



# Agenda

## Council Meeting

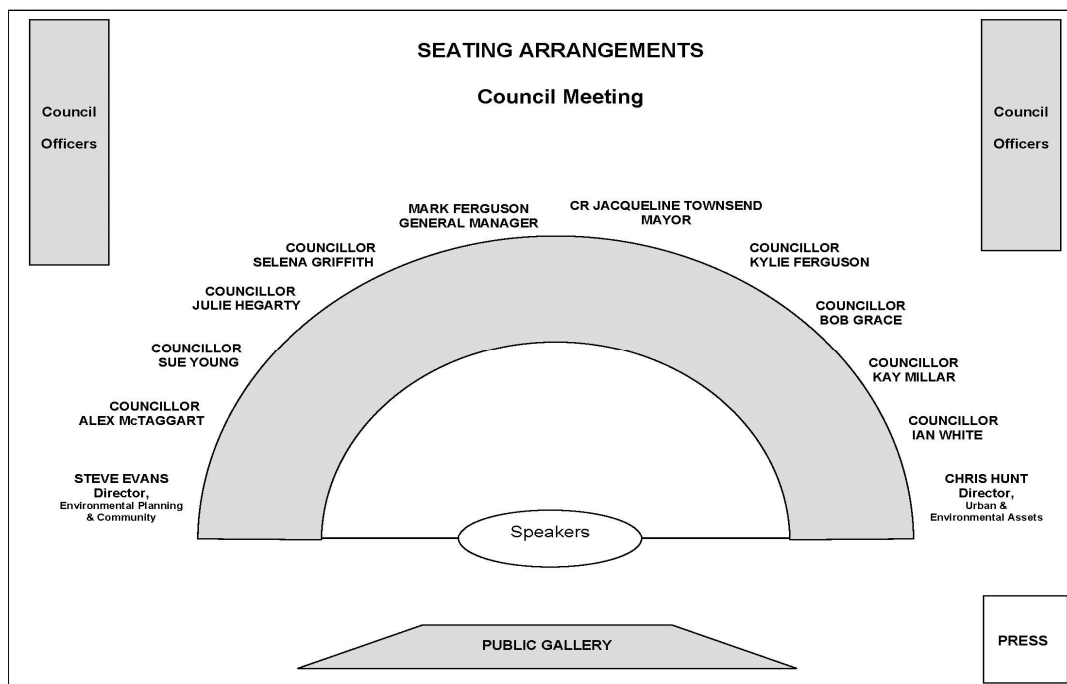
Notice is hereby given that a Council Meeting of Pittwater Council will be held at Mona Vale Memorial Hall on

***18 May 2015***

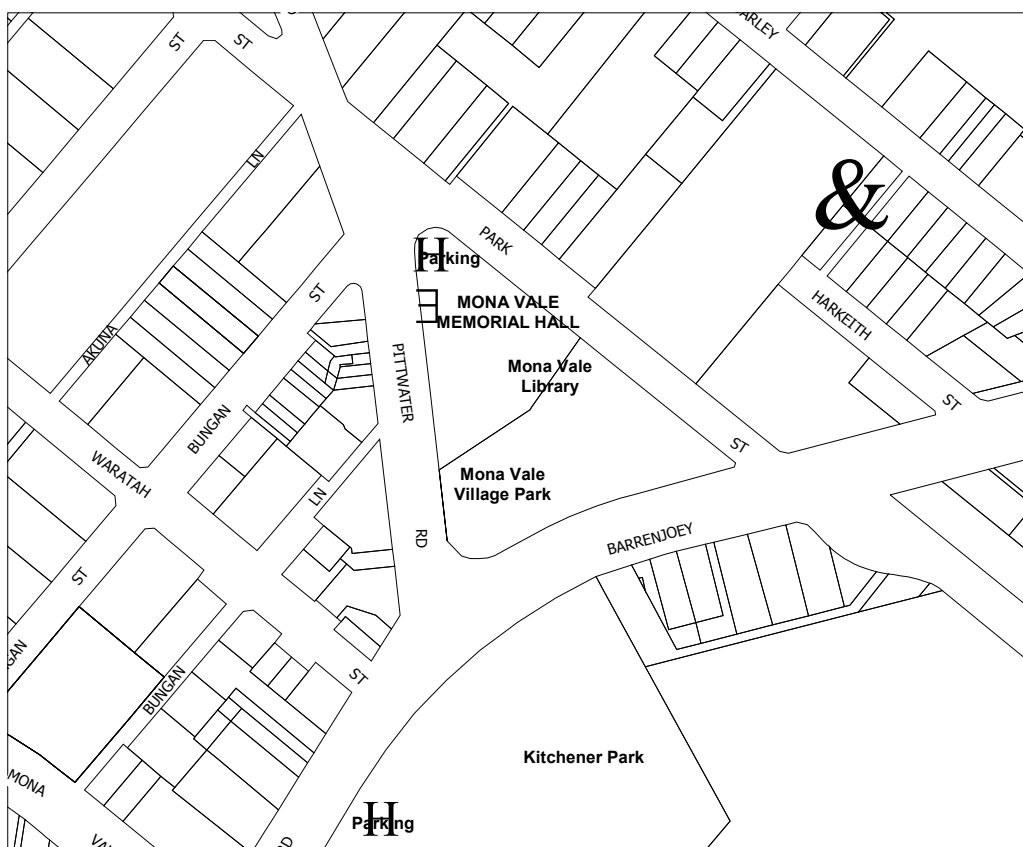
Commencing at 6.30pm for the purpose of considering the items included on the Agenda.

Mark Ferguson  
**GENERAL MANAGER**

## Seating Arrangements



## Meeting Location



All Pittwater Council's Agenda and Minutes are available on the Pittwater website at [www.pittwater.nsw.gov.au](http://www.pittwater.nsw.gov.au)

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## **Acknowledgement of Country**

**Pittwater Council honours and respects the spirits of the  
Guringai people.**

**Council acknowledges their traditional custodianship of  
the Pittwater area.**

## **Statement of Respect**

**Pittwater Council promotes and strives to achieve a climate of respect  
for all and endeavours to inspire in our community shared civic pride by  
valuing and protecting our unique environment, both natural and built,  
for current and future generations.**

**We, the elected members and staff of Pittwater Council, undertake to  
act with honesty and integrity, to conduct ourselves in a way that  
engenders trust and confidence in the decisions we make on behalf  
of the Pittwater Community.**

# **Council Meeting**

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**The Senior Management Team  
has approved the inclusion of  
all reports in this agenda.**

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## Council Meeting

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### 1.0 Public Forum

#### GUIDELINES FOR RESIDENTS - PUBLIC FORUM

##### Objective

**The purpose of the Public Forum is to gain information or suggestions from the community on new and positive initiatives that Council can consider in order to better serve the Pittwater community.**

