



WARRINGAH
COUNCIL

ATTACHMENT BOOKLET

ORDINARY COUNCIL MEETING

TUESDAY 22 SEPTEMBER 2015



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Warringah Council Policy

Policy No. FIN-PL 215

Investment Policy

1 Purpose of Policy

To ensure Council maintains an investment policy that complies with the Act, the LGGR and the Ministerial Investment Order and ensures it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

2 Policy Statement

The objectives of this policy are to provide a framework for the investing of Council's funds at the most favourable return available to it at the time whilst having due consideration of risk and security for that investment type and ensuring that Council's liquidity requirements are being met.

An investment is not in a form of investment notified by the Ministerial Investment Order unless it also complies with an investment policy of Council adopted by a resolution of Council.

When exercising the power of investment, Council should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and safeguarding the investment portfolio.

Investments are expected to achieve a market average rate of return in line with the Council's risk tolerance.

3 Principles

3.1 Investment Strategy

An Investment Strategy will run in conjunction with the Investment Policy. The Investment Strategy will be reviewed with an independent investment advisor once a year. The Strategy will outline:

- Council's cash flow expectations;
- Optimal target allocation of investment types, credit rating exposure and term to maturity exposure; and
- Appropriateness of overall investment types for Council's portfolio.

3.2 Investment Advisor

Council's investment advisor must be approved by Council and licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to

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investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the investment policy.

The independent advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, including that they are not receiving any commissions or other benefits in relation to the investments being recommended or reviewed.

3.3 Approved Investments

Investments are limited to those allowed by the Ministerial Investment Order and include:

- Commonwealth/State/Territory Government security eg bonds;
- Interest bearing deposits with, or any debentures or bonds issued by, issued by an authorised deposit taking institution (ADI) (as defined In the Banking Act 1959 (Cwth)), but excluding subordinated debt obligations; Bills of exchange, (<200 days duration), guaranteed by an authorised deposit taking institution (ADI);
- Debentures issued by NSW Local Government;
- Deposits with NSW Treasury &/or Investments in T Corp's Hour Glass Facility; and
- Investments grandfathered under the previous Ministerial Investment Order.

3.4 Prohibited Investments

This investment policy prohibits but is not limited to any investment carried out for speculative purposes, including;

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow; and
- Stand alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

3.5 Prudent Person Standard

Council has a fiduciary responsibility when investing. The investment will be managed with the care, diligence and skill that a prudent person would exercise. As trustees of public monies, officers are to manage Council's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.

3.6 Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the General Manager.

Independent advisors are also required to declare that they have no actual or perceived conflicts of interest.

4. Guidelines

4.1 Risk Management Guidelines

Investments are expected to achieve a market average rate of return in line with Council's risk tolerance.

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- **Preservation of Capital** – the requirement for preventing losses in an investment portfolio's total value;
- **Diversification** – the requirement to place investments in a broad range of products so as not to be over exposed to a particular sector of the investment market;
- **Market Risk** - the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices;
- **Liquidity Risk** - the risk an investor is unable to redeem the investment at a fair price within a timely period;
- **Maturity Risk** - the risk relating to the length of term to maturity of the investment. The larger the term, the greater the length of exposure and risk to market volatilities; and
- **Leveraging Risk** - the magnification of an investor's risk and return that occurs when the investor takes on financial leverage through an investment product.

4.2 Credit and Maturity Guidelines

Investments are to comply with three key criteria relating to:

- **Overall Portfolio Credit Framework**- limit overall credit exposure of the portfolio;
- **Institutional Credit Framework**- limit exposure to individual institutions based on their credit ratings; and
- **Term to Maturity Framework**- limits based upon maturity of securities.

4.2.1 Overall Portfolio Credit Framework

To control the credit quality of the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating*	S&P Short Term Rating*	Maximum %
AAA (incl. government guaranteed deposits)	A-1+	100%
AA+		
AA		
AA-		
A+	A-1	100%
A		
A-		
BBB+	A-2	70%
BBB		
BBB-	A-3	20%
Unrated**	Unrated**	20%

* or Moody's / Fitch equivalents

** Unrated Category is restricted to eligible managed funds such as the NSW Treasury Corporation Hour Glass Facilities.

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4.2.2 Institutional Credit Framework

Exposure to an individual institution will be restricted by their credit rating so that single entity exposure is limited, as detailed in the table below:

S&P Long Term Rating*	S&P Short Term Rating*	Maximum %
AAA (incl. government guaranteed deposits)	A-1+	45%
AA+		
AA		
AA-		
A+	A-1	35%
A		
A-		
BBB+	A-2	25%
BBB		
BBB-	A-3	10%
Unrated**	Unrated**	10%

* or Moody's / Fitch equivalents

** Unrated Category is restricted to eligible managed funds such as the NSW Treasury Corporation Hour Glass Facilities.

If any of Council's investments are downgraded such that they no longer fall within the investment policy, they will be divested as soon as practicable.

The short-term credit rating limit will apply in the case of discrepancies between short and long-term ratings.

4.2.3 Term to Maturity Framework

The investment portfolio is to be invested within the following maturity constraints:

Overall Portfolio Term to Maturity Limits		
Portfolio % <1 year	Min 40%	Max 100%
Portfolio % >1 year	Min 0%	Max 60%
Portfolio % >3 year ≤5 year	Min 0%	Max 30%

5 Reporting Requirements

5.1 Reporting and Reviewing of Investments

Documentary evidence must be held for each investment and details thereof maintained in an Investment Register. The documentary evidence must provide Council legal title to the investment.

Certificates must be obtained from the financial institutions confirming the amounts of investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

All investments are to be appropriately recorded in Council's financial records and reconciled at least on a monthly basis.

A monthly report will be provided to Council. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value.

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By resolution Council will adopt an Investment Policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet from time to time.

This Investment Policy will be reviewed at least once a year or as required in the event of legislative changes. The Investment Policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this policy. Any amendment to the Investment Policy must be by way of Council resolution.

5.2 Measurement

The investment return for the portfolio is to be regularly reviewed by an independent financial advisor by assessing the market value of the portfolio. The market value is to be assessed at least once a month to coincide with monthly reporting.

5.3 Performance Benchmarks

The performance of the investment portfolio shall be measured against the industry standard Bloomberg AusBond Bank Bill Index and/or the Official Cash Rate.

6 Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the General Manager in accordance with the Local Government Act 1993.

The General Manager may in turn delegate the day-to-day management of Council's investments to the Responsible Accounting Officer or senior staff, subject to regular reviews.

Officer's delegated authority to manage Council's investments shall be recorded and required to acknowledge they have received a copy of this policy and understand their obligations in this role.

The General Manager or any other staff member, with delegated authority by Council to invest funds on behalf of Council must do so in accordance with the adopted investment policy.

7 Authorisation

This policy was originally adopted by Council on 22 August 2000 Council Decision No. 433.

The policy provides for a review at least once per year or as required in the event of legislative changes. The policy was last reviewed in September 2015 and will be due for review in September 2016.

8 Amendments

The General Manager or his delegated representative be authorised to approve variations to investment options that may not be consistent with this policy, if the investment is to Council's advantage and/or due to revised legislation.

All such variations are to be reported to Council within 14 days.

9 Who is responsible for implementing this Policy?

Chief Financial Officer

10 Document Owner

General Manager

11 Related Council Policies

Financial Planning Policy FIN-PL 100

12 Legislation and References

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All investments are to comply with the following:

- Local Government Act 1993;
- Local Government (General) Regulation 2005;
- Ministerial Investment Order 2008;
- Local Government Code of Accounting Practice and Financial Reporting;
- Australian Accounting Standards; and
- Office of Local Government Circulars

13 Definitions

- Act - Local Government Act 1993;
- LGGR - Local Government (General) Regulation 2005;

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SCHEDULE 1:

Extracts of Legislative Requirements

LOCAL GOVERNMENT ACT 1993 - SECT 412 & 625

Section 412 Accounting Records

- 1) A council must keep such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.
- 2) In particular, a council must keep its accounting records in a manner and form that facilitate:
 - (a) the preparation of financial reports that present fairly its financial position and the results of its operations, and
 - (b) the convenient and proper auditing of those reports.

Section 625 How May Councils Invest?

- 1) A council may invest money that is not, for the time being, required by the council for any other purpose.
- 2) Money may be invested only in a form of investment notified by order of the Minister published in the Gazette.
- 3) An order of the Minister notifying a form of investment for the purposes of this section must not be made without the approval of the Treasurer.
- 4) The acquisition, in accordance with section 358, of a controlling interest in a corporation is not an investment for the purposes of this section.

LOCAL GOVERNMENT (GENERAL) REGULATION 2005 - REG 206 & 212

206 Accounting records and accounting practices to accord with the Code

- 1) A council's accounting records must be kept in a form that accords with the Code.
- 2) A council's accounting practices must accord with the Code.

212 Reports on council investments

- 1) The responsible accounting officer of a council:
 - (a) must provide the council with a written report (setting out details of all money that the council has invested under section 625 of the Act) to be presented:
 - (i) if only one ordinary meeting of the council is held in a month, at that meeting, or
 - (ii) if more than one such meeting is held in a month, at whichever of those meetings the council by resolution determines, and
 - (b) must include in the report a certificate as to whether or not the investment has been made in accordance with the Act, the regulations and the council's investment policies.
- 2) The report must be made up to the last day of the month immediately preceding the meeting.

LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING – CL 11.3.4 & 11.3.5

- 11.3.4 Councils must maintain a separate record of money it has invested under section 625 of the LGA. The record must specify:
- (a) the source and the amount of money invested; and
 - (b) particulars of the security or form of investment in which the money is invested; and
 - (c) if appropriate, the rate of interest to be paid, and the amount of money that the council has earned, in respect of the money invested.
- 11.3.5 Council must maintain an investment policy that complies with the Act and ensures it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

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Circular No. 11-01
Date 17 February 2011
Doc ID. A232163Contact Finance Policy Section
02 4428 4100
dlg@dlg.nsw.gov.au**REVISED MINISTERIAL INVESTMENT ORDER**

A revised Investment Order pursuant to section 625 of the *Local Government Act 1993* has been issued. The Minister for Local Government signed the revised Order on 12 January 2011 and it was published in the NSW Government Gazette on 11 February 2011. It replaces the Order dated 31 July 2008. The revised Order is attached to this circular.

Changes to the Investment Order include:

- the removal of the ability to invest in the mortgage of land (part (c) of the Investment Order dated 31 July 2008)
- the removal of the ability to make a deposit with the Local Government Financial Services Pty Ltd (part (f) of the order dated 31 July 2008)
- the addition of "Key Considerations" in the revised Investment Order, which includes a comment that a council's General Manager, or any other staff, with delegated authority by a council to invest in funds on behalf of the council must do so in accordance with the council's adopted investment policy.

Councils are reminded that on 25 May 2010 the Division of Local Government issued Investment Policy Guidelines (Circular to Councils 10-11 refers). It is expected that all councils will by now have adopted an Investment Policy in accordance with the Guidelines.



Ross Woodward
Chief Executive, Local Government
A Division of the Department of Premier and Cabinet

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LOCAL GOVERNMENT ACT 1993 – INVESTMENT ORDER
(Relating to investments by councils)

I, the Hon. Barbara Perry MP, Minister for Local Government, in pursuance of section 625(2) of the *Local Government Act 1993* and with the approval of the Treasurer, do, by this my Order, notify for the purposes of section 625 of that Act that a council or county council may only invest money (on the basis that all investments must be denominated in Australian Dollars) in the following forms of investment:

- (a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;
- (b) any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993* (NSW));
- (c) interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cwth)), but excluding subordinated debt obligations;
- (d) any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- (e) a deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation;

All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

Transitional Arrangements

- (i) Subject to paragraph (ii) nothing in this Order affects any investment made before the date of this Order which was made in compliance with the previous Ministerial Orders, and such investments are taken to be in compliance with this Order.
- (ii) Paragraph (i) only applies to those investments made before the date of this Order and does not apply to any restructuring or switching of investments or any re-investment of proceeds received on disposal or maturity of such investments, which for the avoidance of doubt must comply with this Order.

Key Considerations

An investment is not in a form of investment notified by this order unless it also complies with an investment policy of council adopted by a resolution of council.

All councils should by resolution adopt an investment policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet, from time to time.

The General Manager, or any other staff member, with delegated authority by a council to invest funds on behalf of a council must do so in accordance with the council's adopted investment policy.

Councils have a fiduciary responsibility when investing. Councils should exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.

When exercising the power of investment councils should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Dated this 12th day of January 2011


Hon BARBARA PERRY MP
Minister for Local Government

Application of Investment Funds	Description	Value (\$)
Restricted Funds:		
Externally Restricted	Section 94 Old Plan	16,706,847
	Section 94A Plan Contributions	6,108,797
Externally Restricted Reserves	Unexpended Grants	356,902
	Domestic Waste *	5,814,645
Internally Restricted Reserves	Held to ensure sufficient funds are available to meet future commitments or specific objectives. Employee Leave Entitlements, Bonds & Guarantees, Compulsory Open Space Land Acquisitions, & Insurance.	9,491,387
Unrestricted Funds	Funds Allocated to meet Current Budgeted Expenditure	53,960,790
Total		92,439,368

There has been an increase in the investments held of \$9,291,674 which is in line with budgeted movements at this time of year.

Reconciliation of Cash Book

Description	Value (\$)
Council's Cash Book balance	6,388,093
Kimbriki Bank balance	3,740,709

Investments Funds Report - As at 31-Aug-15

Maturity date	Face Value	Current Yield	Borrower	Standard & Poor's Rating	Current Value
Mortgage Backed Securities Investment Group					
Weighted Avg Life *	Face Value				
22-Aug-22	1,430,429	2.5850	Emerald Series 2006-1 Class A	AAA	1,122,889
	1,430,429				1,122,889
Term Investment Group					
02-Sep-15	1,000,000	3.6500	National Australia Bank Ltd	A1+	1,000,000
08-Sep-15	500,000	3.8900	National Australia Bank Ltd	A1+	500,000
10-Sep-15	1,000,000	3.1000	Commonw ealth Bank of Australia Ltd	A1+	1,000,000
16-Sep-15	1,000,000	3.2000	Members Equity Bank Ltd	A2	1,000,000
21-Sep-15	1,000,000	3.5000	Bank of Queensland Ltd	A2	1,000,000
22-Sep-15	1,000,000	3.5500	Bank of Queensland Ltd	A2	1,000,000
25-Sep-15	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
29-Sep-15	2,000,000	2.9000	Members Equity Bank Ltd	A2	2,000,000
02-Oct-15	2,000,000	3.5700	Westpac Banking Corporation Ltd	A1+	2,000,000
06-Oct-15	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
12-Oct-15	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
20-Oct-15	1,000,000	3.5100	Commonw ealth Bank of Australia Ltd	A1+	1,000,000
22-Oct-15	1,000,000	3.5500	Bank of Queensland Ltd	A2	1,000,000
26-Oct-15	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
29-Oct-15	1,000,000	2.9500	National Australia Bank Ltd	A1+	1,000,000
03-Nov-15	1,000,000	3.5000	Bank of Queensland Ltd	A2	1,000,000
09-Nov-15	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
09-Nov-15	1,000,000	3.0800	Commonw ealth Bank of Australia Ltd	A1+	1,000,000
16-Nov-15	1,000,000	3.2000	Members Equity Bank Ltd	A2	1,000,000
16-Nov-15	1,000,000	2.9000	Bank of Queensland Ltd	A2	1,000,000
16-Nov-15	1,000,000	2.9000	Suncorp-Metw ay Ltd	A1	1,000,000
18-Nov-15	1,000,000	2.9000	Suncorp-Metw ay Ltd	A1	1,000,000
01-Dec-15	1,000,000	2.9300	Bank of Queensland Ltd	A2	1,000,000
03-Dec-15	2,000,000	3.5500	Bank of Queensland Ltd	A2	2,000,000
07-Dec-15	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
15-Dec-15	2,000,000	3.5500	National Australia Bank Ltd	A1+	2,000,000
15-Dec-15	1,000,000	2.9300	National Australia Bank Ltd	A1+	1,000,000
18-Dec-15	1,000,000	3.5500	National Australia Bank Ltd	A1+	1,000,000
18-Dec-15	1,000,000	2.9000	Suncorp-Metw ay Ltd	A1	1,000,000
04-Jan-16	1,000,000	3.2100	Commonw ealth Bank of Australia Ltd	A1+	1,000,000
04-Jan-16	2,000,000	3.0000	Bank of Queensland Ltd	A2	2,000,000
08-Jan-16	1,000,000	3.1300	National Australia Bank Ltd	A1+	1,000,000
11-Jan-16	1,000,000	2.9300	National Australia Bank Ltd	A1+	1,000,000
12-Jan-16	1,000,000	3.0000	Bank of Queensland Ltd	A2	1,000,000
19-Jan-16	1,000,000	2.9300	National Australia Bank Ltd	A1+	1,000,000
22-Jan-16	1,000,000	2.9500	Bank of Queensland Ltd	A2	1,000,000
29-Jan-16	1,000,000	2.9000	National Australia Bank Ltd	A1+	1,000,000
02-Feb-16	1,000,000	2.9500	Bendigo & Adelaide Bank Ltd	A2	1,000,000
09-Feb-16	2,000,000	3.0000	National Australia Bank Ltd	A1+	2,000,000
10-Feb-16	1,000,000	2.8600	Westpac Banking Corporation Ltd	A1+	1,000,000
15-Feb-16	1,000,000	2.9100	Bank of Queensland Ltd	A2	1,000,000
23-Feb-16	2,000,000	2.9000	Suncorp-Metw ay Ltd	A1	2,000,000
02-Mar-16	1,000,000	2.9500	Bendigo & Adelaide Bank Ltd	A2	1,000,000
07-Mar-16	1,000,000	4.0500	National Australia Bank Ltd	A1+	1,000,000
08-Mar-16	500,000	4.0700	National Australia Bank Ltd	A1+	500,000
15-Mar-16	1,000,000	2.9000	National Australia Bank Ltd	A1+	1,000,000
31-Mar-16	2,000,000	2.8500	National Australia Bank Ltd	A1+	2,000,000
05-Apr-16	1,000,000	2.9000	National Australia Bank Ltd	A1+	1,000,000
10-Apr-16	1,000,000	2.8600	Westpac Banking Corporation Ltd	A1+	1,000,000
19-Apr-16	1,000,000	2.8700	National Australia Bank Ltd	A1+	1,000,000
29-Apr-16	2,000,000	2.7900	Commonw ealth Bank of Australia Ltd	A1+	2,000,000
03-May-16	1,000,000	2.9000	National Australia Bank Ltd	A1+	1,000,000
10-May-16	1,000,000	2.8600	Westpac Banking Corporation Ltd	A1+	1,000,000
17-May-16	2,000,000	2.9300	National Australia Bank Ltd	A1+	2,000,000
17-May-16	1,000,000	2.8600	Commonw ealth Bank of Australia Ltd	A1+	1,000,000
20-May-16	1,000,000	2.8500	Bank of Queensland Ltd	A2	1,000,000
16-Jun-16	2,000,000	2.8600	Commonw ealth Bank of Australia Ltd	A1+	2,000,000
28-Jun-16	1,000,000	2.7800	Commonw ealth Bank of Australia Ltd	A1+	1,000,000
11-Jul-16	1,000,000	3.0000	Bendigo & Adelaide Bank Ltd	A2	1,000,000
21-Jul-16	1,000,000	3.0000	Bendigo & Adelaide Bank Ltd	A2	1,000,000
25-Jul-16	1,000,000	3.0000	Bendigo & Adelaide Bank Ltd	A2	1,000,000
03-Aug-16	2,000,000	2.9500	Bendigo & Adelaide Bank Ltd	A2	2,000,000
10-Aug-16	1,000,000	2.9000	Bendigo & Adelaide Bank Ltd	A2	1,000,000
12-Aug-16	1,000,000	2.9500	Bendigo & Adelaide Bank Ltd	A2	1,000,000
	75,000,000				75,000,000
Term Investment Group & Cash Deposit Account					
Rollover Date	Face Value	Current Rate	Borrower	Rating	
Cash Account	1,591,141	1.9000	CBA (Business Saver)	A-1+	1,591,141
19-Jun-16	1,000,000	3.5000	CBA Term Deposit Kimbriki 35810609	AA-	1,000,000
10-Nov-15	7,944,159	2.9000	WBC Term Deposit Kimbriki 11-1208	AA-	7,944,159
24-Nov-15	2,483,907	2.8700	WBC Term Deposit Kimbriki 11-4185	AA-	2,483,907
01-Sep-15	3,297,271	1.5000	CBA Money Market Kimbriki 10162612	AA-	3,297,271
	16,316,479				16,316,479
	92,746,908			Closing Balance:	92,439,368

** Weighted Average Life is the anticipated date of repayment of Council's full principal in mortgage backed securities based upon the expected repayment of a critical balance of underlying mortgages. It is calculated by professional actuaries and its use is market convention for securities such as these. Council's investment policy recognises Weighted Average life dates as appropriate maturity dates for these securities*

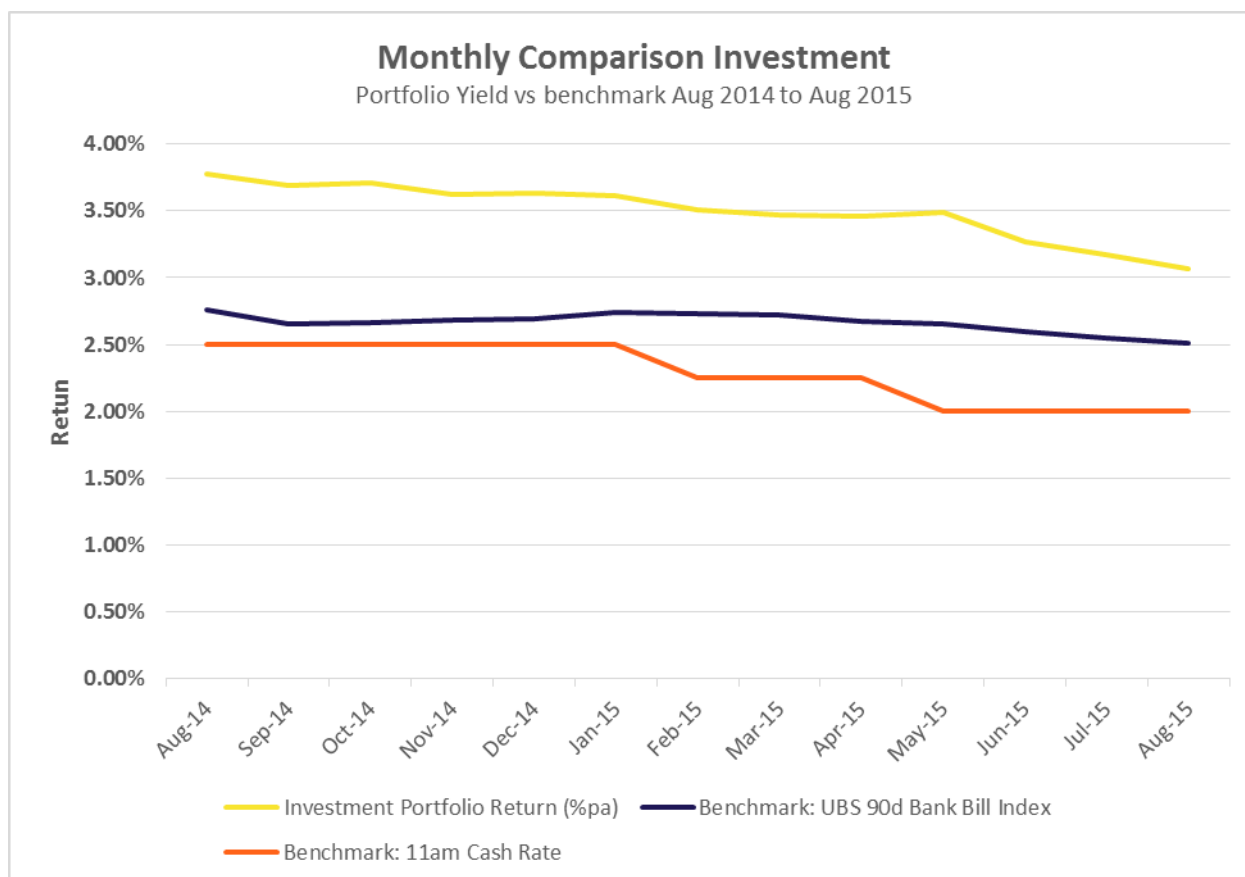
Portfolio Performance vs. 90 day Bank Bill Index over 12 month period.	✓	Council's investment performance did exceed benchmark.
Monthly Income vs. Budget	✓	Council's income from investments did exceed monthly budget.
Investment Policy Compliance		
Legislative Requirements	✓	Fully compliant
Portfolio Credit Rating Limit	✓	Fully compliant
Institutional Exposure Limits	✓	Fully compliant
Term to Maturity Limits	✓	Fully compliant

