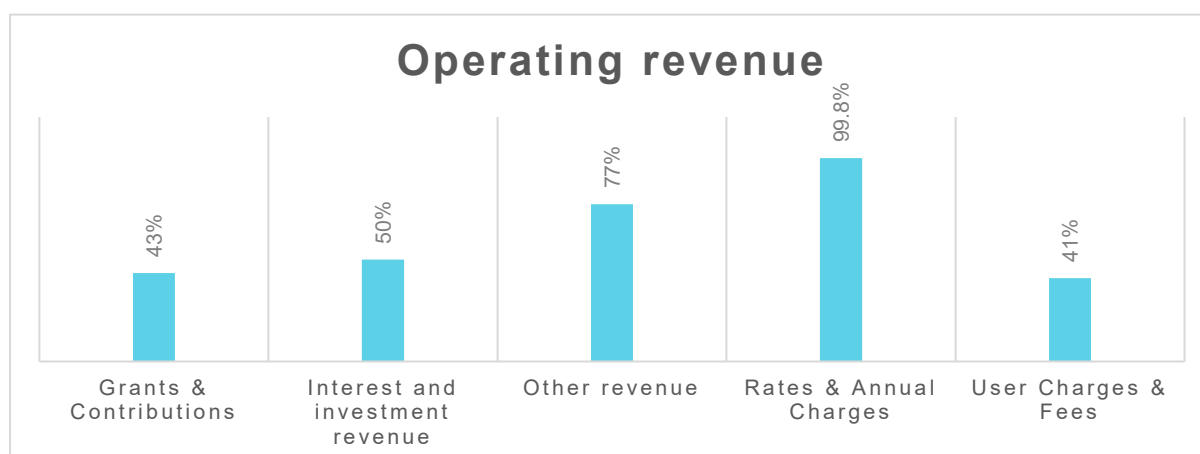
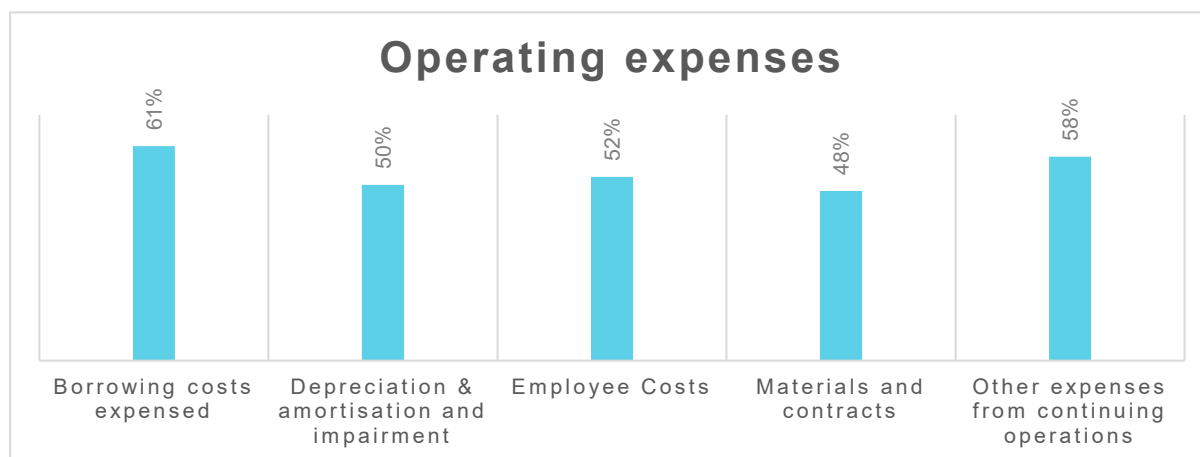
The premium calculation for the forthcoming 2018-2019 year is \$834,075.52. Our predicted premium rebate calculations for the same year are:

- Member Discount: \$ 55,605.04
- Work Health and Safety Incentive: \$125,173.85
- Mutual Performance Rebate: \$ 79,728.43

There is a possibility we may also receive a 2018-2019 Hindsight Performance Payment which is not yet determined. This recognises councils whose total incurred claims costs over the past 3 years is better than the StateCover Mutual Average. While we have seen an increase in our claims and claims costs we remain below the StateCover average with our claims outcomes and performance. Our premium is well below the Base Tariff Premium of \$1,112,100 that we would incur if our claims performance rate was not as strong.

6. Financial sustainability

The unaudited financial results to 31 December 2018 continue to trend toward an anticipated underlying surplus. The original 2018-2019 budget projected an underlying surplus of \$984,000 which was later revised in the September 2018 quarterly budget review to be \$790,000.



* Operating results for the airport are excluded from this report.



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