- The Public Forum is not a decision making forum for the Council;
- Residents should not use the Public Forum to raise routine matters or complaints. Such matters should be forwarded in writing to Council's Customer Service Centres at Mona Vale or Avalon where they will be responded to by appropriate Council Officers;
- There will be no debate or questions with, or by, Councillors during/following a resident submission;
- Council's general meeting procedures apply to Public Forums, in particular, no insults or inferences of improper behaviour in relation to any other person/s is permitted;
- No defamatory or slanderous comments will be permitted. Should a resident make such a comment, their submission will be immediately terminated by the Chair of the Meeting;
- Up to 20 minutes is allocated to the Public Forum;
- A maximum of 1 submission per person per meeting is permitted, with a maximum of 4 submissions in total per meeting;
- A maximum of 5 minutes is allocated to each submission;
- Public submissions will not be permitted in relation to the following matters:
  - Matters involving current dealings with Council (eg. development applications, contractual matters, tenders, legal matters, Council matters under investigation, etc);
  - Items on the current Council Meeting agenda;
- The subject matter of a submission is not to be repeated by a subsequent submission on the same topic by the same person within a 3 month period;
- Participants are not permitted to use Council's audio visual or computer equipment as part of their submission. However, photographs, documents etc may be circulated to Councillors as part of the submission;
- Any requests to participate in the Public Forum shall be lodged with Council staff by 12 noon on the day of the Council Meeting. To register a request for a submission, please contact Warwick Lawrence, phone 9970 1112.

Mark Ferguson  
**GENERAL MANAGER**

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## **2.0 Resident Questions**

### **RESIDENT QUESTION TIME**

#### **Objective**

**The purpose of Resident Question Time is to provide the community with a forum to ask questions of the elected Council on matters that concern or interest individual members of the community.**

The following guidelines apply to any person addressing a Council / Committee meeting in relation to a Resident Question:

- 1. Residents Question Time is conducted at the commencement of the second Council Meeting of the month and prior to the handling of General Business.*
- 2. A maximum of 10 minutes is allocated to Residents Question Time.*
- 3. Each Resident is restricted to two (2) questions per meeting.*
- 4. All questions are to be in writing or made electronically and lodged with the General Manager no later than 6.15pm on the day of the Council meeting at which it is to be considered.*
- 5. Questions must be precise and succinct and free of ambiguity and not contain any comments that may be offensive, defamatory or slanderous in any way.*
- 6. A brief preamble may accompany the question to clarify the issue however only the actual question will be included in the minutes of the Council meeting.*
- 7. Responses to residents questions made at the meeting will also be included in the minutes of the Council meeting.*
- 8. Resident's questions taken on notice shall be the subject of a report to Council setting out both the question and response and shall be included in the agenda at the second meeting of the month following the resident's question.*
- 9. There will be no debate or questions with, or by, Councillors during / following a resident question and response.*

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## **3.0 Apologies**

Apologies must be received and accepted from absent Members and leave of absence from the Council Meeting must be granted.

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## 4.0 Declarations of Pecuniary and Conflict of Interest including any Political Donations and Gifts

Councillors are advised of the following definitions of a "pecuniary" or "conflict" of interest for their assistance:

\* Section 442 of the Local Government Act, 1993 states that a "pecuniary" interest is as follows:

- "(1) [Pecuniary interest] A Pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.*
- (2) [Remoteness] A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to the matter."*

Councillors should reference the Local Government Act, 1993 for detailed provisions relating to pecuniary interests.

\* Council's Code of Conduct states that a "conflict of interest" exists when you could be influenced, or a reasonable person would perceive that you could be influenced by a personal interest when carrying out your public duty.

Councillors are also reminded of their responsibility to declare any Political donation or Gift in relation to the Local Government & Planning Legislation Amendment (Political Donations) Act 2008.

\* A reportable political donation is a donation of:

- \$1,000 or more made to or for the benefit of the party, elected member, group or candidate; or
- \$1,000 or more made by a major political donor to or for the benefit of a party, elected member, group or candidate, or made to the major political donor; or
- Less than \$1,000 if the aggregated total of the donations made by the entity or person to the same party, elected member, group, candidate or person within the same financial year (ending 30 June) is \$1,000 or more.

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## 5.0 Confirmation of Minutes

"Councillors are advised that when the confirmation of minutes is being considered, the only question that can arise is whether they faithfully record the proceedings at the meeting referred to. A member of a council who votes for the confirmation of the minutes does not thereby make himself a party to the resolutions recorded: **Re Lands Allotment Co (1894) 1 Ch 616, 63 LJ Ch 291.**"

Minutes of the Council Meeting held on 4 May 2015.

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## **6.0 Public Addresses**

The following guidelines apply to any person addressing a Council / Committee meeting in relation to an item on the Council / Committee meeting agenda:

1. *A member of the public may be granted leave to address a meeting of Council or a Committee, where such a request is received by the General Manager no later than 3.00pm on the day of the meeting. This is subject to:*
  - (a) *A maximum of up to six speakers may address on any one item, with a maximum of three speakers in support of the recommendation in the report, and three speakers in opposition.*
  - (b) *A limitation of three minutes is allowed for any one speaker, with no extensions.*
  - (c) *An objector/s to a development application is to speak first with the applicant always being given the right to reply.*

*Exceptions to these requirements may apply where:*

- (a) *The Meeting specifically requests that a person be interviewed at a meeting.*
  - (b) *The Meeting resolves that a person be heard at the meeting without having given prior notice to the General Manager*
2. *Once a public/resident speaker has completed their submission and responded to any Councillor questions, they are to return to their seat in the public gallery prior to the formal debate commencing.*
3. *No defamatory or slanderous comments will be permitted. Should a resident make such a comment, their address will be immediately terminated by the Chair of the meeting.*
4. *Council's general meeting procedures apply to Public Addresses, in particular, no insults or inferences of improper behaviour in relation to any other person is permitted.*
5. *Residents are not permitted to use Council's audio visual or computer equipment as part of their address. However, photographs, documents etc may be circulated to Councillors as part of their address.*

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## **7.0 Councillor Questions with Notice**

Nil.

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## **8.0 Mayoral Minutes**

Nil.

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## **9.0 Business by Exception**

Items that are dealt with by exception are items where the recommendations contained in the reports in the Agenda are adopted without discussion.

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## **10.0 Council Meeting Business**

Nil.