Investment Performance vs. Benchmark

	Investment Portfolio Return (%pa)*	Benchmark: UBS 90d Bank Bill Index	Benchmark: 11am Cash Rate **
1 Month	3.07%	2.51%	2.00%
3 Months	3.17%	2.55%	2.00%
6 Months	3.32%	2.62%	2.08%
FYTD	3.17%	2.55%	2.00%
12 Months	3.47%	2.65%	2.27%

* Excludes cash holdings (i.e. bank account, loan offset T/Ds, and Cash Fund)

** This benchmark relates to Cash Fund holdings

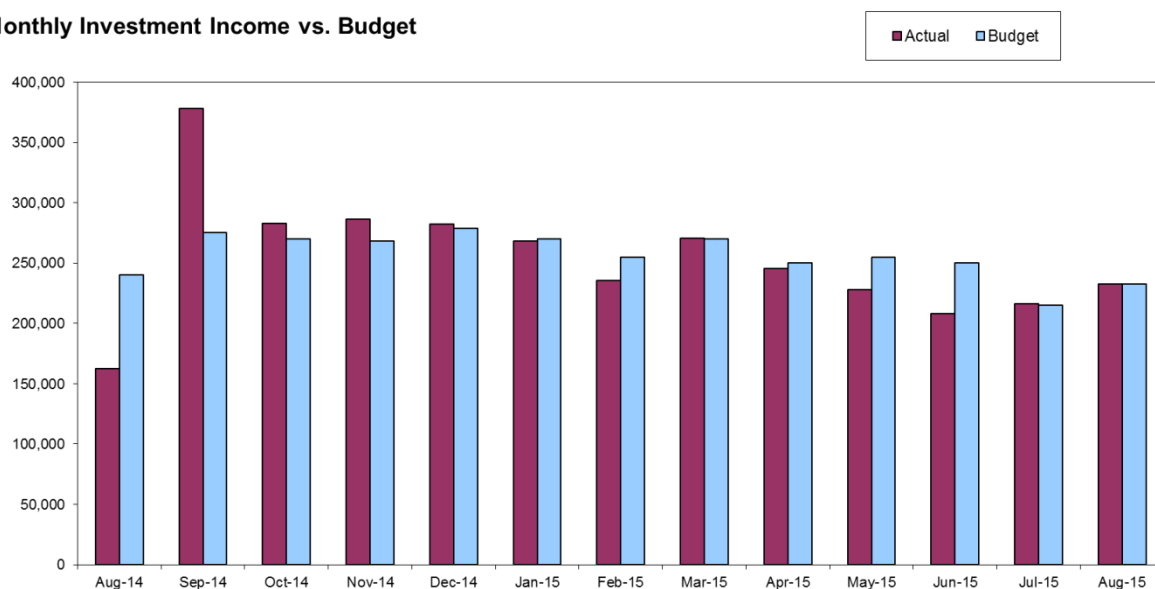


Monthly Investment Income* vs. Budget

	\$ Aug 15	\$ Year to Date
Investment Income	223,162	439,687
Adjustment for Fair Value	9,591	9,589
Total Investment Income	232,753	449,277
Budgeted Income	232,700	447,924

*Includes all cash and investment holdings

Monthly Investment Income vs. Budget



In August we have reflected a fair value increase of \$9,591 in accordance with AASB 139 Financial Instruments: Recognition and Measurement. It is Council's intention to hold these investments to maturity and as such no gain of principal will occur in these circumstances. These investments could have been classified as Held-to-maturity investments upon initial recognition under AASB 139 in which case no fair value adjustment would be required through profit or loss. When these investments reach maturity any fair value adjustment which has been taken up will be written back to the Profit and Loss Account.

Economic Notes

Global economic readings in August were mixed-strength with the two biggest economies in the world, the United States and China, showing divergent growth readings. US economic growth accelerated in quarter 2 and shows promising signs of further improvement in quarter 3, keeping alive the question of how soon the Fed may start to raise interest rates. China, in contrast continues to show signs that growth is struggling. Economic growth remains soft in many emerging economies too. Australian economic readings through August remained consistent with sub-potential economic growth. These mixed growth trends and mixed policy responses are impacting commodity prices and currencies and are promoting greater financial market volatility.

Returning to the world's biggest economy, the US seems to have taken a stronger turn through August. The second reading of quarter 2 GDP showed annualized growth at 3.7%, well up from the advance reading of 2.3% and 0.6% in quarter 1. Monthly economic readings for July and August business and consumer sentiment have also mostly taken a stronger turn, pointing to quarter 3 GDP growth coming in around 3% or better. Housing activity appears to be leading stronger US growth with July existing and new home sales up respectively 2.0% and 5.4% for the month. Homebuilders are particularly optimistic and the August National Association of Homebuilders' index rose to a 10-year high of 61. Importantly, employment continues to grow and in July non-farm payrolls rose by 215,000 keeping the unemployment rate steady at 5.3%.

The greater consistency in US growth set against signs of weakness in global growth present the Federal Reserve with a particularly difficult backdrop to its decision whether to raise rates or not when it next meets in mid-September. US growth readings taken in isolation point to a strong case for a first rate hike, but a US rate hike could compound issues promoting softness in the global economy that could rebound negatively on US growth prospects. It is a close call whether the Fed will hike in September or wait a few more months.

In China, economic readings released in August were softer than expected and implied that growth continues to slow despite the policy easing initiatives of the authorities to date. July industrial production rose by 6.0% year on year, down from 6.8% reported in June. July retail sales rose by 10.5% year on year edging down from 10.6% in June, while July urban fixed asset investment spending was up by 11.2%, slowing from 11.4% year on year. The August flash manufacturing PMI also slipped further in to contractionary territory to a 2-year low of 47.1 from 48.2 in July.

The softer run of data occurred at a time when the authorities in China were also acting to try to arrest sharp falls in China's share market and to add greater flexibility to China's exchange rate setting mechanism including a comparatively large depreciation of the Yuan against the US dollar at one stage in the month. Monetary policy was also eased for the fifth time since November 2014. All told, the combination of weaker-than-expected data and seemingly less than perfectly orchestrated policy responses added to financial market doubts about China's growth prospects.

In Europe, economic readings remained mixed-strength. The preliminary quarter 2 European GDP reading was a touch softer than expected, coming in at +0.3% quarterly and +1.2% annually and compared with +0.4% and +1.0% in quarter 1. Growth was worryingly soft in quarter 2 in the bigger European economies with German GDP up 0.4% on a quarterly basis, but Italian GDP up only 0.2% and French GDP flat. Encouragingly the revival in Spanish GDP evident in quarter 1 continued in quarter 2, up 1.0% over the quarter. During August, a bailout package was finally agreed for Greece although one cost was the resignation of the Greek Government, presenting some uncertainty as Greece goes to the polls.

In Australia, mixed growth signals persist although weak commodity prices crimping Australian national income still point to pronounced downside risks to economic growth. The strongest part of the economy remains housing activity although there are signs that housing may be topping out.

Housing finance commitments have become volatile with the number of owner-occupier commitments up 4.4% in June, but after falling by 7.3% in May. APRA's macro-prudential controls continue to show signs of limiting bank lending for investment housing with the value of new investor loans down by 0.7% in June and likely to fall further as interest rate increases delivered by several lenders in July and August take effect.

Beyond housing, retail sales were stronger than expected in June, lifting by 0.7% after an upwardly revised 0.4% increase in May. However, business investment spending remains very weak falling by a further 4.0% in real terms in quarter 2. Domestic spending in the economy appears to be growing no better than 1.0% year on year in real terms and real national disposable income growth is falling, weighed by Australia's declining terms of trade, very weak wages growth (up only 2.3% year on year in quarter 2) and struggling growth in company profits.

Despite almost certainly sub-potential Australian economic growth in quarter 2 and probably persisting for some time one important saving grace is that employment is growing sufficiently to keep the unemployment rate comparatively stable – although it did blip up to a six-month high of 6.3% in July.

Employment growth has been surprisingly strong, up 38,500 in July after rising by 7,000 in June, but weak wages growth points to changing composition in employment in favour of lower paid jobs.

The RBA left the cash rate unchanged at 2.00% at its September policy meeting and was comparatively upbeat in its assessment of the global and Australian economies in its quarterly Monetary Policy Statement. Given the potential downside risks to the global and local economy we still see the RBA delivering at least one more cash rate cut with the next one probably at its November policy meeting just ahead of its latest revisions to its economic forecasts in the November quarterly Monetary Policy Statement.

Portfolio Performance

The investment portfolio yield for August was 3.07% versus the Ausbond bank bill index return of 2.51%. The portfolio is currently outperforming the index by 82 basis points on an annual basis.



Warringah Council
Investment Strategy &
Portfolio Review
2014/15 Financial Year



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Economic Outlook

Global economic growth is struggling to gain momentum despite mostly growth accommodating policies in many countries.

U.S.

US economic growth has accelerated to 2.3% annualised pace in quarter 2 2015 from 0.6% in quarter 1 but is unlikely to grow faster in quarter 3 (consumer sentiment and confidence have both turned lower and the main concern is that the labour market may not be quite as robust as it was).



The US Fed is showing more signs that it wants to start normalising rates soon – probably starting September 17/18th meeting. This meeting also revises the Fed's economic forecasts and has a press conference with Janet Yellen after.

Most likely the Fed tightening cycle will be relatively modest and even though some Fed Governors talk of a terminal funds rate of 4.00% this seems highly unlikely and something nearer to 2.00% some time in 2017 seems nearer the mark.

At this stage the US bond market is discounting Fed comments both on how fast the Fed will raise rates and on the likely terminal rate.

Current 10-year Treasury yield at 2.18% may lift to around 3.25% if the Fed eventually lifts the funds rate to 2.00%. On a 4.00% terminal funds rate the 10-year yield could rise to 5.50% more than high enough to push the US economy in to recession – a powerful reason for the Fed not to do what it is saying it is going to do.

Just from the discussion about terminal rates above, and the uncertainty around the rate, it is clear there is still plenty of room for bond markets to become quite unsettled once the Fed starts to tighten.

The tightening phase is also likely to keep the US dollar the strongest major currency in the world, a restraint on the 40% of US company earnings generated outside the US and a headwind to the US economy.



US Annualised GDP

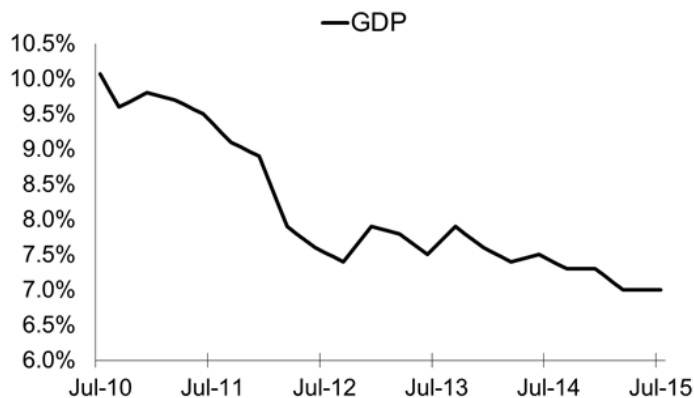


China

The second biggest economy in the world, China, is still experiencing growth slowdown.

China's annual GDP growth rate in quarter 1 and quarter 2 2015 was 7.0% year on year in both quarters although any sense of stability is misleading. The quarter 2 reading may have been boosted by spending generated by high asset prices, but share prices and house prices have fallen over recent months, sharply in the case of share prices.

Chinese Domestic Growth



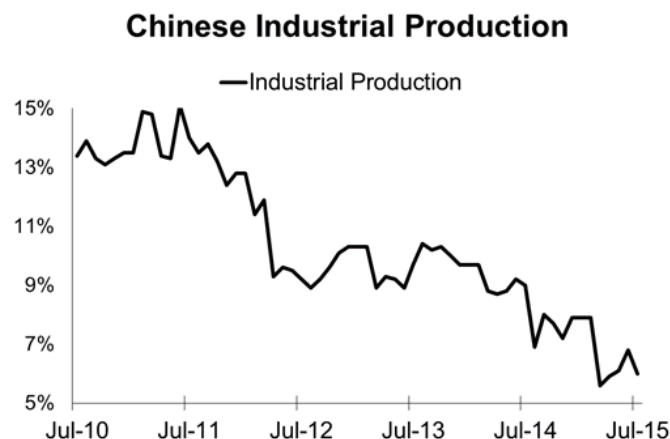
Monthly economic readings have softened over recent months notably exports, falling 8.3% year on year in July, and industrial production, up only 6.0% year on year in July and close to the weakest reading since 2008. Monthly readings are consistent with GDP growth in 5.5% to 6.5% year on year significantly lower than official GDP reading.



China is adopting many measures to boost growth including four rounds of monetary policy easing since late 2014, more spending on urban renewal projects and rail and subway transport and most recently depreciation of the Yuan.

In time, these measures may boost China's growth rate, but probably not until next year.

Japan's growth rate is again slipping and the economic reform leg of Shinzo Abe's three arrows strategy appears to be near non-existent. The BoJ will continue to pursue quantitative easing.



Europe

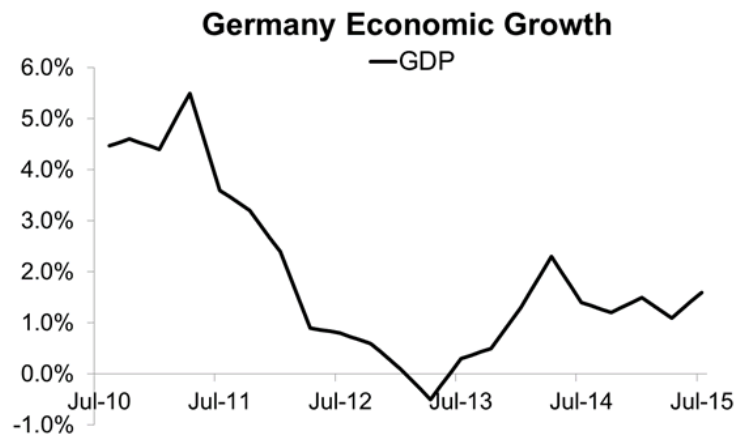
European growth disappointed in quarter 2 2015, up only 0.3% quarter on quarter, 1.2% year on year. The three biggest European economies Germany, France and Italy are all struggling with GDP growth rates between flat and 0.4% quarter on quarter in quarter 2. In contrast problem economies Greece and Spain grew respectively 0.8% and 1.0% quarter on quarter in quarter 2.

Greece is close to obtaining a third rescue package with sign off from a handful of European governments and the IMF required. The package will force even more spending cuts in Greece



shrinking the economy again while making its debt load bigger, a recipe for the crisis to flare again at some stage in the future.

The ECB will maintain very easy monetary conditions, at least the 60 billion euro of asset purchases a month promised currently and through to at least September 2016.

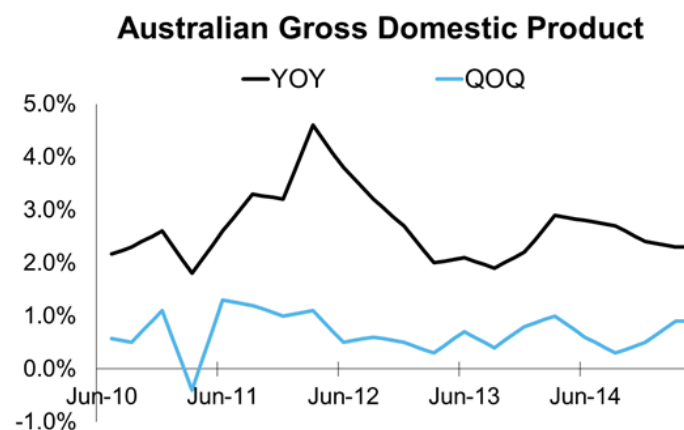


Australia

Australian GDP growth is slowing, down to 2.3% year on year in quarter 1 2015 and probably 2.2% or less in quarter 2 (data due September 2nd).

Domestic spending – consumption plus investment spending by the private and government sectors – is growing only 1.0% year on year and notwithstanding a very large contribution by spending on housing.

Rising export volumes are contributing more than half of Australian GDP growth.



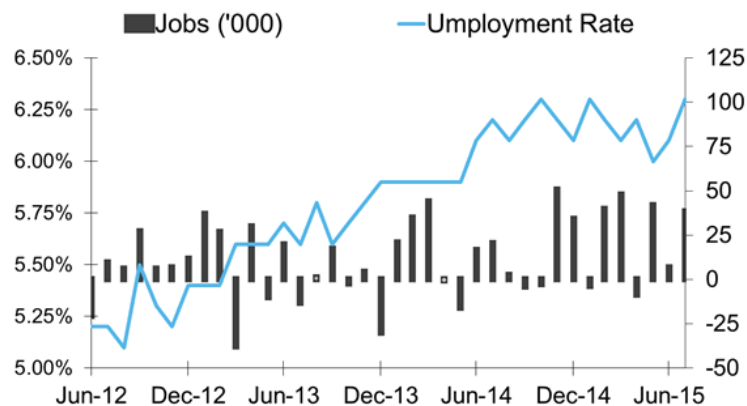
Employment growth has been surprisingly strong, although not strong enough to allow the unemployment rate to fall. The most recent reading showed the unemployment rate at a 6 month high of 6.3%. The lowest rate is 6.0% in NSW and the highest is nearly 8% in South Australia.

Wages paid in aggregate are not growing which suggest significant compositional change in the workforce with employers actively seeking cheaper labour options where possible.



Annual growth in wages per employee at 2.3% year on year is the lowest on record and still falling, good reason to expect very low inflation (1.7% year on year in quarter 2) and relatively restrained household spending to persist.

Australian Labour Force



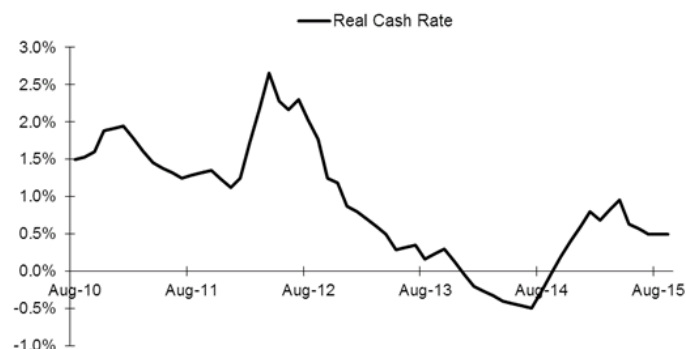
Notwithstanding pockets of strength in the Eastern States, especially NSW, the Australian economy is close to stalling speed and the probability of a recession developing in 2016 is around 25% in our opinion, the highest since the 2007 GFC.

For the time being, the RBA is taking a "glass half full" view of Australian economic prospects. Even with this view senior RBA officials have remarked that the cash rate will not be lifted from its current 2.00% for a long time.

Our view is that with the worst of the mining investment spending down turn still lying ahead; with inflation very low; and with a high risk that the strongest part of the economy – housing activity – is topping out it is highly likely that the RBA will need to cut the cash rate further.

We pencil in November as the next meeting when the RBA may cut, by 25bps to 1.75%. We do not expect the cash rate to be any higher than 2.00% until mid-2017 at earliest. This cash rate outlook is likely to anchor Australian longer term interest rates even as the US goes through a mild monetary policy tightening phase later this year and in 2016.

Australian Monetary Policy





Credit Outlook

August 2015 was a month investors would prefer to forget as markets around the globe experienced one of the biggest selloffs since the GFC - this time it was China driving the sell-off. The Chinese stock market experienced some initial volatility in May / June 2015 but this was a mild correction that had to happen following 120% rise in the Shanghai Composite Index over the past 12 months. Following this initial bout of volatility the Chinese government (through the Peoples Bank of China (PBOC)) embarked on a series of creative policy decisions to stabilise the market (and economy) that inadvertently contributed to the sell-off.

Over a period of 5 days the PBOC cut interest rates and required bank reserve ratios, introduced enormous capital and liquidity injections into banks and expanded the program that allows local governments to swap their higher cost debt for cheaper debt. While some of these measures are overdue some were completely out of the blue and caught markets off guard. The most obvious of these was the rather poor timing and communication by the PBOC of its recent decision to float the Renminbi, which triggered fears of a massive currency devaluation, and in turn resulted in massive withdrawals from Asian bond and equity funds at a time when liquidity was needed. These redemptions amplified stresses on emerging market bond markets and proved the structural issues within the Chinese financial system.

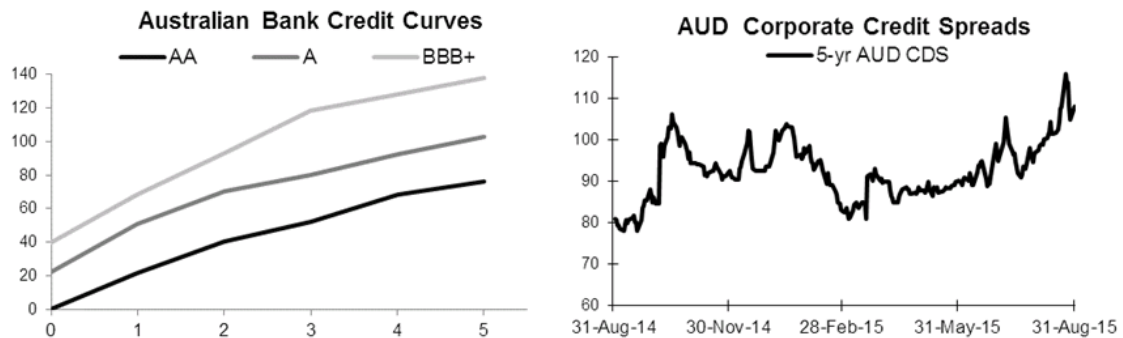
As a result valuations (across all asset classes) have become more attractive over the past month but a structural decline in China creates a whole new paradigm for investors and it will impact domestic business confidence and the economic outlook. For this reason we remain broadly neutral credit but remain open to opportunities as we expect the frequency of volatile market behaviour to increase. According to Bloomberg the Australian Itraxx index reached a 2015 peak of 116bps (on Monday) before retracing back to ~108bps where it remains at month-end. This deterioration can be partly attributed to fundamental deterioration in the index constituents (i.e. Woolworths and commodity-linked issuers) but the primary driver of performance was an increase in systemic risk as a result of broad market volatility. However, because of the broad market flight to quality short and medium term bank paper remained fairly stable.