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## **Leading and Learning Committee**

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## **11.0 Leading and Learning Committee Business**

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<b>C11.1</b>	<b>Quarterly Budget Review Statement for the Period ending 31 March 2015</b>
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**Meeting:** Leading and Learning Committee

**Date:** 18 May 2015

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**COMMUNITY STRATEGIC PLAN STRATEGY:** Corporate Management

**COMMUNITY STRATEGIC PLAN OBJECTIVE:**

- To ensure Council's future financial sustainability

**DELIVERY PROGRAM ACTION:**

- Effectively manage Council's financial services.
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## **1.0 EXECUTIVE SUMMARY**

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### **SUMMARY**

To provide Council with the financial results for the quarter ending 31 March 2015 of the 2014/2015 Financial Year, as per Local Government (General) Regulations Clause 203. A summary of the results are as follows;

- The Projected Consolidated financial result for the year ending 30 June 2015 is a surplus of Council funds of \$88,339. Compared to the previously adopted budget of \$70,000 this amounts to an increase of \$18,339.
  - The Projected Operating result before capital for the year ending 30 June 2015 is a surplus of \$1.465 million. Compared to the previously adopted budget of \$1.518 million surplus this amounts to a decrease of \$53,000.
  - The Projected Total Capital Expenditure (including loan principal repayments) stands at \$23.611 million for 2014/15. Compared to the previously adopted budget figure of \$23.661 million this amounts to a decrease of \$50,000.
  - The Projected cash and investment position at 30 June 2015 is \$34.786 million. Compared to the previously adopted budget figure of \$31.978 million this amounts to an increase of \$2.808 million.
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## **2.0 RECOMMENDATION**

- 1. That the financial results for the period ending 31 March 2015 be noted.*
- 2. That the Projected Budget incorporating all amendments as detailed in this report be adopted.*

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### **3.0 BACKGROUND**

#### **3.1 PURPOSE**

To provide Council with the financial results for the quarter ending 31 March 2015 of the 2014/2015 Financial Year, as per Local Government (General) Regulations Clause 203. These Reports are to be produced and reported, *“No later than 2 months after the end of each quarter (except the June quarter), and the Responsible Accounting Officer of a Council must prepare and submit to the council a budget review statement.”*

#### **3.2 BACKGROUND**

The Integrated Planning and Reporting Framework as developed by the Division of Local Government requires Council to use a minimum standard of reporting that will assist in adequately disclosing its overall financial position and additionally provide sufficient information to enable informed decision making while ensuring transparency.

This reporting requirement, known as the Quarterly Budget Review Statement (QBRS) will facilitate progress reporting against the original and revised budgets at the end of a quarter. They will also provide explanations for major variations that result in budgetary changes and enable the Responsible Accounting Officer (RAO) to indicate whether the Council will be in a satisfactory financial position at the end of the Financial Year.

For the information of Council and the Community, the Original 2014/2015 Budget was adopted by Council as part of the 2014-2018 Delivery Program & Budget on 16 June 2014.

The Revised 2014/15 Budget was adopted by Council on 16 February 2015, and has been transferred to the Revised Budget column in this report.

Council's reporting structure undertakes a dual format of both financial and strategic information which includes:

- Budget Review Statement
- Performance Indicators
- Summary of Financial Statements
- Financial Statements (Consolidated, Operating, Cash flow, Reserve Balance, Balance Sheet),
- Total Works Program (Including Capital Budget Review Statement)
- Loan Projections
- Special Rates Variation and Stormwater Management Service Charge
- Developer Contribution Plans
- Consultancy and Legal Expenses
- Key Directions and Associated Strategies

#### **3.3 POLICY IMPLICATIONS**

As part of Council's 2014/15 Budget Process.

#### **3.4 RELATED LEGISLATION**

To provide Council with the financial results for the quarter ending 31 March 2015 of the 2014/2015 Financial Year, as per Local Government (General) Regulations Clause 203. These Reports are to be produced and reported, *“No later than 2 months after the end of each quarter (except the June quarter), and the Responsible Accounting Officer of a Council must prepare and submit to the council a budget review statement.”*



### 3.5 FINANCIAL ISSUES

#### 3.5.1 Budget

The financial results for the period ending 31 March 2015 are as follows:

- The Projected Consolidated financial result for the year ending 30 June 2015 is a surplus of Council funds of \$88,339. Compared to the previously adopted budget of \$70,000 this amounts to an increase of \$18,339.
- The Projected Operating result before capital for the year ending 30 June 2015 is a surplus of \$1.465 million. Compared to the previously adopted budget of \$1.518 million surplus this amounts to a decrease of \$53,000.
- The Projected Total Capital Expenditure (including loan principal repayments) stands at \$23.611 million for 2014/15. Compared to the previously adopted budget figure of \$23.661 million this amounts to a decrease of \$50,000.
- The Projected cash and investment position at 30 June 2015 is \$34.786 million. Compared to the previously adopted budget figure of \$31.978 million this amounts to an increase of \$2.808 million.

Details relating to the above results are contained within this report.

#### 3.5.2 Resources Implications

The March 2015 Quarterly Budget Review incorporates all current resourcing issues including staffing, materials & contracts requirements, professional services requirements etc.

### 4.0 KEY ISSUES

#### 4.1 Responsible Accounting Officer (RAO) Budget Review Statement

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005.

*"It is my opinion as the Chief Financial Officer that the Quarterly Budget Review for Pittwater Council for the quarter ended 31/03/15 indicates that Council's financial position at 31/03/15 is sound."*

*Mark Jones - Chief Financial Officer (5/5/15)*

"This position is summarised in the performance indicators of 2.2 of this report."

#### Investment Statement

The Responsible Accounting Officer (ROA) certifies that all funds including those under restriction (such as S94, grants, internally restricted) have been invested in accordance with Section 625 of the Local Government Act, 1993 the Local Government (General) Regulations, and Council's Investment Policy (No 143).

Such restricted funds amount to \$29.919 million and form part of Council's total funds invested that amount to \$39.224 million as at 31st March 2015 (as per Council's March Investment Report).

## Cash (Bank) Statement

The Responsible Accounting Officer (ROA) certifies that Council's Bank Statement has been reconciled up to and including the 31st March 2015 and the closing balance of cash of \$39.224 million forms part of Council's Current Assets on Council's Balance Sheet.

## Reconciliation Statement

The Responsible Accounting Officer (ROA) certifies that the Year to Date (YTD) Cash and Investments (as per Council's Balance Sheet) have been reconciled with funds invested and those held at cash at bank. The table below outlines Council's Cash and Investment reconciliation.

### Cash & Investment Reconciliation as at 31st March 2015

Total Cash on Hand	11,830
Council's Bank Account Ledger	6,411,698
Investments	32,800,000
<b>Total Cash &amp; Investments</b>	<b>39,223,528</b>

## 4.2 Performance Indicators

In assessing an organisations financial position, there are a number of performance indicators that can assist to easily identify whether or not an organisation is financially sound. These indicators and their associated benchmarks, as stipulated by the Local Government Association of NSW and Shires Association of NSW are set out below.

#	Performance Indicator	2014/15 Projected	2013/14 Actual	2012/13 Actual	Local Government Bench Mark
1	Operating Result (before Capital amounts)	\$1.465m Surplus	\$872,000 Surplus	\$2.407m Surplus	Surplus
2	Consolidated Result	\$88,339 Surplus	\$309,751 Surplus	\$383,618 Surplus	N/A
3	Operating Performance Ratio	0.46%	0.54%	1.42%	>0%
4	Own Source Operating Revenue Ratio	79.31%	91.24%	78.84%	>60%
5	Unrestricted Current Ratio	2.22:1	2.31:1	3.24:1	>1.50:1
6	Debt Service Ratio	2.96	3.08	2.39	>2.00
7	Rates, Annual Charges, Interest & Extra charges outstanding ratio	5.00%	4.54%	5.26%	<5%
8	Cash Expense Cover Ratio	6.12	5.32	6.26	>3.00
9	Building and Infrastructure Renewals Ratio	115.36%	129.16%	81.60%	>100%

**\*Note:** these indicators are new as per the requirements under the Local Government code of Accounting practice.

**1. Operating Result (before Capital Contributions)**

The Operating result is the Profit or Loss that Council makes from normal Operations (Excluding expenditure on Capital items). A Surplus is a positive financial indicator.

**2. Consolidated Result**

The Consolidated Result is the increase or call on Council funds which shows the source and application of both Operating and Capital Income and Expenditure along with transfers to and from Reserves applicable to those activities. A Surplus is a positive financial indicator.

**3. Operating Performance Ratio**

This ratio measures Council's overall net operating result and whether operating expenditure is contained within operating revenues. A ratio greater than zero is a positive financial indicator.

**4. Own Source Operating Revenue Ratio**

This is a measure of the proportion of Council's own source of revenue such as rates, fee and charges, interest income etc. as compared to total revenue which includes grants and contributions. This ratio measures financial flexibility and Council's degree of reliance on external funding. A higher ratio is a positive financial indicator.

**5. Unrestricted Current Ratio**

The Unrestricted Current ratio is the ratio of Unrestricted Cash Assets held that are available to meet any current liabilities. The above ratio indicates that Council currently projects to have \$2.22 (excluding externally restricted funds such as S94 and grant monies) available to service every \$1 of debt as it falls due at the end of the financial year. A ratio greater than one is a positive financial indicator.

**6. Debt Service Cover Ratio**

This ratio measures the availability of operating cash (excluding capital items, interest and depreciation) to service debt including principal and interest repayments. A higher ratio is a positive financial indicator.

**7. Rates, Annual Charges, Interest & Extra Charges Outstanding Ratio**

This ratio measures the amount of rates and annual charges outstanding as a percentage of total rates and annual charges. This ratio indicates the dependency of Rates and Annual charges over Council's total Revenue from continuing operations. A lower ratio is a positive financial indicator.

**8. Cash Expense Cover Ratio**

This ratio is a measure of cash liquidity available to pay for operations and financing activities. It indicates the amount of months that council can pay its immediate expenses without any additional cashflow. A higher ratio is a positive financial indicator.

**9. Building and Infrastructure Renewal Ratio**

This ratio indicates the rate of renewal/replacement of existing assets as against the depreciation of the same category of Assets. A ratio greater than one is a positive financial indicator.

### 4.3 Summary of Financial Statements

#### 2014-15 Statement of Consolidated Financial Position

Consolidated Statement shows the source and application of both Capital & Operating Income and Expenditure along with the movements in Reserves.

	(\$ '000)
Total direct income (Operating & Capital)	95,263
Total transfer from Reserves	15,096
<b>Total income</b>	<b>110,359</b>
Total direct Expenditure ( Operating & Capital Expenditure)	100,421
Total transfers to Reserves	18,806
<b>Total Expenditure</b>	<b>119,227</b>
<b>Add Back Depreciation - Non Cash</b>	<b>8,957</b>
<b>Increase in Council Funds (Includes Operating Results before Capital of \$1.465 Million)</b>	<b>88</b>

#### 2014-15 Income Statement

Income statement shows the extent to which community equity has changed by net result of ordinary activities during year.

	(\$ '000)
Operating Income	78,561
Operating Expenditure	77,096
<b>Operating Results before Capital</b>	<b>1,465</b>
Capital Income (Grants and Contributions)	14,231
<b>Changes in Net Assets – Resulting from Operations</b>	<b>15,696</b>

#### 2014-15 Statement of Cashflows

The statement of cash flows shows the nature and amount of council's cash inflows and outflows for all activities.

	(\$ '000)
Cash inflows	93,969
Cash outflows	90,505
<b>NET Inflows/(Outflows)</b>	<b>3,465</b>
Funds Carried Forward from Prior year	31,321
<b>Total General Fund</b>	<b>34,786</b>

#### 2014-15 Balance Sheet

The Balance sheet shows council's assets & liabilities which make up community equity.

	(\$ '000)
Current Assets (Includes Cash Assets of \$34,786)	39,269
Non Current Assets	1,072,976
<b>Total Assets</b>	<b>1,112,245</b>
Current Liabilities	15,978
Non Current Liabilities	13,902
<b>Total Liabilities</b>	<b>29,880</b>
<b>Net Community Assets</b>	<b>1,082,365</b>
Balance at Beginning of the year	1,066,669
Net results	15,696
<b>TOTAL COMMUNITY EQUITY</b>	<b>1,082,365</b>