Reporting season effectively came to a close this week with the key themes being constrained revenue growth, strength in companies connected to home building and solid growth in dividends. As expected this reporting season was more about raising common equity capital for the major banks rather than dissecting earnings quality. All majors (except Westpac) have now raised new common equity capital effectively to shore up their capital positions post the announcement of an increase in minimum average mortgage risk weights. All banks reported an increase in capital levels and we expect this to continue following the Basel 4 announcement in the New Year. Not great for equity but a positive for bondholders. Although capital was the focus of results there was a subtle undertone of deteriorating asset quality (all banks including Genworth) at a time when provisions are very low relative to historical averages.

The collapse of commodity prices saw the miners struggle with revenue and cash flow under severe pressure (surprising no one) in the last reporting period. Cost control continues to be the focus with both RIO and BHP reporting lower cash costs per unit. Capital expenditure has also reduced significantly and the outlook is for further cuts as they look to control what they can in order to please the rating agencies and shareholders (dividend demands). On the flip side Qantas is benefitting from a restructure designed to make the airline cash positive at oil prices above USD100/barrel. Given the current oil price Qantas have seen a significant turnaround in profit and cash flow while the large swings in the oil price are affecting the validity of large-scale LNG projects in Australia. Capital expenditure on these projects has been draining free cash flow and as a result consolidated debt metrics have deteriorated over the past few years.



Credit Charts



Regulatory Change and Fallout

The Basel III banking regulatory framework came into full effect on January 1 2015. This had several impacts.

Firstly, it is now almost impossible to break a term deposit should Council's cash flows require early access to investment funds. APRA is forcing ADIs to stick to their contracted maturity profiles of their term deposit portfolios. This is due to the fact that banks must now hold a higher level of liquidity against at call funds. In the past, ADIs would regularly break term deposits effectively making them "at call" to investors, albeit with a small interest penalty. APRA have stated that if ADIs continue with this practice then all term deposits will be considered "at call" and the liquidity that the ADI is required to hold against these deposits will increase significantly.

Terms and conditions of most term deposits now clearly state that early access to funds is not available except in extreme personnel hardship circumstances.

We have also seen an introduction of 31 day notice accounts. Any funds that have a maturity date of 30 days or less are now treated as "at call" by the regulator, again increasing the level of required liquidity. Higher levels of regulatory liquidity comes at a cost to ADIs and the large banks in particular pay close attention to running the lowest levels of liquidity that they can while maintaining prudential cover.

For the first time, APRA have also introduced a definition of a "retail customer". A retail customer is now defined as a "natural person" in the regulatory standards and all other deposits are considered wholesale. Historically, ADIs have offered "retail rates" to a range of corporate clients including local councils. Over the course of the year ADIs have gradually lowered the margin that they are paying on term deposits to wholesale customers. This has resulted in a deterioration of the margin that Council has been able to earn over the benchmark bank bill rate.

Going forward, we expect this trend to continue, however the major banks are taking a more aggressive approach on the reading of regulations and their complex liquidity models allows them to continue to offer good term deposits rates. In many cases the major banks offer rates higher than those on offer by the smaller, lower rated ADIs. This is particularly the case for terms exceeding six months.

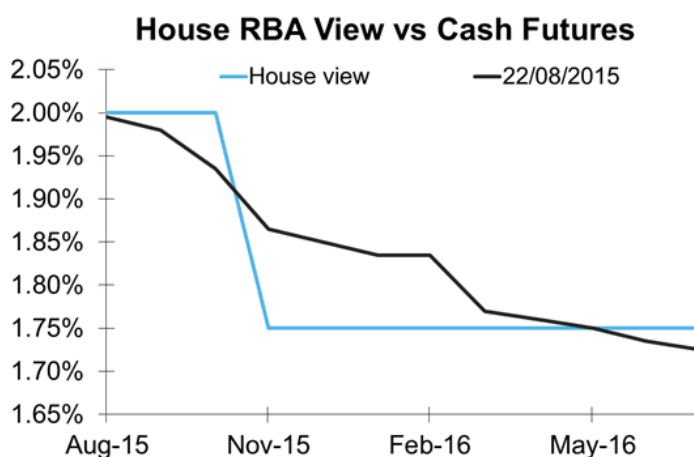


Interest Rate Environment

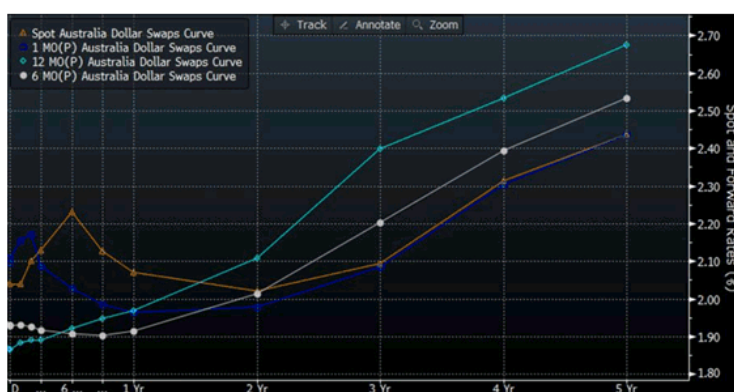
The RBA left the cash rate unchanged at 2.00% at its August policy meeting and was comparatively upbeat in its assessment of the global and Australian economies in its quarterly Monetary Policy Statement. Given the potential downside risks to the global and local economy we still see the RBA delivering at least one more cash rate cut with the next one probably at its November policy meeting just ahead of its latest revisions to its economic forecasts in the November quarterly Monetary Policy Statement.

In the absence of another interest rate cut we will still be faced with a prolonged period of very low interest rates. The cash rate is forecast to be at 2.00% or lower through until 2017.

The chart below shows Laminar Capital's view on the official cash rate plotted against the futures market curve for the cash rate. As can be seen, the market is moving to Laminar's view that there is a possibility of a further cut in interest rates in the near future.



Forward Yield Curve



The forward interest rate curve indicates the markets view of where interest rates will be in the future. The red line in the chart above plots interest rates from 1 day to 5 years. The blue, white and green lines represent the interest rate curve in 1, 6 and 12 months' time respectively.



As can be seen, the market is expecting short term rates to be lower in the future while longer term interest rates move higher. This steepening of the yield curve generally happens at the bottom of an interest rate cycle when the market determines that rates will move higher in the future.

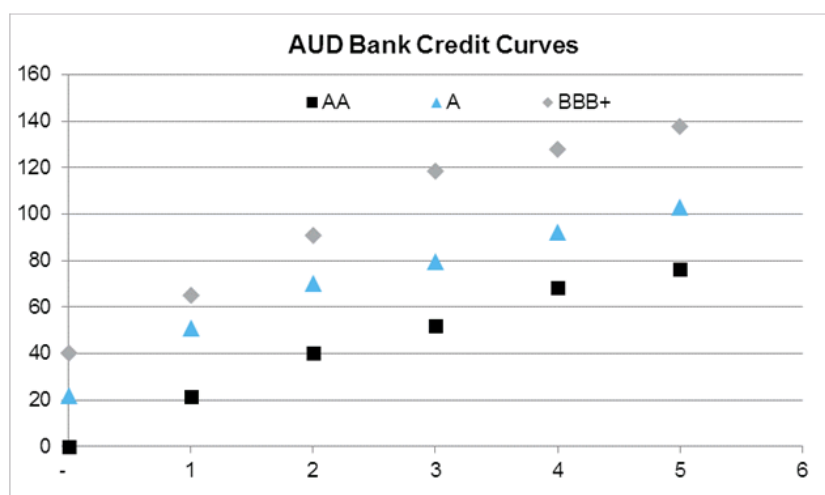
Forward Rates and Impact on Investment Strategy

Given interest rates are forecast to move lower and stay low for a lengthy period of time, our recommendations include looking at fixed rate investment opportunities out to 18 months. Beyond this investment horizon we recommend investing in floating rate investments where the interest rate resets regularly over the benchmark 90 day bank bill rate.

Issuer Credit Curves

The chart below shows the issuer curves across 3 ratings groups, AA representing the major banks, A representing the super regionals and BBB representing the smaller regionals and mutual ADIs.

As can be seen from the chart, margins in the order of 140 basis points over BBSW are available for the longer term from BBB issuers (Newcastle Permanent 07 April 2020 FRN is trading at BBSW + 132 basis points) while major bank FRN's are trading circa 82 basis points over BBSW.



Investment Portfolio Vs Policy Limits

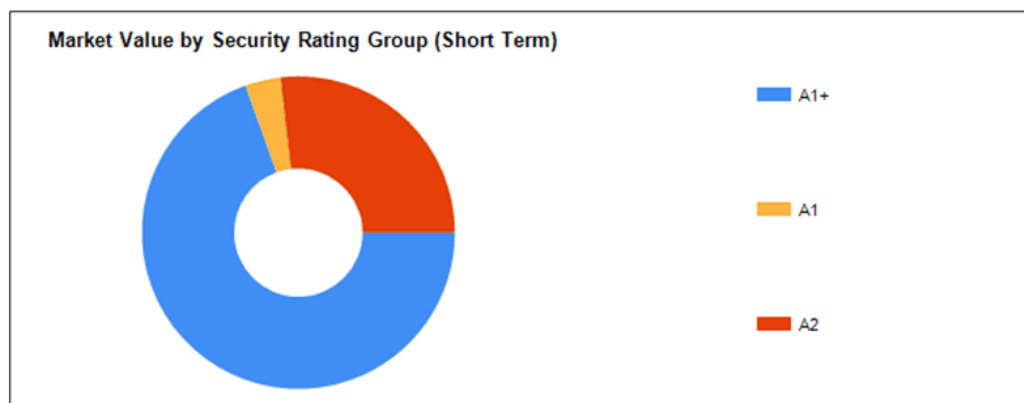
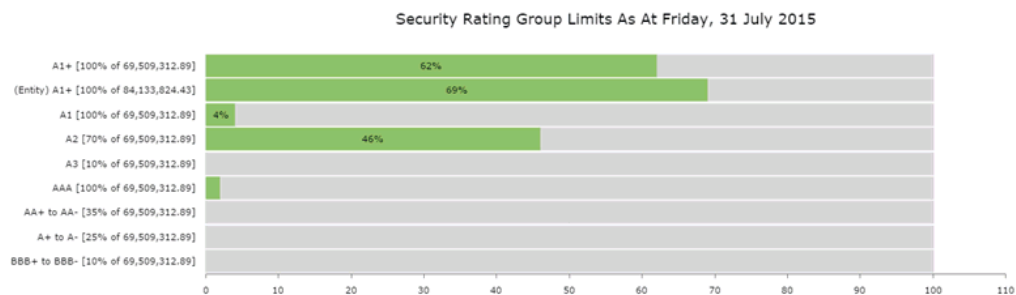
The following tables summarise Council's Investment Portfolio as at the end of July 2015. All categories are in compliance with Council's investment policy limits.



Credit Profile

The tables below show the credit quality of the portfolio as represented by credit rating Inclusive of Kimbriki)

- Overall, the portfolio remains conservatively positioned with 69% of the portfolio invested in A1+ rated investments
- 46% of the portfolio is invested with A2 rated entities. These ADIs are the regional banks and credit unions that typically pay a higher rate of return on shorter term investments.



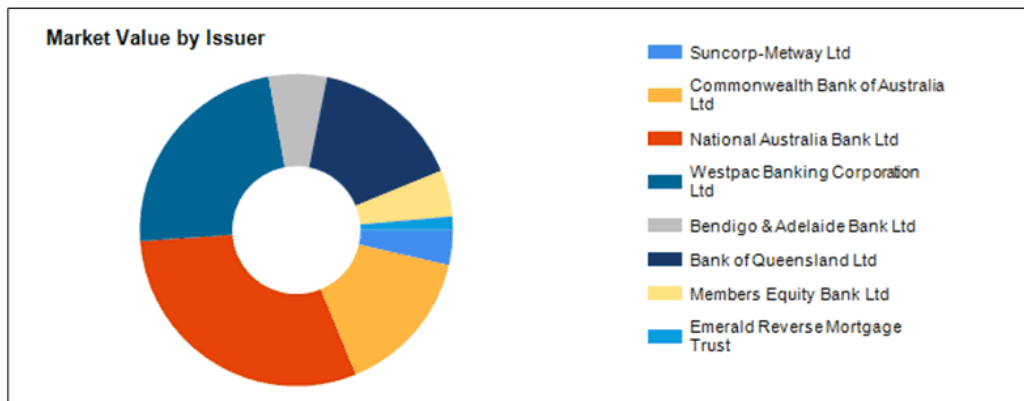
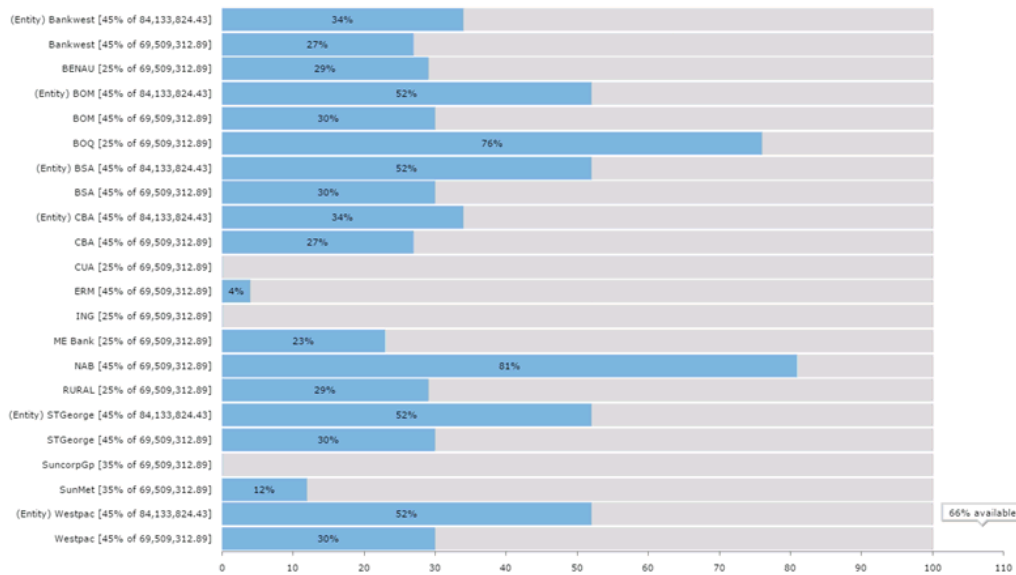
Short Term Security Rating Group	Market Value	% Total Value	Long Term Security Rating Group	Market Value	% Total Value
A1+	56,989,788.80	68.53%	AAA	1,157,905.24	1.40%
A1	3,000,000.00	3.61%	Portfolio Total	1,157,905.24	1.40%
A2	22,000,000.00	26.46%			
Portfolio Total	81,989,788.80	98.60%			

Individual Institution Limits

- 99% of the portfolio is invested in term deposits/cash across a range of well rated ADIs.
- 69% of the portfolio invested with three of the four major banks.
- Council continues to take advantage of the best term deposit rates on offer from a selection of well rated and secure ADIs.



Issuer Limits As At Friday, 31 July 2015



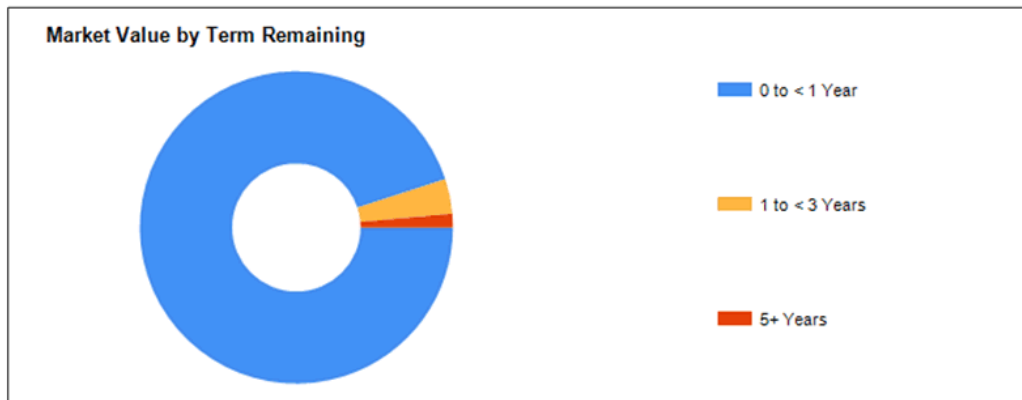
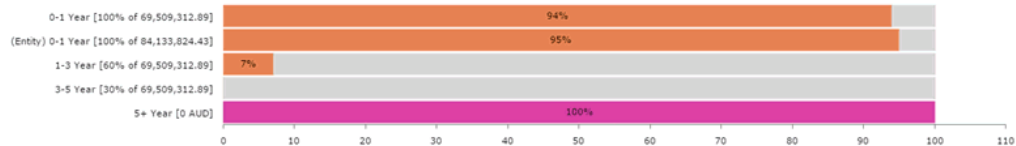
Issuer	Market Value	% Total Value
Bank of Queensland Ltd	13,000,000.00	15.63%
Bendigo & Adelaide Bank Ltd	5,000,000.00	6.01%
Commonwealth Bank of Australia Ltd	12,637,073.39	15.20%
Emerald Reverse Mortgage Trust	1,157,905.24	1.40%
Members Equity Bank Ltd	4,000,000.00	4.81%
National Australia Bank Ltd	25,000,000.00	30.06%
Suncorp-Metway Ltd	3,000,000.00	3.61%
Westpac Banking Corporation Ltd	19,352,715.41	23.27%
Portfolio Total	83,147,694.04	100.00%



Term to Maturity limits

- 95% of the portfolio is invested with a term to maturity of less than 1 year.
- This is conservative by peer standards.
- Council has limits to invest longer and take advantage of some higher returns however this is subject to the Council's cash flow requirements.

Term Group Limits As At Friday, 31 July 2015

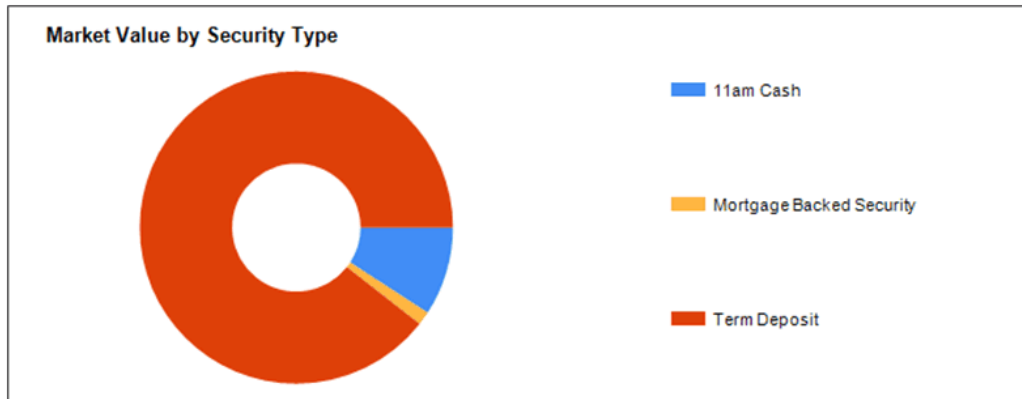


Term Remaining	Market Value	% Total Value
0 to < 1 Year	78,989,788.80	94.99%
1 to < 3 Years	3,000,000.00	3.61%
5+ Years	1,157,905.24	1.40%
Portfolio Total	83,147,394.04	100.00%



Security Types

- 99% of the portfolio is invested in cash or term deposits.
- While this is a conservative approach, Council may wish to investigate alternate investment types such a floating rate notes issued by the same banks that issue term deposits.
- This recommendation is made given the change in liquidity of term deposits, that is, it is now very difficult to break a term deposit early in the cash of a cash flow shortfall.



Security Type	Market Value	% Total Value
11am Cash	7,637,073.39	9.18%
Mortgage Backed Security	1,157,905.24	1.40%
Term Deposit	74,352,715.41	89.41%
Portfolio Total	83,147,694.04	100.00%



Investment Strategy Recommendations

Council's investment portfolio continues to be conservatively managed with 95% of the portfolio less than one year to maturity and 69% of the portfolio invested with three of the four major banks.

While the introduction of the Basel III banking regulations have seen a decrease in term deposit margins, the major banks still offer attractive rates on longer term specials.

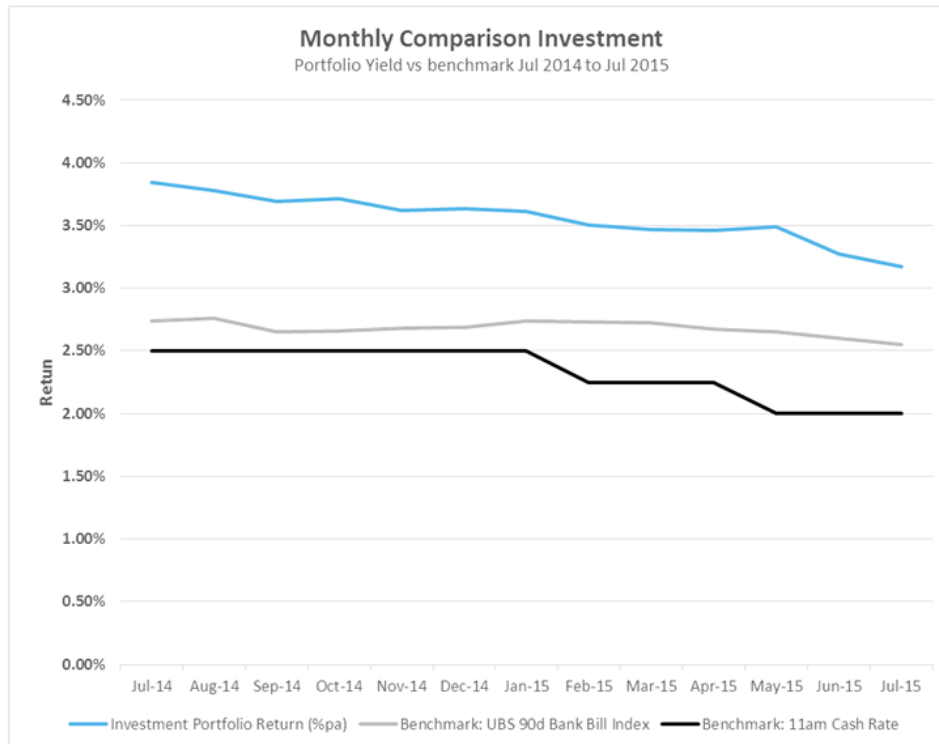
Going forward, our recommendations are as follows

- Continue to take advantage of aggressive major bank term deposits rates to maintain the credit quality of the portfolio
- Ensure term deposit maturities occur on a regular cycle given the illiquidity of term deposits under current banking regulations.
- If Council cash flows allow consider investing in longer term floating rate term deposits. Floating rate term deposits reset their interest rate every 90 days at a set margin over the 90 day bank bill rate. These type of investments add no additional interest rate risk into the portfolio given the regular interest payments reset over the prevailing interest rate. They do have the ability to add additional income into the portfolio by offering a higher interest rate margin than that offered on shorter term deposits.
- Where cash flow and opportunity permits, fixed rate investments should be considered out to 18 months
- Continue to look for opportunities from the regional ADIs at times when their interest rates on offer exceed those available from the major banks.
- Council should consider investing in tradable securities, i.e. Floating Rate Notes, issued by the same banks as the council is investing term deposits with. This would help increase liquidity of the portfolio without adding any additional credit risk or interest rate risk.
- In the absence of tradable securities, the current strategy of investing shorter with the lower rated institutions and longer with the higher rated institutions should continue. Many of the regional banks and credit unions are paying higher rates in the short term part of the curve, i.e. less than 90 days while the major banks have been very competitive for terms greater than 6 months.