#### 4.4 Consolidated Financial Statement

<b>Pittwater Council</b> <b>Budget Review for the quarter ended - 31 March 2015</b> <b>Consolidated Statement</b>								
	\$000's							
	Original Budget	Approved Changes	*Sept 2014 Variations	*Dec 2014 Variations	Revised Budget	*Mar 2015 Variations	Projected Budget	March 2015 Actual
Direct Income								
User Fees	14,037	0	-83	142	14,096	405	14,501	11,949
Regulatory Fees	1,625	0	30	28	1,683	13	1,696	1,353
Regulatory Fines	2,796	0	0	53	2,849	45	2,894	2,319
Operating Grant Transfers	3,221	0	399	-35	3,584	4	3,588	2,399
Capital Grant Transfers	3,520	0	685	-250	3,956	0	3,956	2,995
Capital Contributions	5,267	0	3,401	287	8,955	2,821	11,776	9,669
Operating Contributions	1,095	0	233	-350	978	171	1,149	331
Rates Income	38,572	0	43	0	38,615	0	38,615	28,927
Domestic Waste Charges	12,820	0	0	0	12,820	0	12,820	9,639
Return on Investments & Other Interest Income	1,438	0	0	0	1,438	-50	1,388	1,008
Rebates Income	330	0	0	-53	277	0	277	277
Other Income	475	0	159	76	710	97	807	795
Capital Sales	1,797	0	0	0	1,797	0	1,797	999
<b>Total Direct Income</b>	<b>86,992</b>	<b>0</b>	<b>4,867</b>	<b>-102</b>	<b>91,758</b>	<b>3,506</b>	<b>95,263</b>	<b>72,661</b>
Reserve Transfer								
Transfer From Reserve-S94	7,458	2,776	555	-5,496	5,293	-267	5,026	3,299
Transfer From Reserve-Other	7,261	1,545	628	297	9,731	338	10,069	4,109
<b>Total Transfer From Reserves</b>	<b>14,719</b>	<b>4,321</b>	<b>1,183</b>	<b>-5,199</b>	<b>15,024</b>	<b>71</b>	<b>15,096</b>	<b>7,408</b>
Direct Expenditure								
Salaries & Wages	23,334	0	-45	-23	23,266	-574	22,692	16,690
Other Employee Costs	7,230	0	82	-7	7,305	-119	7,185	5,213
Materials	2,146	0	1,117	-657	2,606	13	2,619	2,249
Stores	170	0	0	-7	163	22	185	172
Minor Plant Purchases	29	0	0	21	50	22	72	53
Plant & Equipment	2,433	0	-7	14	2,441	-60	2,381	1,756
Contract Services External	26,242	4,092	2,049	-5,367	27,015	1,100	28,115	18,181
Depreciation Expense	8,967	0	0	0	8,967	-10	8,957	6,649
Interest Expense	950	0	-15	0	935	0	935	702
Professional Expenses	4,350	0	897	316	5,563	126	5,689	4,026
Legal Expenses	800	0	50	154	1,004	215	1,219	864
Bad & Doubtful Debts	337	0	-50	0	287	40	327	285
Leases/Rentals/Hire/Licences	619	0	11	-20	610	-47	563	474
Public Utilities	2,065	0	36	2	2,103	-88	2,015	1,446
Communications	691	0	0	1	692	-70	622	373
Advertising	293	0	15	20	328	20	348	310
Insurance	1,037	0	0	1	1,039	61	1,100	850
Banking	212	0	0	0	212	0	212	177
Other Expenses	485	0	78	0	563	-18	544	459
Office Expenses	468	0	1	1	470	23	493	412
Sundry Services/Waste Disposal	5,705	0	8	1	5,715	291	6,006	4,798
Memberships	118	0	0	0	118	-2	116	67
Levies/Contributions/Subsidies	3,154	0	-80	0	3,074	-207	2,868	2,249
Capital Purchases/Payments	5,971	230	-1,023	32	5,210	-50	5,160	2,836
<b>Total Direct Expenditure</b>	<b>97,807</b>	<b>4,321</b>	<b>3,124</b>	<b>-5,519</b>	<b>99,734</b>	<b>688</b>	<b>100,421</b>	<b>71,293</b>
Reserve Transfer								
Transfer To Reserve-S94	4,092	0	3,337	287	7,716	2,821	10,537	9,704
Transfer To Reserve-Other	8,723	0	-453	-40	8,230	40	8,270	4,140
<b>Total Transfer to Reserves</b>	<b>12,814</b>	<b>0</b>	<b>2,884</b>	<b>247</b>	<b>15,946</b>	<b>2,861</b>	<b>18,806</b>	<b>13,844</b>
<b>Increase/(call) on Council Funds(inc Dep'n)</b>	<b>-8,910</b>	<b>0</b>	<b>42</b>	<b>-29</b>	<b>-8,898</b>	<b>29</b>	<b>-8,869</b>	<b>-5,068</b>
<b>Add back Depreciation - Non Cash</b>	<b>8,967</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,967</b>	<b>-10</b>	<b>8,957</b>	<b>6,649</b>
<b>Increase/(call) on Council Funds</b>	<b>57</b>	<b>0</b>	<b>42</b>	<b>-29</b>	<b>70</b>	<b>18</b>	<b>88</b>	<b>1,581</b>

As indicated in the above columns:

1. The "Original" Budget (+/-) the "Approved" Changes equals the "Revised" Budget
2. The "Revised" Budget (+/-) the "Quarterly Variations" equals the "Projected" Year End Budget.
3. \* Recommended changes to Councils Revised budget are shown below

## Consolidated Financial Statement Variance analysis

As a result of the March Quarterly review, the projected financial position shows a surplus in uncommitted funds of \$88,339, an increase of \$18,339 from the previously adopted budget of \$70,000.

The variance from Budget to Actual can be mainly attributed to: -

Budgeted Consolidated Result (Adopted Budget) Year Ending 30 June 2015 - Increase of Council Funds		\$	70
<b>Recommended Changes to Revised Budget</b>			<b>\$000's</b>
<b>INCOME</b>			
Increased User Fees mainly relating to an increase in Income from Sydney Lakeside Tourist Park, Cemetery, & Parking Fees		\$	405
Increased Regulatory Fees & Fines mainly relating to Fines and DA Income		\$	58
Increased Capital Contributions Income mainly relating to Warriewood Valley S94 Contributions		\$	2,821
Increased Operating Contributions Income mainly relating to the Currawong Midholme Restoration Contribution, a projected Storm Damage contribution from the State Government and a reduction in Restorations Income		\$	171
Decreased Interest Income mainly relating to a reduction in Interest Rates		-\$	50
Increased Other Income mainly relating to higher recoveries from Insurance and Legal Costs and additional Pre Lodgements Income		\$	97
<b>EXPENDITURE</b>			
Reduced Salaries/Wages & Oncosts mainly relating to existing budgeted vacancies. These savings are partly offset by additional expenditure in Professional Fees & Contract Services in order to fulfil these services. An example of this is the service of streetscape sweeping that is now undertaken via contract		\$	693
Additional Materials & Contract Services External mainly relating to an increase in Domestic Waste Management costs Storm Damage, additional Wharf & Reserve Maintenance & Streetsweeping Services now undertaken via contract		-\$	1,097
Additional Professional Expenditure mainly relating to the use of temporary personnel with a corresponding reduction in Salaries & Wages		-\$	115
Additional Legal Expenditure relating to an increase in Legal costs mainly associated with the Domestic Waste Contract, Avalon Surf Club & DA Appeals		-\$	215
<b>RESERVE MOVEMENTS</b>			
Reduced Transfers from Reserve - S94 mainly relating to the delay in the NBISC Contribution		-\$	267
Increased Transfers from Reserve - Other mainly relating to additional funds required for the increase in Domestic Waste Management costs		\$	338
Increased Transfers to Reserve - S94 mainly relating to an increase in income associated with S94 Warriewood Valley Developer Contributions		-\$	2,821
<b>March Review - NET Changes</b>		<b>\$</b>	<b>18</b>
<b>Projected Budget Consolidated Result Year Ending 30 June 2015 - Increase of Council Funds</b>		<b>\$</b>	<b>88</b>