Council's investment portfolio is prudently managed and consists of assets appropriate for a local government entity and fully comply with legislation and Investment Policy limits.



Portfolio Return



- The portfolio continues to earn a margin above the benchmark of 62 basis points.
- This is down from 110 basis points over the bench mark return of 12 months ago as term deposit margins offered to wholesale investors continue to fall.
- This narrowing of margins could be offset by allocating a small portion of the portfolio to longer dated FRN or floating rate deposits where margins of BBSW + 105 basis points are available.

Investment Portfolio Overview

As of 31 July 2015, all of the holdings in the investment portfolio are considered to be very sound with little threat of capital loss.



Appendix A - NSW Eligible Investments

There has been no change to the list of eligible investment under the Ministers Guidelines. Updated definitions in eligible investments are listed below.

Definitions of Eligible ADI Investments:

11am call deposits: Cash invested on an overnight basis with an Australian Authorised Deposit-taking Institution (ADI). Funds can be recalled or re-invested prior to the bank's Real Time Gross Settlement cut-off each day.

Benefits

- 11am account provides a quick and easy investment solution for current balances that are not being used otherwise.

Major Risks / Disadvantages

- Potentially a lower return investment product.
- Credit risk is a function of the creditworthiness of the issuer.

Covered Bonds: interest bearing senior ranking debt obligations of an Authorised Deposit-taking Institution (ADI) which have specific bank assets, i.e. loans, backing the bond. Covered bonds are market traded securities. They can be either fixed rate or floating rate interest bearing and typically are issued with 5+ year maturities. In the case of a bank failure, holders of covered bonds rank ahead of depositors and unsecured senior bond holders having first recourse to the underlying pool of assets backing the bond. If the pool's assets are not sufficient to meet the covered bond's obligations, holders then have recourse to the bank's total assets equal to other senior unsecured bondholders.

Benefits

- Highest ranking securities within a bank's capital structure.
- Securities are liquid allowing them to be sold on the secondary market.
- Fixed rate: Future coupons are known which helps with cash flow forecasting.
- Floating rate: Coupons move with the market, allowing for investor participation when interest rates increase.

Major Risks / Disadvantages

- Credit risk is a function of the creditworthiness of the issuer/underlying assets.
- Fixed rate: interest rate risk applies in that a pre-determined coupon rate is locked in.
- Floating rate: coupons move with the market, allowing for reduced earning capacity when interest rates decrease.

While covered bonds rank the highest in the capital structure of the issuing ADI, these securities offer much lower returns. Current covered bonds on issue from the major banks are paying circa 25-35 basis points over the benchmark bank bill rate points for 2.5 year bonds. Given we are unlikely to see a default of an APRA regulated ADI, there are much better returns on offer.

Term deposits: interest bearing deposit held at an ADI for a specific contracted period. Term deposits are not tradeable in the market. They typically have a fixed rate for their life, but floating rate term deposits are also available. Prior to the introduction of Covered Bonds into the Australian market, in early 2012, term deposits ranked at the top of a ADIs capital structure.

Benefits

- Term deposits are considered to be a relatively low-risk investment.
- As these funds are not callable prior to maturity, banks generally offer a return premium.
- This type of investment allows investors to match cash flow requirements.



- The return is known.

Major Risks/ Disadvantages

- Term deposits are now virtually illiquid and an ADI will only break a term deposit in extreme circumstances.
- Interest Rate risk applies in that the rate of return is fixed.
- Credit risk is a function of the creditworthiness of the ADI.
- Counterparty/credit risk increases if invested with unrated/low rated financial institutions.

While term deposits continue to pay a rate above the benchmark bank bill rate, this margin has deteriorated quite significantly after the introduction of the Basel III banking regulations as adopted by APRA. For the first time in a number of years it is now possible to get better returns by investing in other eligible investment types.

Bank Bills and Negotiable Certificates of Deposits (NCDs): are similar types of interest bearing securities issued/accepted by ADIs, typically short dated. Unlike term deposits, these are tradeable in the market prior to maturity.

Benefits

- Counterparty party risk is partially mitigated by the accepting/issuing bank, which is typically a bank with very high credit rating.
- The return on the bank Bill and NCD is known if held until maturity.
- Bank bills and NCDs are liquid and can be traded on the secondary market.

Major Risks / Disadvantages

- Being a lower risk investment option, Bank Bills/NCDs provide a lower return.
- Interest Rate risk is present in that the rate is locked in for a fixed term.
- Credit risk is a function of the creditworthiness of the accepting/issuing bank.

NCD's provide greater flexibility than term deposits given the ability to trade, or sell, these securities, the rates currently on offer is less than those available on term deposits. They may become an option if term deposits and NCD's are issued at the same rate at some point in the future.

Senior Debt Bonds: interest bearing securities which are senior debt obligations of the issuing ADI. Senior bonds are tradeable in the market. They can be either fixed rate or floating rate interest bearing and are typically issued with 3+ year maturities. Interest is paid at scheduled intervals based on the face value of the bond with repayment of capital paid upon maturity. In the case of a bank failure, senior bond holders rank above subordinated debt holders and shareholders but below covered bond holders and depositors.

Benefits

- High ranking securities within a bank's capital structure.
- Securities are liquid allowing them to be sold on the secondary market.
- Fixed rate: Future coupons are known which helps with cash flow forecasting.
- Floating rate: Coupons move with the market, allowing for investor participation when interest rates increase.

Major Risks / Disadvantages

- Credit risk is a function of the creditworthiness of the issuer/underlying assets.
- Interest rate risk applies in that a pre-determined coupon rate is locked in.



- Fixed rate: interest rate risk applies in that a pre-determined coupon rate is locked in.
- Floating rate: coupons move with the market, allowing for reduced earning capacity when interest rates decrease.

Senior bonds, and in particular floating rate notes, now offer good value and in many cases, the rates of return available are now better than term deposits. FRN's are available for regions banks at a margin of BBSW + 110 basis points for 2.5 years and BBSW + 85 for major bank 5 year securities. As mentioned, these securities have a significant liquidity advantage over term deposits in that they are tradable in the secondary market.

Other NSW Local Government Eligible Investments (Non-ADI) being actively monitored:

Commonwealth/State/Territory Government securities e.g. bonds:-

These are interest paying securities which are issued by one of the above Australian government bodies and are guaranteed by that issuer. As such, these securities carry the same credit rating as the issuing government body.

Benefits

- Among the most secure investments available to Australian investors.
- Future coupons are known which helps with cash flow forecasting.

Major Risks / Disadvantages

- Typically much lower yielding than other investment options due to low investment risk of issuer.
- Interest rate risk applies in that a pre-determined coupon rate is locked in.

Investment returns on government securities are significantly below rates available for the banks. This market is continually monitored however as in an extreme crisis, government issued securities may become more appropriate for the Councils investment portfolio.

Deposits with NSW Treasury &/or Investments in NSW Treasury Corporation's Hour Glass Facility:-

The NSW Treasury Corporation Hour Glass Facility comprises a number of pooled managed funds options each set up as a unit trust. The current cash and fixed income only options available through the Hour Glass facilities are the Cash Facility and the Strategic Cash Facility.

The Cash Facility provides the more transactional type option and is designed for investments ranging from overnight to 1.5 years, whilst the Strategic Cash Facility is designed for investments ranging from 1.5 years out to 3 years.

Both investments will pay back the balance of the investment generally within 24 to 72 hours.

Benefits

- Investments are pooled and as such a much more diversified pool of underlying investment is possible over investing in securities directly – particularly for small investment amounts.
- A broader investment pool usually allows for a smoothing of any volatility in the underlying investments.

Major Risks/Disadvantages

- As a unit trust, investment in the Hour Glass Facilities are not deposits or liabilities of NSW T-Corp.



- The Hour Glass Facilities are subject to market and liquidity risk associated with their underlying securities.
- Usually an additional layer of fees is incurred via a managed fund to pay for fund manager costs.

While these funds offer the advantage of liquidity, the current rates of return of the funds with equivalent investment types are below that available to the Council by investing directly.



Appendix B - Ratings List

Issuer	Short Term	Long Term	CreditWatch/Outlook	Last updated
AMP Bank Ltd.	A1	A+	Stable	06-Jun-13
Arab Bank Australia Ltd.	B	BB+	Stable	14-Nov-14
Australia and New Zealand Banking Group Ltd.	A1+	AA-	Stable	01-Nov-11
Australian Central Credit Union Ltd	A2	BBB+	Stable	15-Jun-12
Auswide Bank Ltd.	A2	BBB	Stable	03-Jun-15
Bank of China Ltd	A1	A	Stable	30-Nov-11
Bank of Queensland Ltd.	A2	A-	Stable	04-Sep-13
Bendigo and Adelaide Bank Ltd.	A2	A-	Stable	06-Dec-11
Big Sky Building Society Ltd.	A2	BBB	Stable	15-Jul-15
China Construction bank Corp.	A1	A	Stable	30-Nov-11
Citigroup Pty Ltd.	A2	A-	Positive	24-Jul-15
Commonwealth Bank of Australia	A1+	AA-	Stable	01-Dec-11
Community CPS Australia Ltd.	A2	BBB+	Stable	05-Aug-13
Credit Agricole CIB Australia Ltd.	A1	A	Negative	26-Oct-12
Credit Union Australia Ltd.	A2	BB+	Stable	19-Oct-12
Cuscal Ltd.	A1	A+	Stable	13-Dec-11
Defence Bank Ltd.	A2	BBB+	Stable	22-Apr-13
Greater Building Society Ltd.	A2	BBB	Positive	05-Dec-13
HSBC Bank Australia Ltd.	A1	A+	Stable	30-Jul-13
IMB Ltd.	A2	BBB+	Stable	24-Nov-14
ING Bank (Australia) Ltd.	A2	A-	Stable	14-Feb-14
Macquarie Bank Ltd.	A1	A	Stable	17-Feb-10
mecu Ltd.	A2	BBB+	Stable	09-Jul-10
Mega International Commercial Bank Co Ltd	A1	A	Stable	01-Oct-09
Members Equity Bank Ltd.	A2	BBB+	Stable	10-Oct-13
MyState Bank Ltd.	A2	BBB	Stable	20-Dec-11
National Australia Bank Ltd.	A1+	AA-	Stable	01-Dec-11
Newcastle Permanent Building Society Ltd.	A2	BBB+	Stable	14-Nov-15
Police & Nurses Ltd.	A2	BBB	Stable	01-Sep-14
Police Bank Ltd.	A2	BBB+	Stable	02-Feb-12
Qantas Staff Credit Union Ltd.	A2	BBB	Stable	01-Aug-12
QT Mutual Bank Ltd.	A2	BBB+	Stable	06-Jul-12
Queensland Police Credit Union Ltd.	A2	BBB	Stable	06-May-15
Rural Bank Ltd.	A2	A-	Stable	06-Dec-11
SGE Mutual Ltd.	A2	BBB	Stable	07-May-15
Suncorp-Metway Ltd.	A1	A+	Stable	01-Oct-10
Teachers Mutual Bank Ltd.	A2	BBB+	Stable	04-Aug-10
The Rock Building Society Ltd.	A2	BBB	Stable	03-Dec-13
Westpac Banking Corp.	A1+	AA-	Stable	01-Dec-11



Appendix C - Standard & Poor's Credit Ratings Descriptions

Credit Ratings

Standard & Poor's (SP) is a professional organisation that provides analytical services. An S&P rating is an opinion of the general creditworthiness of an obligor with respect to particular debt security or other financial obligation – based on relevant risk factors.

Credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment.
- Nature and provisions for the obligation.
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganisation or other laws affecting creditors' rights.

The issue rating definitions are expressed in terms of default risk.

Short Term Obligation Ratings:

A-1

This is the highest short-term category used by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2

A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3

A short-term obligation rated A-3 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Long-Term Ratings:

AAA

An obligation/obligor rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation/obligor rated AA differs from the highest rated obligations only in a small degree. The obligor's capacity to meet its financial commitment on the obligations is very strong.

A

An obligation/obligor rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations/obligor in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation/obligor rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to the obligor to meet its financial commitment on the obligation.

Plus (+) or Minus (-)



The ratings from “AA” to “CCC” may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

CreditWatch

Highlights an emerging situation, which may materially affect the profile of a rated corporation and can be designed as positive, developing or negative. Following a full review the rating may either be affirmed or changed in the direction indication.

Rating Outlook

Assesses the potential direction of an issuer’s long-term debt rating over the intermediate-to-long term. Consideration is given to possible changes in the economic and /or fundamental business conditions. An outlook is not necessarily precursor of a ratings change or future CreditWatch action. A “Rating Outlook – Positive” indicates that rating may be raised. “Negative” means a rating may be lowered. “Stable” indicates that ratings are not likely to change. “Developing” means ratings may be raised or lowered.

S&P Ratings Correlations

The standard correlation of short-term ratings with long-term ratings is shown below.

Short term ratings	Long term ratings
A1+	AAA
	AA+
	AA
	AA-
A1	A+
	A
	A-
A2	BBB+
	BBB
	BBB-
A3	BBB-
Unrated	Unrated





Appendix D - Overview of the “Emerald II Reverse Mortgage Series
2006-1 Trust



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Warringah Council Policy

Policy No. PL520 Engagement

Community Engagement Policy

2015/224830

1. Purpose of Policy

To set the framework for all community engagement activities conducted by Warringah Council as part of Council's decision making processes.

2. Policy Statement

Warringah Council recognises that community engagement and participation processes are a vital part of local democracy. Effective engagement is good business practice and critical to good government. For this reason Council is committed to engaging with the Warringah community.

Community engagement is about involving the community in decisions which affect them. It is critical in the successful development and implementation of acceptable policies and decisions and for improving services by being responsive to the needs of the community. It involves seeking broad informed agreement and the best possible solution for Council and the community however it does not necessarily mean achieving consensus.

3. Objectives

- That the Warringah community is well informed about issues, strategies or plans that may directly or indirectly affect them.
- That the people of Warringah have the opportunity for genuine involvement in Council's decision-making and policy development.
- To seek the views of a wide cross-section of the community, selecting engagement methods that are flexible, inclusive and appropriate to those being engaged.
- That members of the community with the opportunity to hear each other's opinions and to recommend appropriate solutions to community issues.
- That Council is meeting its legislative requirements regarding community consultation in all areas of its service delivery.

4. Scope

This policy applies to all facets of Council's operations including corporate, strategic land use, financial planning and Council's day to day business activities.

It defines the principles underpinning Council's engagement activities, the role of councillors and staff in engaging with the community and the methods which Council will use to engage with the community.

Community engagement guidelines for private development are outlined in the Warringah Development Control Plan and Environmental Planning and Assessment Act 1979.

The policy recognises that there is diversity in the activities and projects across Council and the type of engagement undertaken should vary accordingly.



Policy No.

Both 'consultation' and 'community engagement' are terms used by practitioners and in literature. However in this model of community engagement, consultation is one of the levels of engagement (as per the IAP2 spectrum below).

Council's approach to community engagement is based on the spectrum of engagement activities as advocated by the International Association for Public Participation (IAP2). The five levels of engagement are shown on the table below:

IAP2 PUBLIC PARTICIPATION SPECTRUM

INCREASING LEVEL OF PUBLIC IMPACT				
INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Public Participation Goal:	Public Participation Goal:	Public Participation Goal:	Public Participation Goal:	Public Participation Goal:
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.

It should be noted that the 'empower' level on the spectrum has limited application in Local Government as the elected Council are the decision making body. However there may be occasions where non-financial empowerment may occur.

5. Community Engagement – Key Considerations

- 5.1. The Warringah Community Engagement Framework consists of this Community Engagement Policy and the supporting documents: Community Engagement Matrix and the Community Engagement Toolkit.
- 5.2. We will endeavour to ensure that its engagement processes are appropriate, accessible, well-planned and adequately resourced.
- 5.3. All community engagement activity is to be undertaken in accordance with the principles of engagement (detailed in Community Engagement Matrix). In summary the five principle headings are:
 1. Being open and inclusive
 2. Create mutual trust and respect and be accountable
 3. Engage early and be clear
 4. Consideration and feedback
 5. Skills and resources
- 5.4. It should be noted that Council's Committee Framework forms a key part of the overall engagement framework and is included as one of the engagement methods.
- 5.5. The level of community engagement undertaken relates directly to the level of community involvement required, and should always be appropriate to the nature, complexity and impact of the issue, plan or strategy
- 5.6. Statutory requirements are a minimum and this policy encourages Council to engage the community in addition to statutory requirements providing that any legal timeframes are met.



Policy No.

- 5.7. We will ensure that the Councillors are informed of community engagement activities relating to high impact projects, staff will advise Councillors of these activities prior to occurring.
- 5.8. The timing of community engagement activities should take into account key dates notably the Christmas and New Year period, and also considering other school holidays and special events to ensure that maximum opportunity is given to encourage community input.
- 5.9. For high impact projects or issues that affect the whole of Warringah (eg Warringah wide Local Environment Plan, Community Strategic Plan, Housing Strategy etc) consider holding engagement activities at sites across the LGA.
- 5.10. In circumstances where the level of involvement requires members of the public to make submissions to Council, content received may be regarded as public and available for general access.
- 5.11. Prior to any decision Council will ensure that it is well informed of the benefits of alternative decisions on matters before them, including accurate reporting of community comments and recommendations that reflect all sides of the argument.

6. Development on Council Land - Special Consultation Requirements

Council acknowledges that when undertaking high impact development on Council owned and managed land, a community engagement process consistent with the engagement framework will be undertaken in addition to the statutory requirements. This includes early input at the concept design stage. (Refer to Matrix for more information).

7. Authorisation

This policy was adopted by Council on 8 February 2011.

It is effective from 9 February 2011.

Due for review February 2015.

Reviewed September 2015

8. Amendments

The original Consultation Policy was adopted by Council on 22 August 2000

The policy was reviewed and amended in May 2005

The policy was reviewed and amended in February 2011 – Title amended to “Community Engagement Policy”

Reviewed in 2011 and changes made to the Matrix Attachment.

Draft amendments proposed 22 September 2015.

9. Who is responsible for implementing this policy?

Managers and Project Managers across all sections of Council

10. Document owner

Deputy General Manager Community



Policy No.

11. Legislation and references

Local Government Act 1993 to ensure that community input is a part of the decision making process

International Association for Public Participation (IAP2)

12. Related Council Documents

Community Engagement Matrix

Community Engagement Toolkit

13. Definitions

Key Term / Acronym	Definition
Community	Includes all the people who live, work, study, own property, conduct private or government business, visit or use the services, facilities and public spaces and places of the Warringah area. The community can be referred to as stakeholders or comprise of stakeholders.
Engagement	A broader term which includes all levels of participation for including the community in decision making. Consultation is one level of engagement.
Consultation	Is a process of community engagement that seeks to inform the community or draw out the views and preferences of the community. These views are used to inform decision makers and should provide a guide to decision making
Communication	Generally refers to the exchange of information from Council to the community, and can also include the exchange of information or views from the community to Council
IAP2	International Association of Public Participation (www.iap2.org.au)
Submission	A submission is a formal response to a public document made during the public exhibition period.
Comment	A comment is a response received during early engagement or consultation that is not part of a formal Public Exhibition endorsed by Council
Committee Framework	The Committee Framework includes Strategic Reference Groups and other committees run by Council.



Warringah Council Policy

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Community Engagement Policy

2015/224830

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Community engagement is about involving the community in decisions which affect them. It is critical in the successful development and implementation of acceptable policies and decisions and for improving services by being responsive to the needs of the community. It involves seeking broad informed agreement and the best possible solution for Council and the community however it does not necessarily mean achieving consensus.

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- That the Warringah community is well informed about issues, strategies or plans that may directly or indirectly affect them.
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- To seek the views of a wide cross-section of the community, selecting engagement methods that are flexible, inclusive and appropriate to those being engaged.
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- That Council is meeting its legislative requirements regarding community consultation in all areas of its service delivery.

4. Scope

This policy applies to all facets of Council's operations including corporate, strategic land use, and financial planning and Council's day to day business activities.

It defines the principles underpinning Council's engagement activities, the role of councillors and staff in engaging with the community and the methods which Council will use to engage with the community.

Community engagement guidelines for private development are outlined in the Warringah Development Control Plan and Environmental Planning and Assessment Act 1979.

The policy recognises that there is diversity in the activities and projects across Council and the type of engagement undertaken should vary accordingly.



Policy No. **PL-520 Engagement**

Both 'consultation' and 'community engagement' are terms used by practitioners and in literature. However in this model of community engagement, consultation is one of the levels of engagement (as per the IAP2 spectrum below).

Council's approach to community engagement is based on the spectrum of engagement activities as advocated by the International Association for Public Participation (IAP2). The five levels of engagement are shown on the table below:

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Public Participation Goal:	Public Participation Goal:	Public Participation Goal:	Public Participation Goal:	Public Participation Goal:
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.

It should be noted that the 'empower' level on the spectrum has limited application in Local Government as the elected Council are the decision making body. However there may be occasions where non-financial empowerment may occur.

5. Community Engagement – Key Considerations

- ~~5.1. The Warringah Community Engagement Framework includes~~ 5.1. The Warringah Community Engagement Framework consists of
- ~~5.2. This Community Engagement Policy and the supporting documents: providing broad framework and policy direction for engagement.~~
- ~~5.1. The Community Engagement Matrix and the Community Engagement Toolkit – an attachment to this policy. The Matrix aims to provide staff with direction on engagement planning and guidance on when and how community engagement should occur.~~
- ~~5.3.5.2.~~ 5.2. We will endeavour to ensure that its engagement processes are appropriate, accessible, well-planned and adequately resourced.
- 5.3. All community engagement activity is to be undertaken in accordance with the principles of engagement (detailed in Community Engagement Matrix). In summary the five principle headings are:
 1. Being open and inclusive
 2. Create mutual trust and respect and be accountable
 3. Engage early and be clear
 4. Consideration and feedback
 5. Skills and resources
- ~~5.4. All of the above documents should be used in developing a community engagement plan.~~
- ~~5.5. Key protocols supporting Council's community engagement activities are included in the Matrix document.~~



Policy No. PL-520-Engagement

- ~~5.6.5.4.~~ It should be noted that Council's Committee Framework forms a key part of the overall engagement framework and is included as one of the engagement methods.
- ~~5.7.5.5.~~ The level of community engagement undertaken relates directly to the level of community involvement required, and should always be appropriate to the nature, complexity and impact of the issue, plan or strategy. ~~In some cases requirements may be imposed by the State Government and those should be considered the minimum engagement under this policy.~~
- ~~5.8.5.6.~~ Statutory requirements are a minimum and this policy encourages Council to engage the community in addition to statutory requirements providing that any legal timeframes are met.
- ~~5.7.~~ We will ensure that the Councillors are informed of community engagement activities relating to significant high impact projects issues, staff will advise Councillors of community engagement these activities for high impact projects, prior to occurring.
- ~~5.9.5.8.~~ The timing of community engagement activities should take into account key dates notably the Christmas and New Year period, and also considering other school holidays and special events etc. to ensure that maximum opportunity is given to encourage community input.
- ~~5.10.5.9.~~ For high impact projects or issues that affect the whole of Warringah (eg Warringah wide Local Environment Plan, Strategic Community Strategic Plan, Housing Strategy etc) consider holding engagement activities should be considered to include at sites areas across the LGA.
- ~~5.11.~~ In circumstances where the level of involvement requires members of the public to make submissions to Council, all submissions content received may be regarded as public and available for general access, including personal details (eg name, address, telephone number, email address) unless there are overriding public interest considerations against the disclosure of the personal details – refer to Government Information (Public Access) act.
- ~~5.12.5.10.~~
- ~~5.11.~~ Prior to any decision Council will ensure that it is well informed of the benefits of alternative decisions on matters before them, including accurate reporting of community comments and recommendations that reflect all sides of the argument and include community input.

~~(moved to Matrix) The benefits of effective community engagement include:~~

- ~~• increased community awareness about Council's services, planning and program delivery;~~
- ~~• increased awareness across Council of community views and the issues that should be considered as part of the decision-making process;~~
- ~~• increased awareness of the needs, priorities and diversity of the local community, which in turn ensures that Council's service provision and planning functions are aligned appropriately;~~
- ~~• Increased level of community ownership and acceptance of decisions affecting the local government area (LGA);~~
- ~~• Council and the community working together to address local issues;~~
- ~~• Potential for time, resource and cost savings for Council.~~



Policy No. **_PL-520-Engagement**

Principles (Moved to Matrix)

The following principles will underpin Warringah Council's approach to community engagement. Warringah Council:

Be open and inclusive

Recognises community participation as a right of all citizens and an integral component of informed decision-making;

Creates, supports and promotes opportunities for the community to actively participate in decision making

Encourages involvement from a wide cross-section of the community using engagement processes that are accessible and inclusive

Operates under the key value of openness and is committed to ensuring that the community is well informed about Council's service delivery, planning and decision-making processes;

Create mutual trust and respect and be accountable

Treats all participants in the engagement process with respect and dignity.

Approaches engagement from an impartial perspective, free from bias toward any stakeholder involved in the process.

Is accountable, accessible and ethical in all dealings with the community

Engage early and be clear

Seeks early engagement and regularly involves the community in decision making

Communicates clearly the objectives of the engagement process and provide community members with all available and relevant information as part of the consultation engagement process to ensure informed discussion;

Communicates the parameters of the engagement process to participants from the outset, including legislative requirements, Council's sphere of influence, conflicting community views, policy frameworks and context, budget constraints etc.

Acknowledges that planning is a critical process to deliver successful outcomes and is committed to developing and implementing community engagement plans

Consideration and feedback

Is committed to demonstrating that we have considered all community contributions and relevant data, prior to making any decisions that affect the local community;

Is committed to providing participants with feedback at key stages throughout the project and upon completion and how community input influenced the decision

Skills and Resources

Endeavours to ensure that sufficient timeframes and adequate resources are allocated to engagement processes;

Co-ordinates its community engagement processes where possible to optimise resources, ensure efficiency and avoid duplication;

Recognises the skills required to undertake community engagement, and will provide staff with opportunities for further skill development and training;



Policy No. PL-520 Engagement

6. Development on Council Land ~~and~~ Special Consultation Requirements

Council acknowledges that ~~a special process should be followed for when undertaking high impact development on occurring on Council owned and managed land.~~ On this basis, ~~when Council undertakes development on its own land the a~~ community engagement process ~~consistent with the engagement framework~~ will be undertaken in addition to the statutory requirements. ~~This includes early input at the concept design stage. (Refer to Matrix for more information).~~ at the following stages and in the following forms:

5.13. ~~A. Plans of Management~~

Council must take into consideration feedback from the following:

- ~~Local engagement~~, be undertaken to reach a broad audience.
- ~~Stakeholder engagement~~ be undertaken with specific consideration given to consulting with target groups eg youth, older people, culturally diverse groups, people with disabilities.
- ~~Broad community input~~ - be directed at the general community and also at specific target groups affected by the proposal to encourage input and involvement.
- ~~Public exhibition~~ to encourage submissions
- ~~Note~~ please refer to the Plan of Management Policy

5.14. ~~Design Stage~~

The project owner must take into consideration feedback from the following:

- ~~Local engagement~~ be undertaken to reach a broad audience.
- ~~Stakeholder engagement~~ be undertaken with specific consideration given to consulting with target groups eg youth, older people, culturally diverse groups, people with disabilities
- ~~Include input from previous engagement activities~~ – the project owner must specifically consider the earlier Plan of Management engagement undertaken.

5.15. ~~Development Application Stage~~

Council must undertake:

- ~~Statutory notification~~ – engagement activities must comply with statutory notification requirements despite the fact that notifiable persons may have been involved in previous consultations.
- ~~The Development Application~~ is to have the results of all previous engagement activities under this policy attached to enable the development assessment officer to form a view of the merits of the proposal.
- ~~Where a DA is not required~~, Council staff are still required to engage with the community to gain input to the development. The matrix should be used to determine the most appropriate level of engagement.

Content moved to Matrix

6.7. ~~Authorisation~~

This policy was adopted by Council on 8 February 2011.

It is effective from 9 February 2011.

Due for review February 2015.

Reviewed September 2015



Policy No. PL-520-Engagement

7.8. Amendments

The original Consultation Policy was adopted by Council on 22 August 2000

The policy was reviewed and amended in May 2005

The policy was reviewed and amended in February 2011 – Title amended to “Community Engagement Policy”

Reviewed in 2011 and changes made to the Matrix Attachment.

Draft amendments proposed 22 September 2015.

8.9. Who is responsible for implementing this policy?

All Directors, Managers, Team Leaders and staff. Managers and Project Managers across all sections of Council

9.10. Document owner

Director, Strategic and Development Services Deputy General Manager Community

10.11. Legislation and references

Local Government Act 1993 to ensure that community input is a part of the decision making process

International Association for Public Participation (IAP2)

11.12. Related Council Documents

Community Engagement Matrix

Community Engagement Toolkit

Policy for Plans of Management on Public Open Space – STR-PL-355

12.13. Definitions

Key Term / Acronym	Definition
Community	Includes all the people who live, work, study, own property, conduct private or government business, visit or use the services, facilities and public spaces and places of the Warringah area. The community can be referred to as stakeholders or comprise of stakeholders.
Engagement	A broader term which includes all levels of participation for including the community in decision making. Consultation is one level of engagement.
Consultation	Is a process of community engagement that seeks to inform the community or draw out the views and preferences of the community. These views are used to inform decision makers and should provide a guide to decision making
Communication	Generally refers to the exchange of information from Council to the community, and can also include the exchange of information or views from the community to Council
IAP2	International Association of Public Participation (www.iap2.org.au)
Submission	A submission is a formal response to a public document made during the



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	public exhibition period.
<u>Comment</u>	<u>A comment is a response received during early engagement or consultation that is not part of a formal Public Exhibition endorsed by Council</u>
<u>Committee Framework</u>	<u>The Committee Framework includes Strategic Reference Groups and other committees run by Council.</u>



COMMUNITY ENGAGEMENT MATRIX

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Document Approval:

Adopted	February 2011
Updated	November 2011
Revised Draft	August 2015

Background

The Community Engagement Framework reflects Warringah Council's ongoing commitment to appropriately engaging its community, and to improving the efficiency and effectiveness of the organisation.

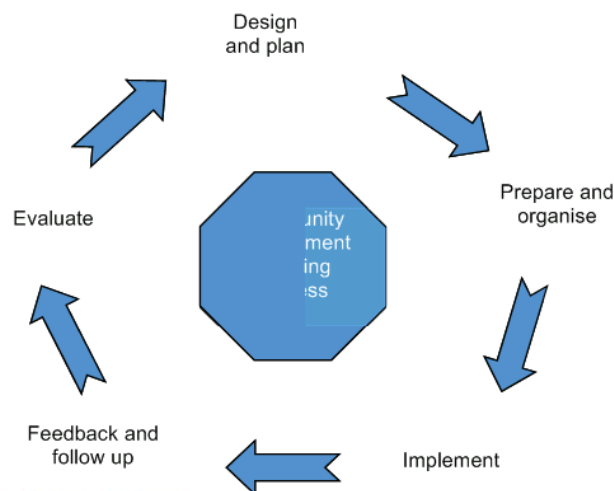
The Community Engagement Framework includes:

- The community engagement policy provides a broad framework and policy direction for engagement.
- This community engagement matrix provides staff with direction on engagement planning and guidance on when and how they should engage with the community for different situations.
- The engagement toolkit provides specific information and advice on 'how to' undertake different types of engagement with the community.

This matrix is an implementation tool of the Community Engagement Framework.

It should be noted that this Matrix relates to all community engagement undertaken by Council except the Development Approval Process. Community engagement guidelines for the Development Approval Process are outlined in Council's Warringah Development Control Plan and the Environmental Planning and Assessment Act 1979. In some cases requirements may be imposed by the State Government and may override the policy and matrix

The diagram below summarises the Community engagement planning process



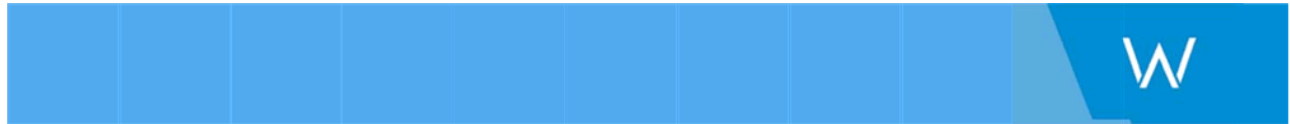
The benefits of effective community engagement include: (Moved from Policy)

- increased community awareness about Council's services, planning and program delivery;
- increased awareness across Council of community views and the issues that should be considered as part of the decision-making process;
- increased awareness of the needs, priorities and diversity of the local community, which in turn ensures that Council's service provision and planning functions are aligned appropriately;
- Increased level of community ownership and acceptance of decisions affecting the local government area (LGA);
- Council and the community working together to address local issues;
- Improved decision making and community outcomes
- Potential for time, resource and cost savings for Council.



The following principles will underpin Warringah Council's approach to community engagement. Warringah Council:

1. **Be open and inclusive**
 - Recognises community participation as a right of all citizens and an integral component of informed decision-making
 - Creates, supports and promotes opportunities for the community to actively participate in decision making
 - Encourages involvement from a wide cross-section of the community using engagement processes that are accessible and inclusive
 - Operates under the key value of openness and is committed to ensuring that the community is well informed about Council's service delivery, planning and decision-making processes
2. **Creates mutual trust and respect and be accountable**
 - Treats all participants in the engagement process with respect and dignity
 - Approaches engagement from an impartial perspective, free from bias toward any stakeholder involved in the process
 - Is accountable, accessible and ethical in all dealings with the community
3. **Engage early and be clear**
 - Seeks early engagement and regularly involves the community in decision making
 - Communicates clearly the objectives of the engagement process and provide community members with all available and relevant information as part of the engagement process to ensure informed discussion
 - Communicates the parameters of the engagement process to participants from the outset, including legislative requirements, Council's sphere of influence, conflicting community views, policy frameworks and context, budget constraints etc
 - Acknowledges that planning is a critical process to deliver successful outcomes and is committed to developing and implementing community engagement plans
4. **Consideration and feedback**
 - Is committed to demonstrating that we have considered all community contributions and relevant data, prior to making any decisions that affect the local community
 - Is committed to providing participants with feedback at key stages throughout the project and upon completion and how community input influenced the decision
5. **Skills and Resources**
 - Endeavours to ensure that sufficient timeframes and adequate resources are allocated to engagement processes
 - Co-ordinates its community engagement processes where possible to optimise resources, ensure efficiency and avoid duplication
 - Recognises the skills required to undertake community engagement, and provides staff with opportunities for further skill development and training.



The Community Engagement Matrix is relevant to all staff that have or should have any dealings with the community, except where staff are dealing with Development Approvals (this is addressed by the Council's Development Control Plan and the Environmental Planning and Assessment Act 1979). It aims to guide staff in their dealings with the community and ensure the appropriate level of community participation for a range of projects, services and activities. In some cases requirements may be imposed by the State Government and may override the policy and matrix.

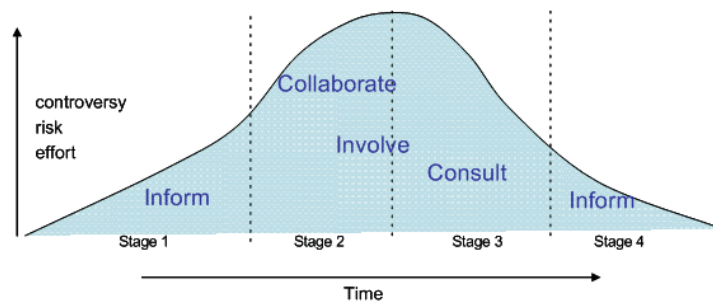
It is recognised that there is diversity in the activities and projects across Council, and the type of engagement undertaken should vary accordingly. As such a flexible approach has been adopted in the design of the Community Engagement Matrix, enabling staff to determine the potential impact of a situation, and therefore the appropriate level of community participation.

The Community Engagement Matrix should be used at the commencement of all projects or reviews of services, and also as part of day to day operations, to ensure that the appropriate engagement is identified and undertaken and included in the Community Engagement plan.

In addition a Community Engagement Plan ~~should must~~ be developed for all high impact projects and is ~~recommended-desirable~~ for all projects. This plan should be developed as a critical element of the project plan and revised throughout the project as required (refer to the Community Plan Checklist in Attachment 2).

NOTE: Community engagement activities occur throughout a project and the engagement plan should reflect these activities at key stages.

The diagram below outlines an example of different engagement levels at different stages of the project over time:



The Community engagement plan provides guidance and support to ensure that all key elements are considered and addressed early in the project planning stages.

The Community Engagement Matrix does not prescribe exactly how the community should be consulted for every project, issue, service or action in Council. This would be an onerous task, given the range of projects and activities. Instead, it identifies different levels of impact that would require certain types of engagement. It is then up to staff to determine the level within which their project, issue, service or action fits and the most appropriate engagement approaches.

Overall, the Community Engagement Matrix enables flexibility and recognises that staff have the capacity to judge the potential impact of a situation and the appropriate level of community participation.

In addition, staff should ensure that Councillors are aware of community engagement activities, for high impact projects, prior to occurrence.

Community engagement planning steps:



The main planning steps to effective community engagement include:

Step 1 - Purpose and objectives

- Detail the background to the project or issue including what has happened to date.
- What is the purpose of the engagement?
- What are the objectives and desired outcomes?
- Identify any key issues
- Consider any legal or statutory requirements

Step 2 - Determine who should be involved

- Identify all key stakeholders and community members that should be included.
- What are the potential impacts?
- Are there any special groups / needs? How will you ensure fair and equal opportunity to provide input?
- Complete stakeholder analysis (template included in Toolkit)

Step 3 - Assess Level of Impact

- Determine the likely 'level of impact' of the project, issue, service or action, using the assessment criteria on page 11.

Step 4 - Determine level and method of Community Participation

- Determine the desired level of community participation/ involvement, eg whether the community needs to be informed or whether they should have the opportunity to be involved in decision making.
- This will be influenced by the degree of impact and the desired outcomes. Use the guidelines on page 13 to make this decision,
- Consider legislation or other Council Policy requirements.

Step 5 - Determine Methods and Tools

- Use the Matrix on page 15 to determine the type of engagement that should occur in relation to the level of impact and the desired community participation.
- Use the chart outlining the benefits and constraints for each type of engagement (commencing on page 17), to 'fine tune' the selection of specific engagement tasks.

Step 6 - Timeframes and resources

- Develop a timeline of the key engagement activities during the project
- Develop an estimated budget required to complete engagement plan
- Determine what skills are required and what resources are available

Step 7 – Feedback and reporting

- Detail how and when each stakeholder group (participants, community, council and staff) will receive feedback during the project and the outcomes
- Define the outcomes that are expected from the approach and how the final outcomes will be documented and circulated.

Step 8 – Evaluation

- Complete an evaluation summary including – summary of process and key outcomes, and provide to participants and publish on website

Step 1 – Project Objectives – What is the purpose?



The first step of any engagement plan is to clearly identify the objectives of the engagement.

This should also include a summary of the background to the project or issues and what has happened to date.

Questions that need to be answered include:

- What is the purpose of the community engagement?
- What questions would you like the engagement activities to answer?
- What do you want the engagement to achieve?
- What is the scope of the engagement? (negotiables and non-negotiables)

Key issues also need to be identified along with any statutory requirements.

In determining the project objectives the Principles of community engagement detailed on page 4 should be considered to ensure that community values, needs and aspirations are understood.

In addition it is useful to consider at this stage the level of internal commitment. This will include identifying:

- Who are the decision makers?
- What is their view on Community engagement?
- Clarification of the scope of decision
- Who are the preliminary stakeholders and issues?



Step 2 – Stakeholders



Step 2 is about learning from the community and stakeholders. This is a critical part of the process and we need to think 'who haven't we heard from' and 'why'?

The following activities should be considered in this step.

2.1 Public perception

Understand how people perceive the issues surrounding the problem / opportunity to be addressed and decision to be made.

Once an initial list of stakeholders is identified it is important to gain an initial understanding of how they may view the decision. This can be conducted by key contact interviews of a range of stakeholders who represent a range of likely views.

2.2 Develop a comprehensive list of stakeholders.

A stakeholder is defined as those with an interest in or who may be affected by the outcome. There are many ways to identify stakeholders including:

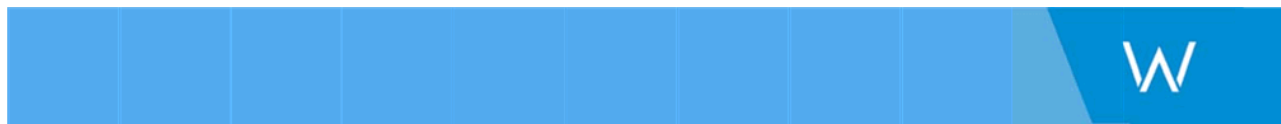
- Draw on in-house knowledge
 - Ask other people / teams who may have run similar projects
 - Brainstorm with cross section of staff
 - Contact the Community engagement team in relation to any known lists of interested community members
- Review records:
 - People who have made previous submissions, attended forums etc
 - Other lists of people who have expressed interest
 - Use the Community Engagement Register, Community Directory or other relevant databases
- Ask the community
 - Call for expressions of interest – public announcements to promote call for interest
 - Ask key members of the community / groups who they think would be interested
- Identify any hard to reach groups

Groups to be considered (this is a guide)

Government departments	service providers	businesses	utilities
Residents	Property owners	Visitors	Not for profit groups
Disabled	Youth	Aged	Culturally diverse
Committees	Community groups	Schools and education	Experts
Sporting groups	Environmental groups		

Other things to consider:

- Are there any barriers to involvement or support of the project eg bad experiences, lack of experience, timing?
- How will these barriers be addressed?
- Are there any cultural considerations?



2.3 Encouraging participation

There are many reasons why people do not get involved in engagement activities. We need to ensure that suitable approaches are made to ensure inclusive participation.

Some of the reasons for non-participation include:

- Lack of clarity around the problem / issue to be solved
- Poor communication and lack of awareness
- Bad experiences
- Perception that it will not make a difference
- Lack of interest, not enough time
- Accessibility – venue, time, holidays etc

The development of engagement plans should consider the timing and impact of other Council Projects to ensure that the community interest is not diminished due to conflicting time demands.

A stakeholder communication plan is required to reach out to these groups and stakeholders. Each stakeholder group may have different communication needs. A single advert in the local newspaper is unlikely to attract all the potentially affected people.

Strategies are needed to:

- Reach them
- Inform them
- Demonstrate the benefits of being involved
- Build relationships

2.4 Matching Stakeholders and Issues

Using the template overleaf (also included in Toolkit), complete a stakeholder analysis including:

- Identifying any key issues,
- Identifying key stakeholder groups,
- their likely level of concern,
- their area of interest
- any known key contacts or groups

Having completed the stakeholder analysis it may be necessary to revisit the project objective and issue to be addressed to ensure that this statement is consistent with the problem as identified by the stakeholders.

| It may-is also ~~be~~ necessary to confirm what is 'in scope' and what 'is not'.



Diag 1 – extract from IAP2 module 1 training manual 2006

Step 3 – Level of Impact



Step 3 focuses on determining the level of impact of the proposed project or issue.

The Community Engagement Matrix is based on four (4) impact levels, where impact relates to the 'effect of an action or change on the community'. The impact levels are as follows:

Level of Impact	Brief Description
Level 1 (High – Warringah)	High level of impact on the whole or a large part of Warringah.
Level 2 (High – Local)	High level of impact of a local nature, eg a local area, specific community or user group.
Level 3 (Lower – Warringah)	Lower level of impact on the whole or a large part of Warringah.
Level 4 (Lower – Local)	Lower level of impact of a local nature, eg a local area, specific community or user group.

These levels are based on the assumption that any project, issue, service or action will have some real or perceived impact on the community.

To determine the Level of Impact, staff will firstly need to determine the community group/s and stakeholders that are affected by the project, issue, service or action. It may be appropriate to involve other Council staff in making these decisions and the approach to involving other staff should be determined early in the process.

The criteria that staff should use to determine the 'level of impact' of a project, issue, service or action is provided on the following page. Examples of activities across Council are also provided to assist staff to more accurately make their decision.

At any time during a project, issue or action, it may be necessary to reassess the Level of Impact and vary the engagement approach accordingly, due to a change in the situation or recognition of implications.





Criteria for Determining Level of Impact

Use the following criteria to determine the likely 'level of impact' of your project, issue, service or action.