## 4.5 Operating Statement

<b>Pittwater Council</b> <b>Budget Review for the quarter ended - 31 March 2015</b> <b>Operating Statement</b>								
	Annual Budget - \$000's							
	Original Budget	Approved Changes	Sept 2014 Variations	Dec 2014 Variations	Revised Budget	Dec 2014 Variations	Projected Budget	March 2015 Actual
Direct Income								
User Fees	14,037	0	-83	142	14,096	405	14,501	11,949
Regulatory Fees	1,625	0	30	28	1,683	13	1,696	1,353
Regulatory Fines	2,796	0	0	53	2,849	45	2,894	2,319
Operating Grant Income	3,221	0	399	-35	3,584	4	3,588	2,471
Operating Contributions	1,095	0	233	-350	978	171	1,149	331
Rates Income	38,572	0	43	0	38,615	0	38,615	28,927
Domestic Waste Charges	12,820	0	0	0	12,820	0	12,820	9,639
Return on Investments & Other Interest Income	1,438	0	0	0	1,438	-50	1,388	1,008
Other Income	475	0	9	76	560	97	657	638
Profit / (Loss) on Sale of Assets	344	0	0	0	344	0	344	200
Gain from Joint Venture Assets	816	0	0	-53	763	0	763	0
<b>Total Direct Income</b>	<b>77,239</b>	<b>0</b>	<b>631</b>	<b>-139</b>	<b>77,731</b>	<b>685</b>	<b>78,416</b>	<b>58,835</b>
Internal Income								
Plant Hire/Service Agreement - Capital Works	145	0	0	0	145	0	145	171
<b>Total Internal Income</b>	<b>145</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145</b>	<b>0</b>	<b>145</b>	<b>171</b>
Direct Expenditure								
Salaries & Wages	22,531	0	-45	-23	22,462	-574	21,888	16,137
Other Employee Costs	6,978	0	82	-7	7,052	-119	6,933	5,042
Materials	954	0	142	-27	1,069	6	1,074	831
Stores	170	0	0	-7	163	22	185	149
Minor Plant Purchases	29	0	0	21	50	22	72	52
Plant & Equipment	2,433	0	-6	13	2,441	-60	2,381	1,730
Contract Services External	11,865	42	404	-290	12,021	1,167	13,188	9,096
Depreciation Expense & Ammortisation	9,108	0	0	0	9,108	-10	9,098	6,755
Interest Expense	950	0	-15	0	935	0	935	702
Professional Expenses	4,320	0	536	45	4,902	126	5,028	3,448
Legal Expenses	800	0	50	104	954	155	1,109	748
Bad & Doubtful Debts	337	0	-50	0	287	40	327	285
Leases/Rentals/Hire/Licences	619	0	11	-20	610	-47	563	416
Public Utilities	2,065	0	36	2	2,103	-88	2,015	1,446
Communications	691	0	1	0	692	-70	622	372
Advertising	293	0	15	20	328	20	348	295
Insurance	1,037	0	0	1	1,039	61	1,100	850
Banking	212	0	0	0	212	0	212	177
Other Expenses	485	0	78	0	563	-18	544	455
Office Expenses	468	0	1	1	470	23	493	380
Sundry Services/Waste Disposal	5,705	0	0	1	5,707	291	5,998	4,752
Memberships	118	0	0	0	118	-2	116	67
Levies/Contributions/Subsidies	3,154	0	-80	0	3,074	-207	2,868	2,249
<b>Total Direct Expenditure</b>	<b>75,322</b>	<b>42</b>	<b>1,160</b>	<b>-166</b>	<b>76,358</b>	<b>738</b>	<b>77,096</b>	<b>56,434</b>
<b>Operating Results before Capital</b>	<b>2,061</b>	<b>-42</b>	<b>-529</b>	<b>27</b>	<b>1,518</b>	<b>-53</b>	<b>1,465</b>	<b>2,573</b>
Grants & Contributions - Capital	7,288	0	4,085	37	11,410	2,821	14,231	11,829
Material Public Benefits - S94	0	0	0	0	0	0	0	0
<b>Change in Net Assets - from Operations</b>	<b>9,349</b>	<b>-42</b>	<b>3,557</b>	<b>64</b>	<b>12,928</b>	<b>2,768</b>	<b>15,696</b>	<b>14,402</b>

As indicated in the above columns:

1. The "Original" Budget (+/-) the "Approved" Changes equals the "Revised" Budget
2. The "Revised" Budget (+/-) the "Quarterly Variations" equals the "Projected" Year End Budget.
3. \* Recommended changes to Councils Revised budget are shown below in 2.6

#### 4.6 Operating Financial Statement Variance Analysis

The Projected Operating Result before Capital for the financial year 2014/2015 is a surplus of \$1.465 million, a decrease of \$53,000 compared to the previously adopted budget of \$1.518 million.

The variance from Budget to Actual can be mainly attributed to: -

<b>Budgeted Operating Results before Capital (Adopted Budget) for the Year Ending 30 June 2015</b>	<b>\$</b>	<b>1,518</b>
<b>Recommended Changes to Revised Budget</b>		<b>\$000's</b>
<b>INCOME</b>		
Increased User Fees mainly relating to an increase in Income from Sydney Lakeside Tourist Park, & Cemetery	\$	405
Increased Regulatory Fees & Fines mainly relating to Fines and DA Income	\$	58
Increased Operating Contributions Income mainly relating to the Currawong Midholme Restoration Contribution, a projected Storm Damage contribution from the State Government and a reduction in Restorations Income	\$	171
Decreased Interest Income mainly relating to a reduction in Interest Rates	-\$	50
Increased Other Income mainly relating to higher recoveries from Insurance and Legal Costs and additional Pre Lodgements Income	\$	97
<b>EXPENDITURE</b>		
Reduced Salaries/Wages & Oncosts mainly relating to existing budgeted vacancies. These savings are partly offset by additional expenditure in Professional fees & Contract Services in order to fulfil these services. An example of this is the service of streetscape sweeping that is now undertaken via contract	\$	693
Additional Materials & Contract Services External mainly relating to an increase in Domestic Waste Management cost, Storm Damage, additional Wharf & Reserve Maintenance & Streetsweeping Services now undertaken via contract	-\$	1,157
Additional Legal Expenditure relating to an increase in Legal costs mainly associated with the Domestic Waste Contract, Avalon Surf Club & DA Appeals	-\$	155
Additional Waste Disposal mainly relating to an increase in Waste Management Tipping costs	-\$	291
Decreased Levies/Contributions mainly relating to an delay in the NBISC contribution	\$	207
Additional Professional Expenditure mainly relating to the use of temporary personnel with a corresponding reduction in Salaries & Wages	-\$	31
<b>March Review - NET Changes</b>	<b>-\$</b>	<b>53</b>
<b>Projected Operating Results before Capital for the Year Ending 30 June 2015</b>	<b>\$</b>	<b>1,465</b>



#### 4.7 Cash Flow Statement and Reserves Balances

The Projected total General Fund for the year ended 30 June 2015 stands at \$34.786 million. Compared to the previously adopted budget this amount is an increase of \$2.808 million. This is mainly attributed to additional S94 Warriewood Valley developer contributions

The Actual Result for the period ended 31 March 2015 is a net inflow of \$7.902 million.