Level of Impact	Criteria (one or more of the following)	Examples
Level 1 High Impact– Warringah	<ul style="list-style-type: none"> High level of real or perceived impact or risk across Warringah. Any significant impact on attributes that are considered to be of high value to the whole of Warringah, such as the natural environment or heritage. Any impact on the health, safety or well-being of the Warringah community. Potential high degree of controversy or conflict. Likely high level of interest across Warringah. Potential high impact on State or regional strategies or directions. 	<ul style="list-style-type: none"> Council's Community Strategic Plan Local Environmental Plan (Warringah Wide) Plans of Management (district or regional) A change to land categorisation, ie community to operational land Strategic Plan, eg Culture, Youth, Aged Removal or major change of a facility or service catering across Warringah, eg library services Provision of a district or regional facility, eg skate park, indoor sports centre Key changes to a Warringah wide service, eg Beach Services, Waste Management Changes to or impact on natural bush land or waterway (where the natural values could be affected)
Level 2 High Impact– Local	<ul style="list-style-type: none"> High level of real or perceived impact or risk on a local area, small community or user group/s of a specific facility or service. The loss of or significant change to any facility or service to a local community. Potential high degree of controversy or conflict at the local level. 	<ul style="list-style-type: none"> Local Environmental Plan (localised change) Removal or relocation of a local playground Change to or loss of valued activity or program, eg local youth activity Re-development of a sports ground Proposed removal or development of small pocket park Local street road closure Increase or removal of car parking in local shopping centre
Level 3 Lower Impact – Warringah	<ul style="list-style-type: none"> Lower, although still some real or perceived impact or risk across Warringah. Potential for some controversy or conflict. Potential for some although not significant impact on State or regional strategies or directions. 	<ul style="list-style-type: none"> Improvements to a Warringah wide service, eg Emergency Services, Library Services Minor change to Upgrade of a district or regional facility, eg Warringah Aquatic Centre Changes to Customer Service processes, eg payment of rates Most changes to fees and charges (unless contentious) Provision of a community wide event Review of community needs, eg Annual Survey, recreation needs assessment
Level 4 Lower Impact – Local	<ul style="list-style-type: none"> Lower level of real or perceived impact or risk on a local area, small community or user group/s of a specific facility or service. Only a small change or improvement to a facility or service at the local level. Low or no risk of controversy or conflict at the local level. 	<ul style="list-style-type: none"> Upgrade of a local playground Local street or streetscape upgrade Changes to a local activity program, eg timing or venue/ location

Step 4 – Level of Community Participation



Having decided on the 'level of impact', the next step is to determine the level of community participation that is appropriate for the particular project, issue, service or action. Not all 'high impact' projects or issues will require a high level of community involvement or collaboration, although many will. Due to the diversity of activities in Council, staff need to have flexibility in making this decision.

It then becomes the responsibility of staff to fully understand the impact of their project or issue on the community and to select the appropriate level of community participation to match the situation.

Five (5) levels of community participation have been developed, based on the level of involvement of the community. These levels are based on the IAP2 spectrum and defined below.

Level of Participation	Definition	Examples
Inform	One way communication providing balance and objective information to assist understanding about something that is going to happen or has happened	<ul style="list-style-type: none"> Advising the community of a situation or proposal. Informing on a decision or direction. Providing advice on an issue. No response is required, although people are free to seek a further level of participation.
Consult	Two way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision making	<ul style="list-style-type: none"> Undertaking market research to identify needs or issues. Seeking comment on a proposal, action or issue. Seeking feedback on a service or facility. Requiring a response, but limited opportunity for dialogue. Option for people to seek a further level of participation.
Involve	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision making.	<ul style="list-style-type: none"> Involving the community in discussion and debate. Ensuring informed input through briefings and information. Adopting a more personal and innovative approach through personal contact and meetings/ sessions that encourage participation. Involving at different times in the planning process, ie keeping informed and enabling further comment.
Collaborate	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions	<ul style="list-style-type: none"> Establishing a structure for involvement in decision making, eg existing committee framework, working group and advisory group. Enabling ongoing involvement and keeping informed. Allocating responsibility in achieving initiatives. Citizen juries
Empower	Empowering the community to develop solutions and implement them	<ul style="list-style-type: none"> Joint Ventures

Note: It should be noted that the 'empower' level on the spectrum has limited application in Local Government as the elected Council are the decision making body. However there may be occasions where non-financial empowerment may occur.

The likely link between 'level of impact' and 'level of participation' is provided on the following page to assist staff in their assessment. To ensure the appropriate level of community participation, staff also need to consider specific legislative requirements and other relevant Council Policies.



Guide for Determining Level of Participation

Use the following chart to assist in determining the appropriate level of community participation relative to the likely 'level of impact' of a project, issue, service or action. As highlighted by the chart, more than one level of participation will generally be required. It should be noted that the order of undertaking the different levels of participation will vary with each project

For high impact projects or issues that affect the whole of Warringah eg Strategic Community Plan, Housing Strategy, etc engagement activities should be considered to include areas across the LGA.

Level of Impact	Level of Participation Generally Required	The Exceptions
Level 1 High Impact– Warringah	Inform Consult Involve Collaborate	In an emergency situation, it may not be feasible to involve the community or seek information prior to action A formal collaboration approach may not always be appropriate. This will only be essential where an ongoing involvement and community commitment is sought.
Level 2 High Impact – Local	Inform Consult Involve Collaborate	In an emergency situation, it may not be feasible to involve the community or seek information prior to action A formal collaboration approach may not always be appropriate. This will only be essential where an ongoing involvement and community commitment is sought.
Level 3 Lower Impact – Warringah	Inform Consult Involve	It will not always be necessary to involve the community. For example, a review of needs may only require a survey, particularly if the community has been involved previously.
Level 4 Lower Impact – Local	Inform Consult	There will be times when staff will want to involve program or activity participants in planning or deciding on changes (to achieve a sense of ownership). At times it may be advisable to involve a local community in planning or decision making to avoid the risk of a project or action becoming a greater issue.



Step 5 – Methods and Tools for Engagement



Step 5 ensures that appropriate methods and tools are used to engage the community. Use the Matrix on the following page to decide the specific types of engagement that are appropriate for the chosen 'Impact Level' and for the desired level of community participation.

In particular:

1. Select the desired level/s of participation in the left hand column.
2. Move to the appropriate Impact Level column.
3. Be guided by the symbol in that column.

The symbols are intended to have the following meaning:

- ✓ ✓ ✓ Essential (the task must be undertaken).
- ✓ ✓ Desirable (the activity will be considered and selected as appropriate in the development of a flexible and tailored engagement plan).
- ✓ May be Appropriate (task may be appropriate depending on the situation).

Staff will need to use the chart overleaf to identify the most appropriate methods and tools in developing the engagement plan. It should be noted that the plan will vary depending on the nature, complexity and impact of the issue or project and the selection of appropriate tools will vary accordingly.

The Matrix is divided into Five Section (5) sections linked to level of participation, ie:

- Inform
- Consult
- Involve
- Collaborate
- Empower

Appropriate engagement types/ tasks are listed under each level of participation. Symbols have then been allocated firstly for the overall level of participation, ie inform, consult etc, and then for each of the engagement types/ tasks.

It should be noted that the recommended engagement approach for a 'level of participation' will not necessarily match the specific tasks. For example, if a level of participation such as 'informing' is designated as essential, this does not mean that a specific task will also be essential. Instead it means that 'in general' the level of participation must be undertaken and that one or more of the specific tasks must be selected by staff to achieve this.

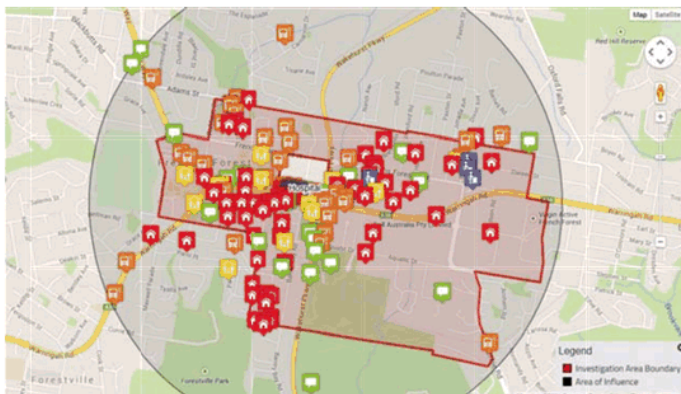


Table - Types of Engagement



Type of Engagement	Level 1 High Impact – Warringah	Level 2 High Impact – Local	Level 3 Lower Impact – Warringah	Level 4 Lower Impact – Local
INFORM				
Personal Telephone Contact	✓	✓ ✓	✓	✓
In Person Meeting	✓	✓ ✓	✓	✓ ✓
Written Correspondence, mail out or letter box drop	✓ ✓ ✓	✓ ✓ ✓	✓	✓
Fact sheet, brochure	✓ ✓	✓	✓	
Notice/ Advert in Local Paper	✓ ✓ ✓	✓ ✓ ✓	✓ ✓	✓
Media Release	✓ ✓ ✓	✓ ✓ ✓	✓	
On Site Sign / Display	✓ ✓	✓ ✓ ✓	✓	✓ ✓
Displays (Civic Centre, libraries)	✓ ✓ ✓	✓ ✓	✓ ✓	
Social Media	✓ ✓ ✓	✓ ✓ ✓	✓ ✓	✓
Email - Community Register	✓ ✓ ✓	✓ ✓ ✓	✓ ✓	✓ ✓
Email update – feedback, close loop	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓
Web Site (info / updates)	✓ ✓ ✓	✓ ✓ ✓	✓ ✓	✓ ✓
Banners / Posters	✓ ✓	✓ ✓	✓ ✓	✓ ✓
CONSULT				
Suggestion-box		✓	✓	✓ ✓
Telephone Survey	✓ ✓	✓	✓	✓
Written Survey	✓ ✓	✓	✓	
Hotline/ Phone-in	✓	✓	✓	
Information sessions / briefings	✓ ✓ ✓	✓ ✓	✓	✓
On site information session	✓ ✓	✓ ✓ ✓		✓ ✓
Online and written feedback / submissions	✓ ✓ ✓	✓ ✓ ✓	✓ ✓	✓
INVOLVE				
Online Discussion Forum (Your Say)	✓ ✓	✓ ✓	✓	
Social Media	✓ ✓	✓ ✓	✓ ✓	✓
Focus Group Session	✓ ✓	✓ ✓	✓	✓
Public Meeting, hearing	✓	✓		
Community workshop / forum	✓ ✓	✓ ✓	✓ ✓	✓
Meetings with key stakeholders / users	✓ ✓ ✓	✓ ✓	✓ ✓	✓ ✓
Meeting with target community groups eg parents, youth, aged, businesses, disabled, CALD	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Site Tour	✓	✓ ✓	✓	✓
Public Art session	✓	✓	✓	✓
Community forum / debate	✓	✓	✓	✓
Community Committees	✓	✓	✓	✓
Deliberative Polling	✓	✓	✓	✓
COLLABORATE				
Strategic Reference Groups	✓ ✓	✓ ✓	✓	✓
Working Party / Panel / Advisory Groups	✓ ✓	✓ ✓	✓	
Community Summit (TOTT)	✓			
Citizen Jury	✓			

✓ ✓ ✓ = Essential, ✓ ✓ = Desirable, ✓ = May be Appropriate

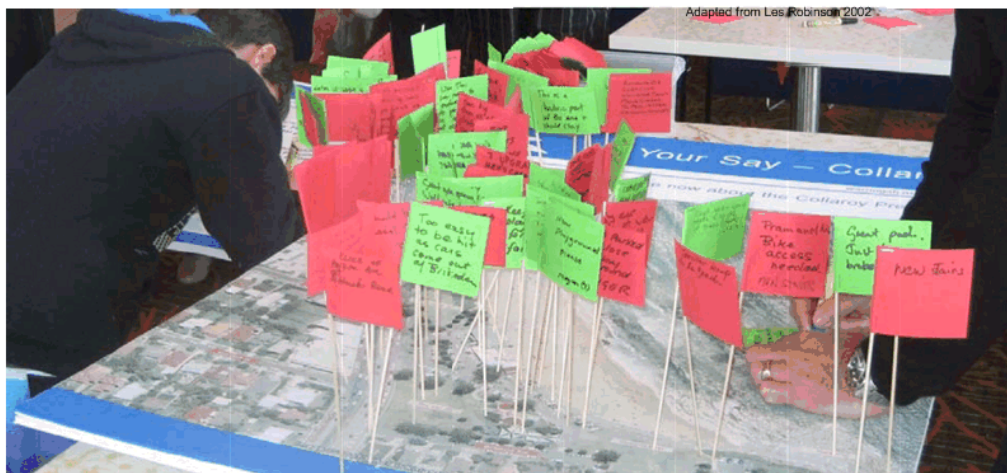
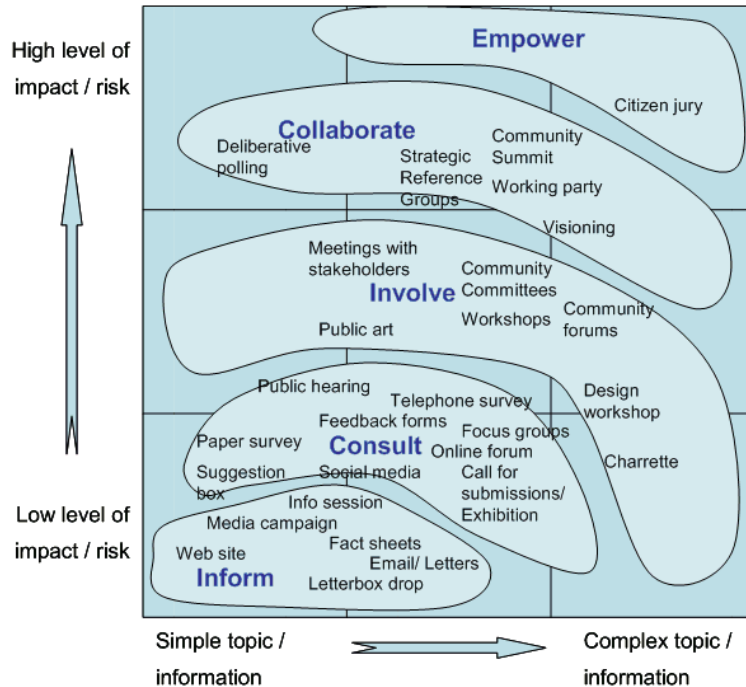
Where there is no symbol, this means that the type of engagement may not be appropriate for the Impact Level.

This list includes the main tools and techniques that Council uses for community engagement. There are many other tools and techniques that can also be considered.

Examples - Types of Engagement



The diagram below demonstrates graphically where different methods and tools may sit on the spectrum taking into account the level of impact/ risk and the complexity of the topic or issue.





The following chart is provided to help staff define their specific approach to engagement, particularly where the Matrix identifies an engagement task as 'desirable' or 'may be appropriate'. The chart provides a brief description of each type of engagement and highlights the benefits and the constraints of the approach.

INFORM			
Type of Engagement	Description	Benefit	Constraint
Personal Telephone Contact	Informal unstructured information exchange	<ul style="list-style-type: none"> Limited capacity to discuss issues Opportunity to exchange basic information 	<ul style="list-style-type: none"> Tend to be customer initiated Less formal record/ tracking of information
In Person Meeting	Informal / semi-formal discussion either one-to-one or in a small group	<ul style="list-style-type: none"> Capacity to discuss issues and exchange different points of view Opportunity to develop rapport with community 	<ul style="list-style-type: none"> Tend to be customer initiated Limits the number of people accessing information
Written Correspondence, Mail outs	Personally addressed letter informing residents of a project, issue, service or action	<ul style="list-style-type: none"> All affected people receive the same information Record of communication 	<ul style="list-style-type: none"> Assumes literacy levels of residents Can be expensive depending on distribution area
Letter Box Drop	Mass produced communication to affected people	<ul style="list-style-type: none"> All affected people receive the same information Affordable broadcast of information 	<ul style="list-style-type: none"> Assumes literacy levels of residents May be perceived as 'junk mail' and ignored
Fact Sheet, brochures	An leaflet designed to provide information on a particular item	<ul style="list-style-type: none"> Enables presentation of the facts (ensuring an informed community) Potential to create greater interest through appealing presentation 	<ul style="list-style-type: none"> A more costly exercise Assumes literacy levels of residents
Notice/ Advert in Local Paper	Paid advertisement in local newspaper	<ul style="list-style-type: none"> A method of advising all residents 	<ul style="list-style-type: none"> Assumes interested/ affected people will read the paper Not all LGA included in distribution see pg 269
Media Release	News story in the local paper	<ul style="list-style-type: none"> Creates interest in an issue through local media 	<ul style="list-style-type: none"> Depends on media reporting Risk of misrepresentation Not all LGA included in distribution see pg 269
On Site Sign /Display	On-site information board / Sign describing proposed development / activity	<ul style="list-style-type: none"> Places information in local area which is accessible to affected residents 	<ul style="list-style-type: none"> Impact of information depends on the quality of the display
Displays (eg Civic centre, libraries)	Visual and/ or auditory information is placed in a areas of high public use	<ul style="list-style-type: none"> Potential to capture and inform a wide cross section of the community 	<ul style="list-style-type: none"> Dependent on quality of display Limited to those who visit venue
Social Media	Use of technology and social networks to raise awareness of projects/ issues	<ul style="list-style-type: none"> can access different interest and community groups Cost effective 	<ul style="list-style-type: none"> May not provide balanced input
Bulk Email – community register	Email informing residents of a project, issue, service or action	<ul style="list-style-type: none"> Cost effective and timely method of contact residents who have requested being involved 	<ul style="list-style-type: none"> Assumes lists are maintained, accurate and inclusive
Email update – feedback, close loop	Email updates in addition to initial acknowledgement. This is at key stages and when report goes to Council	<ul style="list-style-type: none"> Ensures people involved in a project receive the report as it goes to Council Ensures people are kept up to date 	<ul style="list-style-type: none"> Assumes lists are maintained, accurate and inclusive
Website	Information on Council website	<ul style="list-style-type: none"> Cost effective method of displaying lots of information over time 	<ul style="list-style-type: none"> Not everyone has access to internet
Banners, posters, signs	Signs to raise awareness of events/ projects	<ul style="list-style-type: none"> Provides broad awareness of projects / events 	<ul style="list-style-type: none"> Can be costly and time consuming to hang etc

CONSULT				
CONSULT				
Type of Engagement	Description	Benefit	Constraint	
Telephone Survey	Individual phone contact to complete a structured interview	<ul style="list-style-type: none"> Provides data to assess needs/ trends Personal approach tends to increase the level of response Capacity to reach a wide range of groups in the community 	<ul style="list-style-type: none"> Can be costly and time-consuming depending on the sample size Need to limit question options for ease of analysis Excludes people who do not have a telephone Major surveys can result in high 'knock back' (too busy, invasion of personal space etc) 	
Written Survey	Written structured survey to gather data/ information	<ul style="list-style-type: none"> Provides basis for assessing needs/ trends or obtaining feedback on a service Enables broad or targeted input 	<ul style="list-style-type: none"> Attracts the interested respondents Can be costly depending on sample size. Tend to be limited to closed questions for ease of analysis Assumes literacy levels of residents 	
Hotline/ Phone-in	Time-limited opportunity for customers to make contact and provide feedback in a semi-structured/ informal context	<ul style="list-style-type: none"> Capacity to reflect/ expand and clarify points 	<ul style="list-style-type: none"> Relies on skilled interviewers Relies on publicity and public interest 	
Information sessions / briefings/ on site	Community meetings to provide information on key projects and issues	<ul style="list-style-type: none"> Can address and inform large numbers of community 	<ul style="list-style-type: none"> Needs to be planned in advance Promotion required to gain attendance and interest 	
Online and written feedback / submission	Seeking input on a proposal/ concept / activity	<ul style="list-style-type: none"> Useful as part of a wider engagement process Broadens potential information source Easy to implement 	<ul style="list-style-type: none"> Limits the opportunity for dialogue/ clarification Attracts organised & motivated groups/ individuals (not the silent majority) 	

INVOLVE

INVOLVE				
Type of Engagement	Description	Benefit	Constraint	
Online Discussion forum	Online moderated discussion forum at Yoursaywarringah	<ul style="list-style-type: none"> Provides community to debate issues amongst themselves, anonymously 	<ul style="list-style-type: none"> Results not representative, can be skewed. Forums need to be promoted to gain input 	
Social Media	Use of technology and social networks to gain feedback on projects/ issues	<ul style="list-style-type: none"> Can access different interest and community groups Cost effective 	<ul style="list-style-type: none"> May not provide balanced input 	
Focus Group Session	Semi-structured interview in a small group (with invited representative participants)	<ul style="list-style-type: none"> Participants explore and build on issues Allows in-depth discussion 	<ul style="list-style-type: none"> May not be representative of all groups 	
Public Meeting, hearing	Gathering of large numbers of people to inform them of an issue or enable questions / input	<ul style="list-style-type: none"> Broadcast of information to large group Open to anyone who has an interest 	<ul style="list-style-type: none"> Requires good facilitation and management to ensure information exchange is handled well Risk of control or disruption by interest groups/ individuals 	
Key stakeholder meetings	Face to face structure / semi-structured meeting with a specific group – can be group or individual	<ul style="list-style-type: none"> Capacity to draw out and clarify issues of concern Rich source of customer information Opportunity to develop an action that responds to issues 	<ul style="list-style-type: none"> Requires a competent and effective facilitator May not be representative of all groups 	



Community Workshop / forum	Structured approach to involving meeting participants in working through an issue and/ or developing solutions.	<ul style="list-style-type: none"> Can produce a plan or recommended actions or obtain specific feedback on plan or program Enables the involvement of all participants Can be selected participants or an open meeting, although generally need to limit numbers to be effective, ie 30 people. 	<ul style="list-style-type: none"> Requires participants to be open minded and represent a diversity of interests Requires a skilled facilitator Requires detailed recording of notes Time consuming and costly Requires organisation in advance. Need to ensure speakers give balanced view.
Meeting with target community groups,	Link to an existing meeting or formed group to discuss broader community needs or issues	<ul style="list-style-type: none"> Involves people who would normally not have the interest or time Provides rich source of information on needs and issues within the community 	<ul style="list-style-type: none"> Requires facilitator who is skilled in relating to different groups and creating an interest in the topic
Site Tour	Semi-structured or unstructured tour of site	<ul style="list-style-type: none"> Opportunity for affected parties to view/ visualise issues or proposals Opportunity to clarify concerns and exchange views 	<ul style="list-style-type: none"> Require balanced participation to resolve issues and make recommendations
Community Committees	Established community committees endorsed by Council	<ul style="list-style-type: none"> Structure already in place Effective liaison with the community 	<ul style="list-style-type: none"> May not be representative Meetings only every 2-3 months
Deliberative Polling	Measure informed opinion on an issue or topic	<ul style="list-style-type: none"> Provides robust data if random sample of respondents is used 	<ul style="list-style-type: none"> Need a large number of participants (250-600) and hence costly Need to inform participants to provide meaningful response

COLLABORATE

COLLABORATION			
Type of Engagement	Description	Benefit	Constraint
Strategic Reference Groups	Formal Committees that report to Council on key Strategic areas. Run by Council and chaired by Councillors	<ul style="list-style-type: none"> Involves community members in providing strategic input into key areas of Council 	<ul style="list-style-type: none"> Need to ensure the broad involvement of interested individuals May not be representative Only meets every few months
Working Party/ panel/ Taskforce	Group of people selected to work with Council to complete a task or develop a new service or facility	<ul style="list-style-type: none"> Opportunity to maximise skills and resources within the community Rich source of skills and abilities to complement the roles undertaken by Council 	<ul style="list-style-type: none"> Requires a skilled chairperson to maximise the contribution of all members
Community Summit	Large representative community meeting ~ 500	<ul style="list-style-type: none"> Large representative forum to gain input to help shape strategies and plans 	<ul style="list-style-type: none"> Costly and time consuming
Citizen Juries	Random selection of ~40 residents to listen to views and input , debate issues and make a recommendation. Need clearly framed brief	<ul style="list-style-type: none"> Provides representative input and decision making Can help address complex issues 	<ul style="list-style-type: none"> Needs to be run by a skilled professional. Random recruitment takes time and resources Time consuming and costly

Step 6 Timeframes and Resources



Consider the following questions and stages in determining the time frames and resources required in Step 6:

- Develop a timeline of the key engagement activities during the project.
 - Consider key dates of other activities and events that may affect the ability of everyone to participate eg School Holidays, special occasions, clashes with other major events.
 - Early engagement is recommended for high impact projects
 - At least 2 stages are required for high impact projects: Stage 1 – initial ideas, opportunities, issues, Stage 2 – proposed solutions
 - Are there any legislative timeframes that may affect the time frame proposed?
 - Has sufficient time been allowed to promote engagement and encourage participation?
- Develop an estimated budget required to complete engagement plan.
- Determine what skills are required and what resources are available.
 - Consider skills of staff and if necessary use external consultants to provide or support the process
 - If the project is high impact and likely to be controversial, consider the use of an independent facilitator / consultant to ensure a balanced and neutral approach.



Step 7 – Feedback and reporting



Detail how and when each stakeholder group (participants, community, council and staff) will receive feedback during the project and after completion.

- Ensure that feedback is accessible to all stakeholders.
- Offer to capture the contact details of all stakeholders and community members that would like to be involved or who participate in the process and maintain this information.
- Ensure that these contacts are kept up to date with progress at key stages and send details of the Council report and date to all those who participated. This will provide feedback and encourage attendance at Council meetings if required.

Consider outcomes and reporting

- Define the outcomes that are expected from the approach and how the final outcomes will be documented and circulated.
- What will happen to ensure that the opinions and views of those engaged will be taken into account when the decisions are made?
- Who will make the final recommendations and decisions and how will these be reported to Council?



Step 8 - Evaluation



Evaluation is an important part of continuing to develop and improve community engagement processes.

Feedback and monitoring should be encouraged throughout the entirety of the engagement process. The evaluation should focus on both the outcomes and process of community engagement.

An evaluation summary should be completed for all major, high impact projects including – summary of project, the process and key outcomes. This summary should be provided to participants and on website.

Evaluation forms are recommended for all forms of face to face engagement activity eg community meetings, workshops etc.

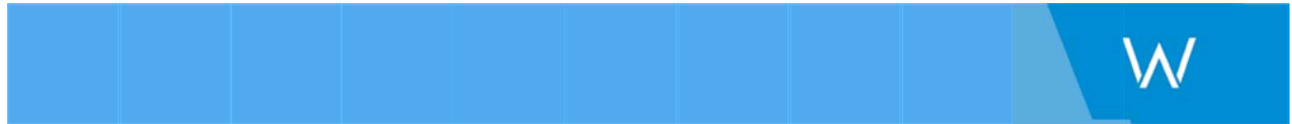


Attachment 1 - Community Engagement Plan Checklist



Attach this checklist to your project plan. **Template Ref: 2011/272854**

Project Team	Project Manager (Engagement) (Name, Title, Department)	
	Project Title (Issue, Service or Action) (Title and/or Brief Description)	
	Project Management Project team. Link to Project plan. Will other staff be involved, and if so - who and how?	
1. Purpose and Objectives	Purpose and Objectives for the community engagement	
	Scope <u>What is in scope. Negotiable and non-negotiables?</u>	
	Background Brief summary of the project background	
	Key <u>Community</u> issues Identify any key issues?	
2. Stakeholders	Stakeholders List the main community and stakeholders. Complete stakeholder identification table	
3. Impact	Level of Impact Using the Matrix - what is the 'level of impact' of the project, issue, service or action? Tick one.	<input type="checkbox"/> Level 1 (High – Warringah) <input type="checkbox"/> Level 2 (High – Local) <input type="checkbox"/> Level 3 (Lower – Warringah) <input type="checkbox"/> Level 4 (Lower – Local)
4. Participation	Levels of community participation What is the appropriate – refer to IAP2 spectrum Tick all that apply	<input type="checkbox"/> Informing <input type="checkbox"/> Consulting <input type="checkbox"/> Involving <input type="checkbox"/> Collaboration



5. Methods & Tools	Engagement methods, tools Select the most effective techniques to engage target groups at each stage of the project and for each level of participation? See matrix page 16.	
	Access Plan Ensure needs of groups with special requirements are met—accessibility, language, cultural, hearing, sight requirements etc	
6. Timeframe & Resources	Timeframe Create a timeline of each engagement activity throughout the project.	
	Costs and Resources What are the estimated costs? What resources do we have? Who will conduct the activities?	
7. Feedback & reporting	Feedback How & when will the community, participants, council and staff receive feedback during the project and the outcomes	
	Reporting How will the final outcomes be documented and circulated? What are the expected outcomes of the approach?	
8. Evaluation	Evaluation Who was involved, methods used, timeframes, information provided, costs How will you measure engagement success?	
	Other	



Definitions

Definitions for key terms that are used in this Community Engagement Matrix and not previously defined in the document are outlined below:

Key Term – Acronym	Definition
Community/ Stakeholders	Includes all the people who live, work, study, own property, conduct private or government business, visit or use the services, facilities and public spaces and places of the Warringah area. The community can be referred to as stakeholders or comprise of stakeholders.
Engagement	A broader term which includes all levels of including the community in decision making. Consultation is one level of engagement.
Consultation	Is a process of community engagement that seeks to inform the community or draw out the views and preferences of the community. These views are used to inform decision makers and should provide a guide to decision making
Communication	Generally refers to the exchange of information from Council to the community, and can also include the exchange of information or views from the community to Council
Level of Impact	The degree to which a community is affected or serviced by a decision.
Community Participation	The degree to which a community is involved in planning or decision making.
Warringah (Impact Level)	Where a project, issue, service or action: <ul style="list-style-type: none"> • Relates to all people living or working in Warringah, or • Relates to a significant proportion of people, or • Has the potential to impact on other facilities or activities within Warringah
Local (Impact Level)	Where a project, issue, service or action primarily relates to a local community or a group of users of a specific facility or service.
IAP2	International Association of Public Participation www.iap2.org.au
Submission	A submission is a formal response to a document made during the formal public exhibition period.
<u>Comment</u>	<u>A comment or response received during early engagement or consultation that is not part of a formal public exhibition endorsed by Council.</u>

IAP2 Public Participation Spectrum

	Inform	Consult	Involve	Collaborate	Empower
Community engagement objective	To provide the community with balanced and objective information to assist them in understanding the problem, opportunities and solutions	To obtain public feedback on analysis and/ or decisions	To work directly with the community throughout the process to ensure that concerns and aspirations are understood and considered	To partner with the community in each aspect of the decision including the development of alternatives and identification of the preferred solution	To place the final decision making in the hands of the community
Promise to the community	We will keep you informed	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on	We will work with you to ensure that your concerns are aspirations are directly reflected in the alternatives developed and provide feedback on how community input influenced the decision	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement what you decide
Example Techniques	Fact sheets Web sites Info sessions	Public comment Focus groups Surveys Public meetings	Workshops Deliberative polling	Citizen advisory committees Consensus building	Citizen juries Joint Ventures Ballots Delegated decisions

25

Attachment 2 – Media Distribution



| To support the Types of Engagement table on page 156, consideration needs to be given to high impact projects that impact across the LGA, or in areas that are not included on the Manly Daily distribution list.

| As per the table on page 156 the following are essential communication techniques for high impact projects to inform / notify residents:

- Written correspondence / mail out/ flyers
- Notice/ advert in local paper
- ~~Media release~~
- Email to the ~~community engagement~~ register
- Displays (on site for local high impact projects)
- Social Media
- Email update – closing the loop
- Web site information

On the Consult level it is essential to either:

- Send a letter/ flyer or media advert promoting submissions
- Public exhibition

Note: Staff need to be aware that the Manly Daily delivery area does not include all of the LGA.

Manly Daily Distribution within Warringah

Allambie Heights, Balgowlah Heights, Beacon Hill, Belrose, Brookvale, Collaroy, Collaroy Plateau, Cromer, Curl Curl, Davidson, Dee Why, Forestville, Frenchs Forest, Freshwater, Killarney Heights, Manly Vale, Narrabeen, Narrabeena, North Balgowlah, North Curl Curl, North Manly, Queenscliff, Terrey Hills (village centre), Wheeler Heights.

Areas in Warringah not included in distribution:

Oxford Falls, Ingleside, Cottage Point, Duffys Forest, Terrey Hills (rural areas) and Industrial areas in Brookvale

Therefore for significant projects (eg LEP, Housing Strategy) that may affect the areas outside of the Manly Daily distribution, it is recommended that other methods of communication are also considered for example: letter box flyers, notices at local venues, signs/ banners, letters, newsletters etc

It should be noted that a standard letter box drop only includes residential addresses. Please indicate if businesses are to be included at additional cost.

(Included November 2011 as per Council Resolution 18 October 2011)

Attachment 3 – Development on Council Land – Special Consultation Requirements (Moved from Policy)



Council acknowledges that when undertaking high impact development on Council owned and managed land a community engagement process consistent with the engagement framework will be undertaken in addition to the statutory requirements. This includes early input at the concept design stage.

Examples include Plans of Management, Masterplans and Council resolutions.

A. Plans of Management

Council must take into consideration feedback from the following:

- Local engagement, undertaken to reach a broad audience.
- Stakeholder engagement undertaken with specific consideration given to consulting with target groups eg youth, older people, culturally diverse groups, people with disabilities.
- Broad community input directed at the general community and also at specific target groups affected by the proposal to encourage input and involvement.
- Public exhibition to encourage submissions

B. Design Stage

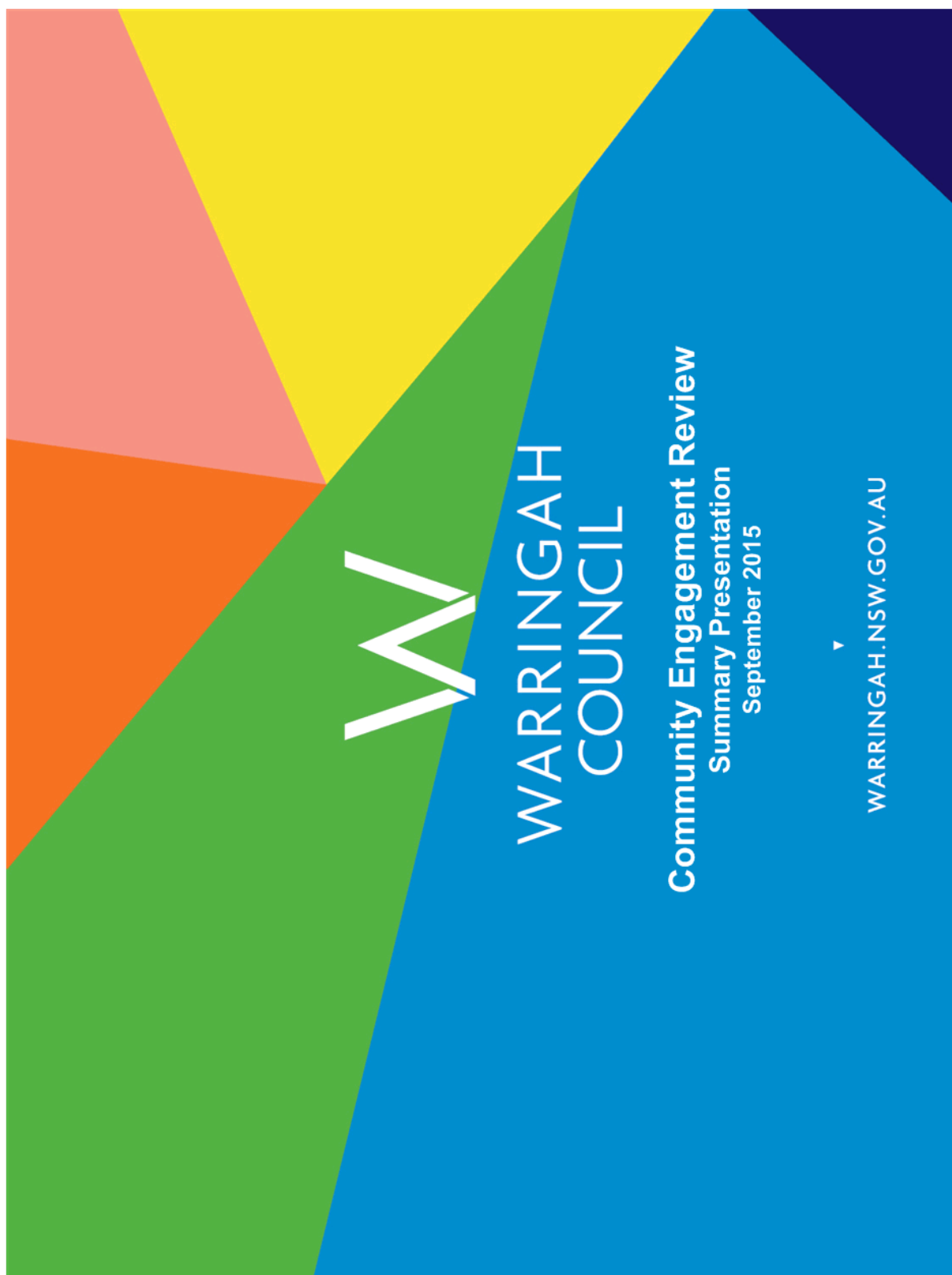
The project owner must take into consideration feedback from the following:

- Local engagement be undertaken to reach a broad audience.
- Stakeholder engagement be undertaken with specific consideration given to consulting with target groups eg youth, older people, culturally diverse groups, people with disabilities
- Include input from previous engagement activities - the project owner must specifically consider the earlier Plan of Management engagement undertaken.

C. Approvals Stage e.g. Development Application, Part V Assessment

Council must undertake:

- Statutory notification – engagement activities must comply with statutory notification requirements despite the fact that notifiable persons may have been involved in previous consultations.
- The Development Application is to have the results of all previous engagement activities under this policy attached to enable the development assessment officer to form a view of the merits of the proposal.
- Where a DA is not required, Council staff are still required to engage with the community to gain input to the development. The matrix should be used to determine the most appropriate level of engagement.



Community Engagement Review – Background

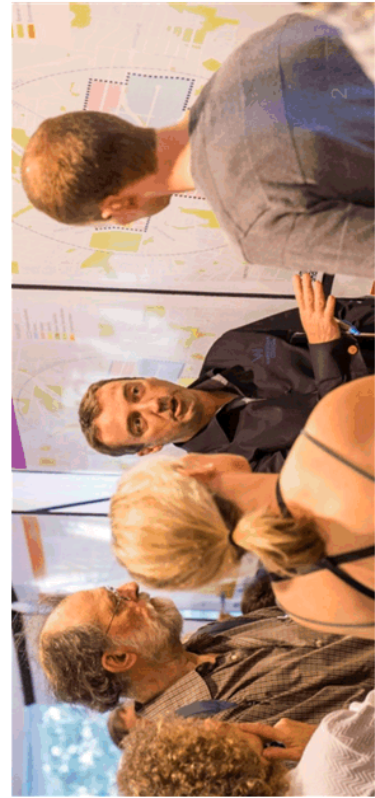


- Community Engagement = Community Consultation
- Key measure included since 2010 survey.
- Satisfaction with community consultation (mean ratings out of 5)

2011	2012	2013	2014	2015
2.9	3.1	3.1	3.0	3.2

Micromex NSW Benchmark (average = 3.0)

- Key driver of overall satisfaction (12%) with Council
- Area identified for improvement
- Councillor review of selected projects
- SRG discussion
- Policy due for review 2015

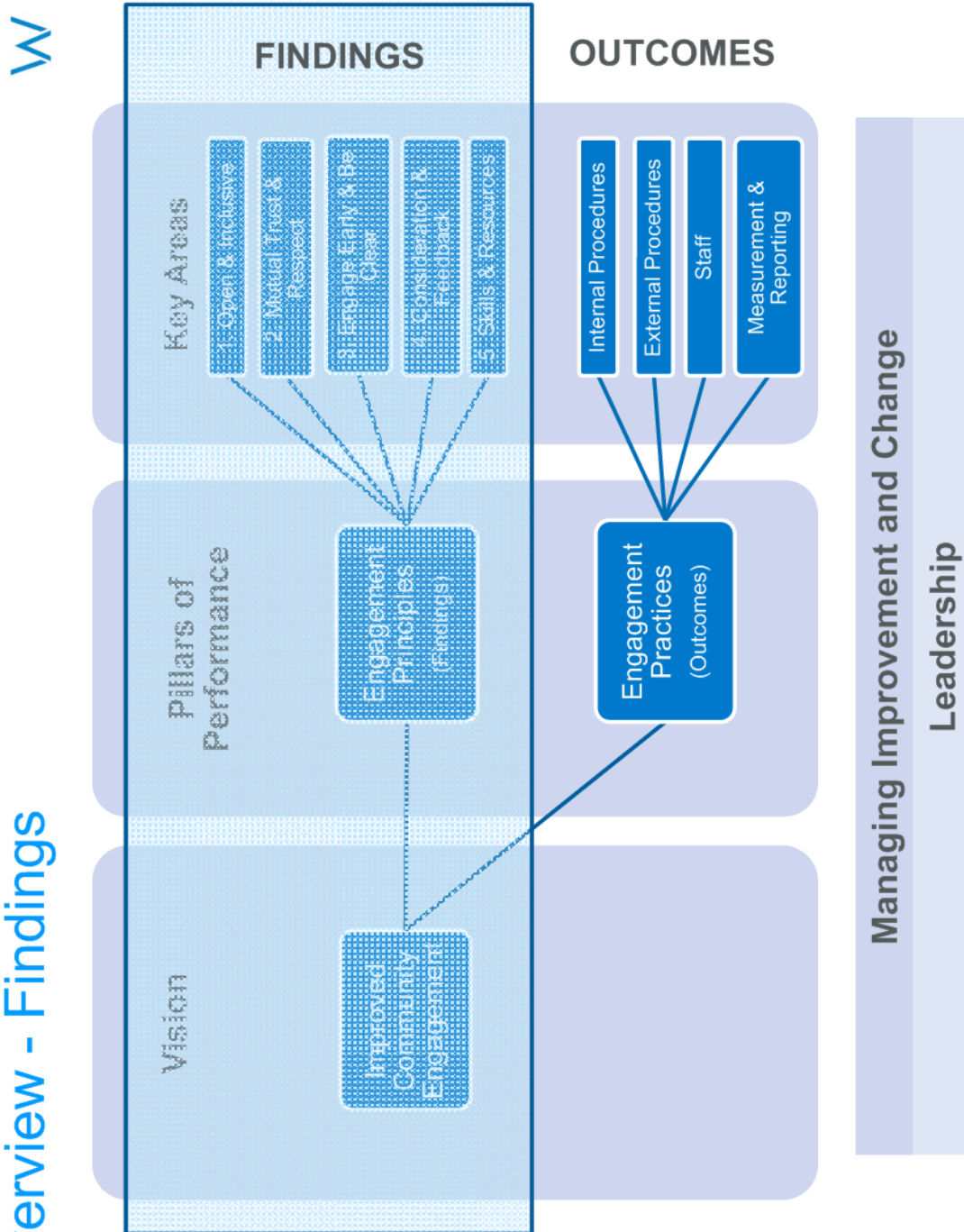


Consultation Review – Timeline and Input



Activity	Timeframe	Activity
Review of selected projects	Oct 2014	5 projects reviewed
Councillor briefing / workshop	Oct 2014	
Online community survey (short / long)	Nov – Feb 2015	460 responses 22 emails
SRG workshops	12 & 14 Nov 2014	16 participants
Community focus groups	Feb 2015	48 participants
Staff Research	Feb – April 2015	83 participants
SRG Update	April 2015	All SRGs
Internal working group to progress actions	From July 2015	
Councillor briefings	Aug / Sept	
Report to Council (Revised Policy)	22 September	
SRG update of findings and recommendations	Oct 2015	
Public Exhibition	Oct 2015	
Report to Council (Final Policy)	24 November	

Overview - Findings



4

Success of Community Engagement = Direct Result on Project Outcomes (See Additional Slides)

Projects Review Requested:

- Community Rental Subsidy Policy
- Collaroy Precinct Playground
- Curl Curl Beach Reserve Masterplan
- Coastal Zone Management Plan
- Fishermans Beach Surf Rescue Building

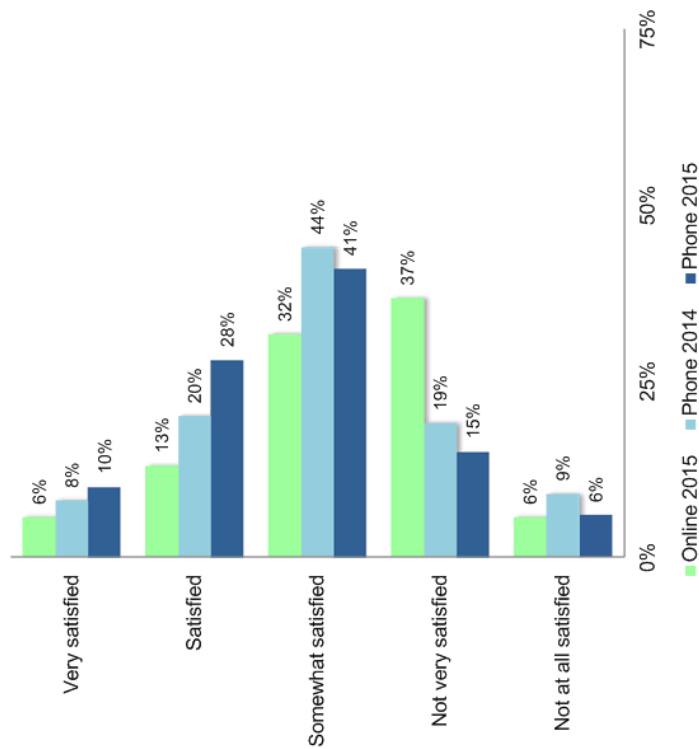


- | | |
|---|--|
| <ul style="list-style-type: none"> • Increases project /organisational risk • Additional timeframes/ costs • Community angst / complaints • Political intervention • Poor media coverage • Staff morale | <ul style="list-style-type: none"> • Timeframes and budgets met • Increased satisfaction • Community compliments • Good media coverage • Staff satisfaction • External and Political recognition |
|---|--|