<b>Pittwater Council</b> <b>Budget review for the quarter ended - 31 March 2015</b> <b>Cash Flow Statement</b>								
	\$000's							
	Original Budget	Approved Changes	Sept 2014 Variations	*Dec 2014 Variations	Revised Budget	*Mar 2015 Variations	Projected Budget	March 2015 Actual
<b>Cash Inflows</b>								
Rates & Domestic Waste	51,287	0	43	0	51,330	0	51,330	41,715
Grants	6,439	0	500	-285	6,654	4	6,658	4,241
User Charges	13,759	0	-83	142	13,818	405	14,223	11,921
Regulatory Fees & Fines	4,396	0	30	81	4,507	58	4,565	3,538
Contributions & Donations	970	0	297	-350	917	171	1,088	299
Return on Investments & Other Interest Income	1,438	0	0	0	1,438	-50	1,388	939
Sale of Assets (Excluding Land)	1,797	0	0	0	1,797	0	1,797	999
Sale of Land	0	0	0	0	0	0	0	0
Other	805	0	159	23	987	97	1,084	1,131
S94 Contributions Received	3,892	0	3,337	287	7,516	2,821	10,336	9,704
Proceeds from loan	1,500	0	0	0	1,500	0	1,500	0
GST Net Inflow	0	0	0	0	0	0	0	265
<b>Total Inflows</b>	<b>86,282</b>	<b>0</b>	<b>4,283</b>	<b>-102</b>	<b>90,463</b>	<b>3,506</b>	<b>93,969</b>	<b>74,752</b>
<b>Cash Outflows</b>								
Employee Salary & Wages	23,334	0	-45	-23	23,266	-574	22,692	16,956
Employee Other Costs	6,795	0	82	-7	6,870	-119	6,751	5,033
Insurance Claims/Premiums	1,037	0	0	1	1,038	61	1,099	1,114
Levies & Contributions	3,154	0	-80	0	3,074	-207	2,867	1,906
Materials/Stores/Contracts	45,839	4,092	4,154	-5,676	48,409	1,372	49,781	37,615
Legal Expenses	800	0	50	154	1,004	215	1,219	864
Loan Interest Repayments	950	0	-15	0	935	0	935	1,020
Loan Principal Repayments	1,277	0	6	0	1,283	0	1,283	519
Purchase Of Assets	4,694	230	-1,028	32	3,928	-50	3,878	1,823
<b>Total Outflows</b>	<b>87,880</b>	<b>4,321</b>	<b>3,124</b>	<b>-5,519</b>	<b>89,807</b>	<b>698</b>	<b>90,505</b>	<b>66,850</b>
Net Inflows/(Outflows)	-1,598	-4,321	1,159	5,417	657	2,808	3,465	7,902
Funds Carried Forward from Prior Year	24,111	0	0	0	31,321	0	31,321	31,321
*Opening Balance Adjustment as per year end Audited Accounts		7,210						
<b>Total General Fund</b>	<b>22,513</b>	<b>2,889</b>	<b>1,159</b>	<b>5,417</b>	<b>31,978</b>	<b>2,808</b>	<b>34,786</b>	<b>39,224</b>
Less Restricted Assets	5,671	-41	2,727	5,743	14,100	2,288	16,388	17,739
Less Unexpended Grants	700	100	0	0	800	0	800	779
Less Internal Reserves	10,288	560	-1,026	-297	9,525	502	10,027	11,401
<b>Increase/(call) on Council Funds</b>	<b>5,854</b>	<b>2,270</b>	<b>-542</b>	<b>-29</b>	<b>7,553</b>	<b>18</b>	<b>7,571</b>	<b>9,305</b>

The above Total Projected General Fund Results for the financial year ending 31 March 2015 are made up of Externally Restricted, Internally Restricted and Available Cash as outlined in the Reserve Balances (Cash & Investments Budget Review Statement) below:

**Pittwater Council**  
**Budget review for the quarter ended - 31 March 2015**  
**Reserve Balances**  
**(Cash & Investments Budget Review Statement)**

	Original Budget	Approved Changes	Sept 2014 Variations	*Dec 2014 Variations	Revised Budget	*Mar 2015 Variations	Projected Budget	March 2015 Actual
<b>Externally Restricted</b>								
Section 94	2,511	-241	2,782	5,784	10,836	3,088	13,924	14,818
Domestic Waste Management	3,050	183	0	-40	3,193	-800	2,393	2,731
Stormwater Levy	109	17	-55	0	71	0	71	190
Grants	700	100	0	0	800	0	800	779
<b>Total Externally Restricted</b>	<b>6,371</b>	<b>59</b>	<b>2,727</b>	<b>5,744</b>	<b>14,900</b>	<b>2,288</b>	<b>17,188</b>	<b>18,518</b>
<b>Internally Restricted</b>								
Avalon Surf Club Loan	169	-8	-161	0	0	0	0	0
Bungan Lane Car Park	0	100	-100	0	0	0	0	0
Capital Works Reserve	-54	54	0	0	0	0	0	0
Caravan Park Capital Works	196	-196	0	0	0	0	0	0
Caravan Park Loan	116	-116	0	0	0	0	0	0
Cemetery Reserve	2,856	148	0	0	3,004	75	3,079	2,681
Church Point Carpark	856	-6	0	-100	750	0	750	881
Commercial Centres Outdoor Seating	123	-11	-112	0	0	0	0	351
Community Centre Trusts	3	6	0	0	9	0	9	57
Election Reserve	150	0	0	0	150	0	150	75
Employee Leave Entitlement	1,607	-38	0	0	1,569	0	1,569	1,569
Environmental Infrastructure Levy	94	11	0	0	104	0	104	328
Environmental Levy (Escarpment)	152	7	0	0	159	0	159	168
General Reserve	1,731	463	-710	-19	1,464	425	1,889	1,817
Governor Phillip Park Dunes Rest	35	1	0	-26	10	0	10	26
Narrabeen Synthetic Sports Field	154	29	0	0	183	0	183	183
Lagoon Entrance Clearing	0	0	0	0	0	0	0	55
Marine Infrastructure	188	-37	59	0	210	2	212	63
Other	756	-57	-2	9	706	0	706	659
RMS Contribution	302	0	0	0	302	0	302	302
Road Reserve	26	99	0	20	145	0	145	153
Special Rates Variation	159	24	0	-180	3	0	3	1,214
Strategic Property Rationalisation Reserve	1	0	0	-1	0	0	0	20
Tennis Liason Trust Fund	196	14	0	0	210	0	210	176
Trust and Bonds (eg. Tree and Footpath)	473	74	0	0	547	0	547	623
<b>Total Internally Restricted</b>	<b>10,288</b>	<b>560</b>	<b>-1,026</b>	<b>-297</b>	<b>9,525</b>	<b>502</b>	<b>10,027</b>	<b>11,401</b>
<b>Total Restricted</b>	<b>16,659</b>	<b>619</b>	<b>1,701</b>	<b>5,446</b>	<b>24,425</b>	<b>2,789</b>	<b>27,215</b>	<b>29,919</b>
Available Cash	5,854	0	0	-29	7,553	0	7,571	9,305
<b>Total General Fund (Cash Flow Statement)</b>	<b>22,513</b>	<b>2,889</b>	<b>1,159</b>	<b>-1,159</b>	<b>31,978</b>	<b>2,808</b>	<b>34,786</b>	<b>39,224</b>

As indicated in the above columns:

1. The "Original" Budget (+/-) the "Approved" Changes equals the "Revised" Budget
2. The "Revised" Budget (+/-) the "Quarterly Variations" equals the "Projected" Year End Budget.
3. \* Recommended changes to Councils Revised budget are shown below:

<b>Revised Restricted Reserve Balance for the year ending 30 June 2015</b>	<b>\$ 24,425</b>
<b>Recommended Changes to Revised Budget</b>	<b>\$000's</b>
Additional Externally Restricted Reserve - S94 mainly relating to additional developer contributions associated with Warriewood Valley S94	\$ 3,088
Reduced Externally Restricted Reserve - Domestic Waste mainly relating to additional Domestic Waste Expenditure	-\$ 800
Additional Internally Restricted Reserves - Cemetery mainly relating to the additional Cemetery Income	\$ 75
Additional Internally Restricted Reserves - General mainly relating to an additional transfer to Council's General Reserve reflecting an increase in unrestricted income (eg User Fees) & savings in Salaries	\$ 427
<b>Projected Restricted Reserve Balance for the year ending 30 June 2015</b>	<b>\$ 27,215</b>

## 4.8 Balance Sheet

Council's Projected total increase in equity for the year ending 30 June 2015 is \$15.696 million (net change in assets resulting from operations) the increase of Total Equity is \$1.082 billion.