Community Satisfaction with Consultation

W

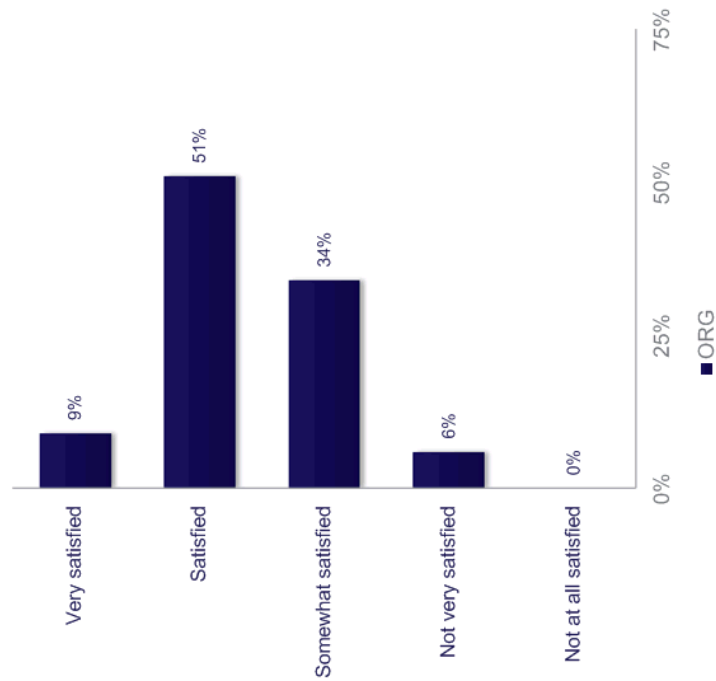
Community



	Online	2014	2015
% Satisfied	51%	72%	79%
Average	2.75	3.0	3.2

N=370, Online community survey results
N=600, 2015 & 2014 Telephone results

Staff

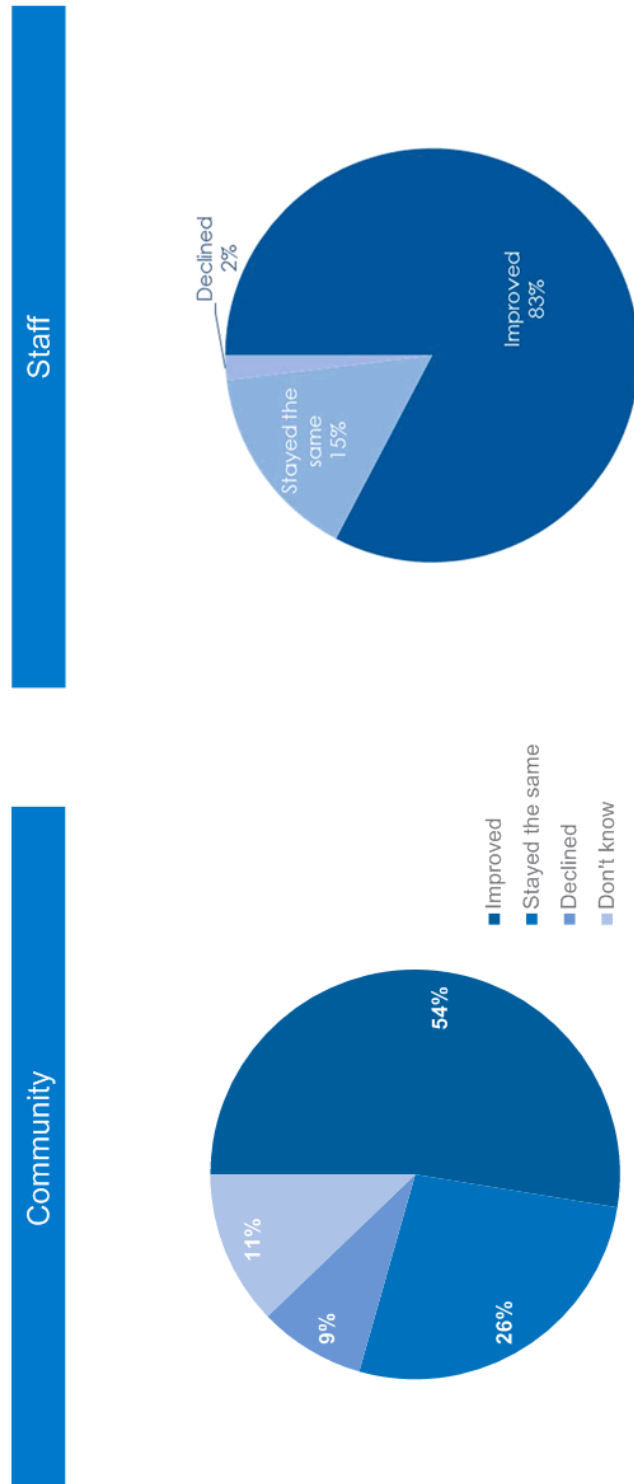


	ORG
% Satisfied	94%
Average	3.6

Online Survey Results – Direction of Performance

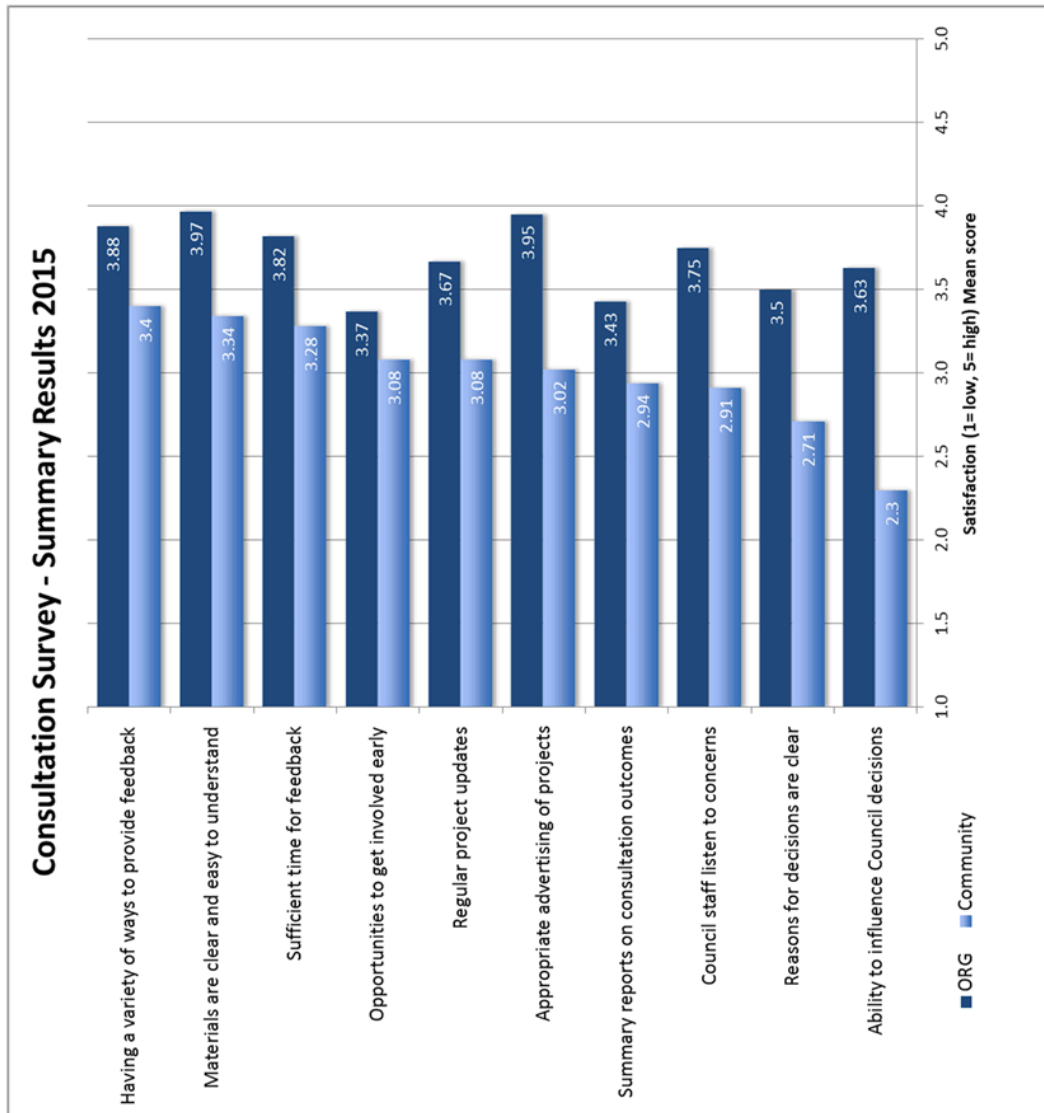


Q: Overall, in the past few years, what is your view of the direction of Council's community consultation performance?



83% of staff think consultation has improved compared to 54% of the community.

Key measures compared



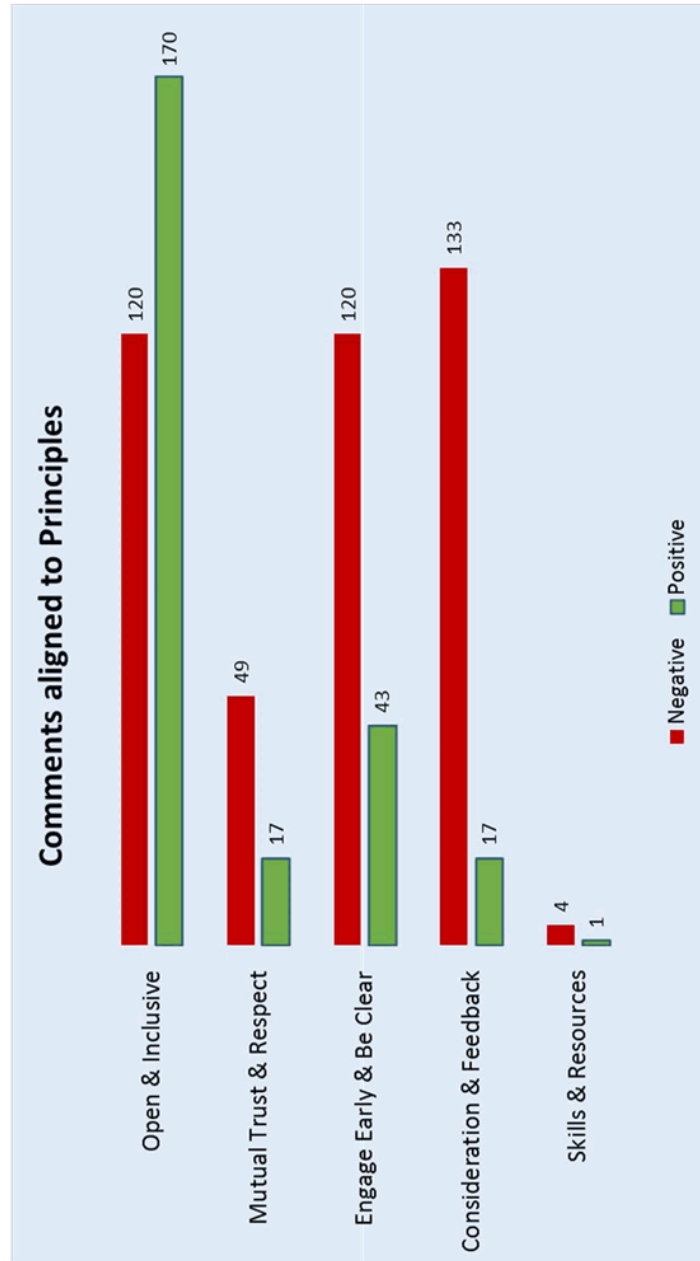
Feedback from community focus groups



MAIN AREA	PERCEPTIONS
Councillors	<ul style="list-style-type: none"> Councillors were not accessible or visible enough in the community. Suggests an opportunity to improve communication to the community in this regard.
Ability to influence Council decision making	<ul style="list-style-type: none"> Residents did not feel they have the ability to influence Council's decision-making process. Decisions are already made. Want to be consulted earlier. Done better on less important issues
Clear reasons for decision making	<ul style="list-style-type: none"> Lack of transparency in the decision-making process and often do not understand why Council made certain decisions. Need to see input, options and how this was used.
Closing the feedback loop	<ul style="list-style-type: none"> Lack of feedback during and after consultation. Many did not receive updates on what had been done with the information they provided. Residents want to be informed about the outcome of their consultations.
Staff	<ul style="list-style-type: none"> Staff turnover throughout a project and not always having current knowledge. Staff not always appearing to listen.
Receiving information	<ul style="list-style-type: none"> Need multiple information distribution media to gather an equal representation of the community. Use a variety of methods such as e-mail, Social Media, monthly newsletters of community organisations and banners in the community etc. Consider an opt-in notification process for updates.

General Community Verbatim Comments – aligned to Engagement Principles

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SUMMARY FINDINGS: 5 Principles of Engagement



1. Open and Inclusive

- 86% of staff 'frequently' or 'always' value the input gained from consultation.
- Openness & inclusiveness was most commonly mentioned positive community comment.
- Issues include lack of time, lack of resources, ineffective methods, decisions already made and approvals

2. Mutual Trust & Respect

- 51% of staff surveyed stated that they (or Council) either 'frequently' or 'always' have a preconceived idea about a consultation outcome.
- Community feedback suggests consultation not conducted in an impartial manner. ie 'pre-set' agendas, insufficient facilitation, hijacked by strongest voices

3. Engage Early and be Clear

- Principle often not followed. Strong community desire to be consulted earlier
- Staff confirmed consultation was often not conducted until too late. (less than half frequently or always engage early).

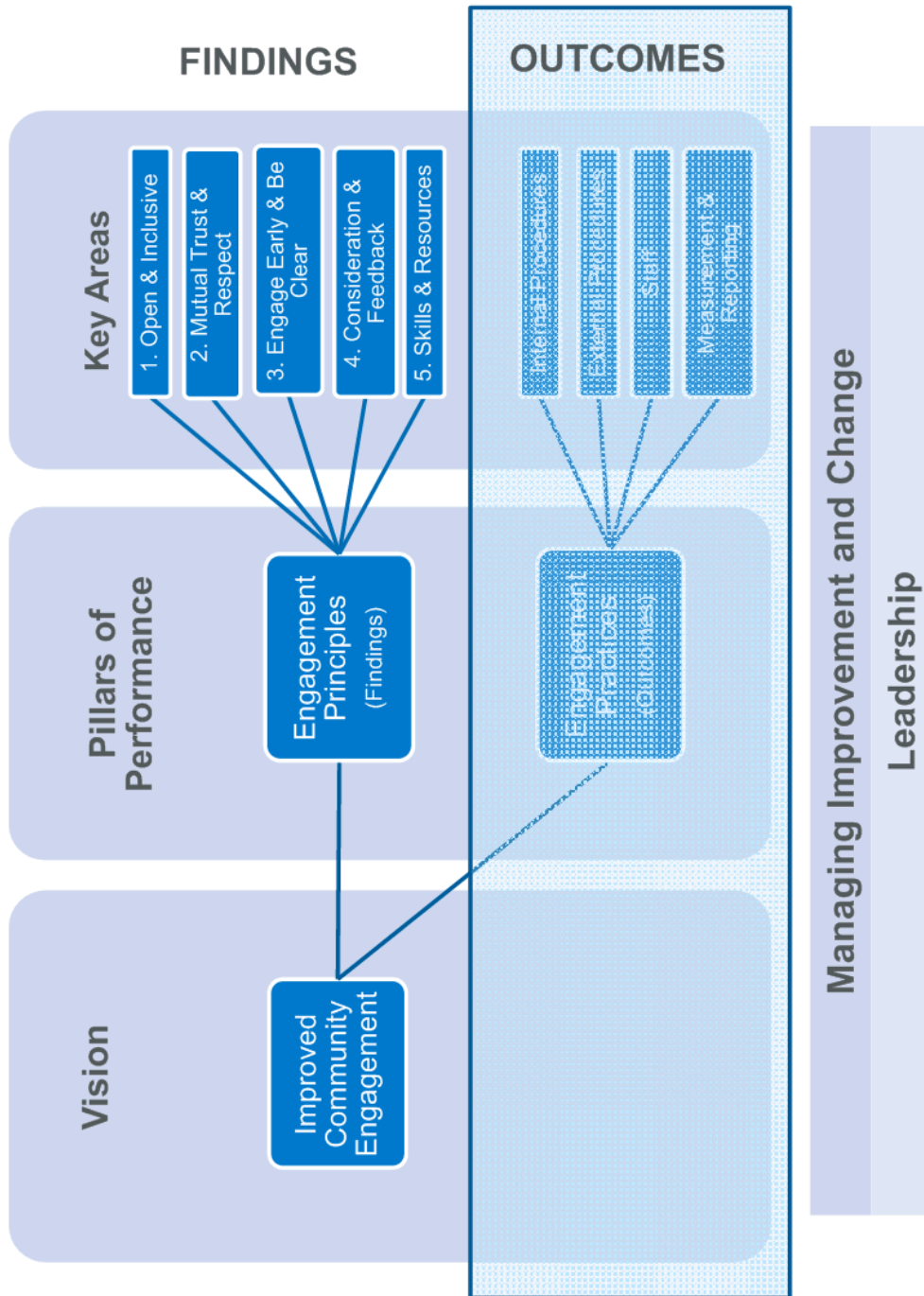
4. Consideration and Feedback

- Principle often not followed. Strong community desire to receive updates and understand outcome
- 70% staff claimed provided regular project updates but mostly passive.
- Staff question approval process to release information.

5. Skills and Resources

- Strong training & development rating. 82% understand engagement framework 78% have the skills
- Lack of time & resources were the primary challenges
- Project timings insufficient for effective engagement

Overview - Outcomes



Key Priorities to Drive Improvement Summary from last session



Community / Councillor Priorities	Staff Priorities
<ul style="list-style-type: none"> - Ensure updates and feedback are provided to those involved - More consistent approach – training, process maps, coaching - Allow more time and earlier involvement <ul style="list-style-type: none"> - for high impact projects including at least 2 stages - Better understanding of what the community said and how this was used - Embed in organisation <ul style="list-style-type: none"> - listen, understand concerns (real and perceived) - Continue to use a range of tools and methods to engage more broadly - More local engagement on local issues - Know what's coming up (forward schedule) - Councillor visibility and involvement <i>Investigate opportunities to improve Councillor visibility in the community. Councillors need to become more visible and accessible to the community..</i> 	<ul style="list-style-type: none"> - Close the loop <ul style="list-style-type: none"> - email anyone who has been involved, - regular project updates on YSW - Measurement – KPIs - Project resources - flexibility (staff, budget, time) - Engage earlier before key decisions are made - Councillor and Leadership support and application - Continue to use a range of tools and techniques to get to wider community

External Processes



Policy and Matrix (Actions)

- **Update Policy & Matrix** (22 September meeting)
 - New format, update policy references, etc
 - Clarify process for Council developments / DAs
 - Update mandatory tools ie local signs, web pages, email updates
 - Review timing / school hols
 - Ensure min 2 stages for complex projects (early YSW page)
- **Review engagement process in project review**

Systems (Actions)

- Rollout Community Engagement Register (target end September)
- Quick access to Your Say projects from main website
- Review process for displaying comments without displaying personal details (ie YSW)

Internal Processes



Engagement Planning (Actions)

- CE Plan required – all high impact projects
- Early discussion with CE team
- Engagement planning needs to happen earlier, in project brief stage
- Management / Steering group sign off CE Plan
- Refresh Prince2 – update process links

Roles & Responsibilities (Actions)

- Lead times and resources need to be mutually agreed (NoM, Mayoral Minutes, other work requests)
- Clarify Project Manager and CE team roles
- Document - content and approval process
- Evaluate workflow management system

Staff and Leadership



Staff Skill (Actions)

- Include CE in new staff induction checklist and audit relevant Position Descriptions,
- Continue staff training – IAP2 training, work on soft skills for PMs
- Implement shared learnings - Community of practice, WAVES workspaces

Leadership (Actions)

- Leadership involvement / support
 - Resources and timeframes for additional work requests
 - Review Plans, Assign appropriate resources, Modify timeframes
 - Reporting

Measurement and reporting (Actions)

- Agree key metrics
 - CE plans for all HI projects
 - Project updates (YSW) and emails
- Improve internal communication on key YSW projects (DAs, RFT, Leases etc)
- Produce a forward engagement schedule
- 2 page summary template for major projects
- Agree business rules for content availability (meeting notes, survey results)



Policy Changes - Summary



- Goal was to simplify and shorten the policy document
- Reformat new template, update references, terminology
- Transfer detailed content to Matrix:
 - Benefits
 - Principles
 - Consulting on Council Land
- Clarification to avoid Christmas, New Year Period and better consideration of engaging in school holidays
- Clarification of policy in relation to private development

Matrix Changes - Summary



- Goal: add elements to improve consistency across Council
- Includes content from policy
 - Benefits, Principles, Consulting on Council Land
- Added
 - Email update – feedback close loop
 - Citizen Jury
- Removal of some tools / techniques
 - ie suggestion box, Public Art Sessions, Public exhibition (stage not technique)
 - Key protocols (in Toolkit)
- Combining of some similar tools techniques
 - ie workshop and forum, public meeting and hearing, fact sheet and brochure
- Essential requirements for
 - Web content
 - Email updates – closing the loop (new)
 - Local notification signs
 - Information sessions (onsite or Civic)
- Minimum of 2 stages for high impact projects
- Minor changes to Engagement plan template – scope, stakeholders

Other Actions in Progress

- Engagement Register: Internal pilot launch in progress
 - Web sign up
 - Back end functionality
 - User testing
 - Training and pilot rollout
 - Target launch (end Sept/ early Oct)
- Measurement and Internal Reporting
 - Projects resolved and closed with updates
 - Projects with close the loop email sent
 - High Impact Projects with CE plans
- Prince2 process update
- Training - IAP2 certificate, soft skills
- Staff Community of Practice sessions commenced
- Quick Access to Your Say

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Summary of public submissions – Multicultural Strategy (Culturally Diverse Warringah)

The draft Multicultural Strategy was placed on public exhibition from 27 June 2015 to 27 July 2015. During that time, there were:

- 193 visits to the YourSay project page
- 60 downloads of the draft strategy
- Four submissions received

Reference in draft Strategy	Comments	Changes to document
Australia's First People (page 5)	Encouraged Council to consider creating a Reconciliation Action Plan (RAP) or Immersion Program for the Aboriginal and Torres Strait Islander (ATSI) population.	Nil – RAP already developed to address ATSI population and reconciliation
Theme 1: Housing (pages 24-25)	Encourages the notion that housing matters are of utmost importance to regulate so as to avoid overcrowding and the development of ghettos.	Nil – already addressed
Theme 3: Access to Information and Services (pages 28-30)	Suggested that Council and NSW Police should have more freely accessible interpreting services as well as staff from a variety of linguistically diverse backgrounds.	Nil – strategy already acknowledges what can be done to improve access to services. Organisations are bound by Equal Employment Opportunity Act
Theme 4: Identity and Belonging (pages 31-32)	Suggested that more emphasis should be placed on discrimination. Consideration that Council should work towards more multicultural precinct development which would include visible elements of cultural diversity such as cultural icons and art (as has been done in Auckland, New Zealand).	Included references to discrimination in Theme 4 Reworded sections of Theme 4 to include visible elements of cultural diversity
Theme 6: Health and Safety (pages 35-37)	Concern over preventing the issues of under-age marriages and female circumcision.	Nil – these practices are illegal and increasing education of legal issues was already identified

Reference in draft Strategy	Comments	Changes to document
Whole document	Review of spelling and grammar of the document. Various minor changes suggested.	Minor editorial changes incorporated
	Use photographs of immigrants in a range of dress, not just traditional dress. Photographs only show a limited demographic of Warringah's cultural diversity (mostly Tibetan and Pacific Islander). Consider using a wider variety of images	Only permitted to use photographs where signed permission was received and also wanted to maintain a good standard of photography (clear, high-resolution images). Accordingly, nil changes made.
	Strategic objectives should be clearer	Have reworded strategic objectives and listed clear actions to achieve these
General comments	Comprehensive with achievable and realistic tactics for greater culturally and linguistically diverse integration and covers all areas of the social, economic and emotional wellbeing.	Nil
	Great to see Council undertaking this initiative. It is important that Council has developed this policy and it is a good start to making Warringah a really vibrant and responsive community.	Nil
	Council has clearly consulted widely on issues with a range of groups. The policy is easy to read and well designed.	Nil