<b>Pittwater Council</b> <b>Balance Sheet</b> <b>Budget Review for quarter ended 31 March 2015</b>			
<b>Actual</b> <b>31/03/2015</b> <b>\$'000's</b>		<b>Projected</b> <b>30/06/2015</b> <b>\$'000</b>	<b>Actual</b> <b>30/06/2014</b> <b>\$'000</b>
<b>CURRENT ASSETS</b>			
8,224	Cash Assets	1,786	4,821
31,000	Investments	33,000	26,500
3,123	Receivables	4,375	3,807
47	Inventories	60	51
473	Other	48	48
0	Non Current Assets held for sale	0	0
<u>42,867</u>	<b>TOTAL CURRENT ASSETS</b>	<u>39,269</u>	<u>35,227</u>
<b>NON-CURRENT ASSETS</b>			
0	Investments	0	0
0	Receivables	800	977
0	Inventories	0	0
1,055,348	Infrastructure Property, Plant and Equipment	1,060,542	1,048,625
6,637	Investments Accounted for using the Equity Method	7,124	6,638
1,840	Investment Property	1,840	1,840
2,707	Intangible Assets	2,670	2,812
<u>1,066,532</u>	<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,072,976</u>	<u>1,060,892</u>
<u><u>1,109,399</u></u>	<b>TOTAL ASSETS</b>	<u><u>1,112,245</u></u>	<u><u>1,096,119</u></u>
<b>CURRENT LIABILITIES</b>			
3,981	Payables	5,064	6,312
1,440	Rates & DWM Paid in Advance	0	0
764	Interest Bearing Liabilities	1,760	1,284
7,977	Provisions	9,154	7,648
<u>14,162</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>15,978</u>	<u>15,244</u>
<b>NON-CURRENT LIABILITIES</b>			
0	Payables	0	0
14,011	Interest Bearing Liabilities	13,747	14,011
155	Provisions	155	195
<u>14,166</u>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>13,902</u>	<u>14,206</u>
<u><u>28,328</u></u>	<b>TOTAL LIABILITIES</b>	<u><u>29,880</u></u>	<u><u>29,450</u></u>
<u><u>1,081,071</u></u>	<b>NET ASSETS</b>	<u><u>1,082,365</u></u>	<u><u>1,066,669</u></u>
<b>EQUITY</b>			
1,081,071	Accumulated Surplus/ ( Deficit )	1,082,365	1,066,669
	Asset Revaluation Reserve		
<u><u>1,081,071</u></u>	<b>TOTAL EQUITY</b>	<u><u>1,082,365</u></u>	<u><u>1,066,669</u></u>

#### 4.9 Total Works Program Including Capital Budget Review Statement

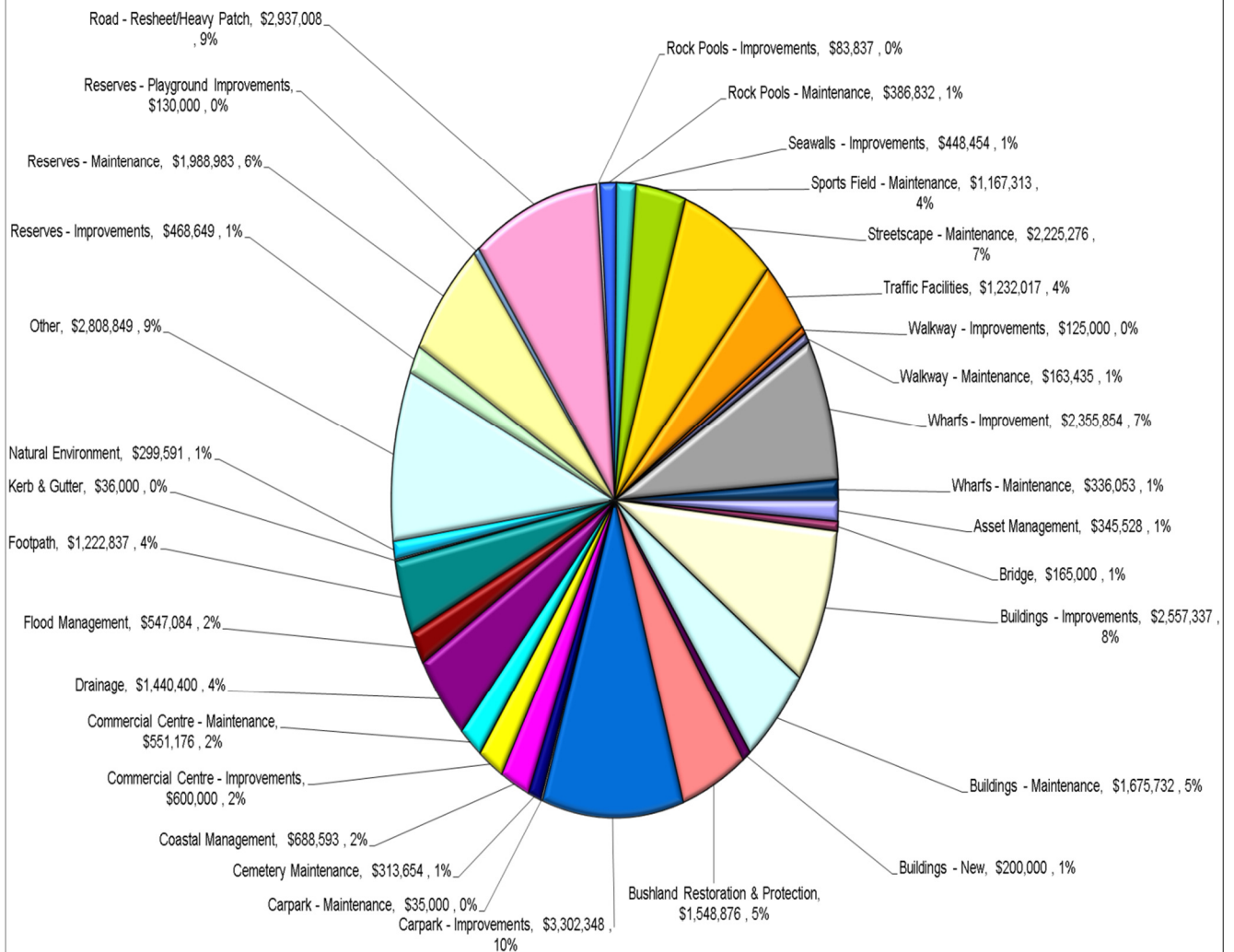
Council's Total Works Program including Maintenance and Capital (Renewals, Upgrades & New) projected expenditure amounts to \$32.387 million for the 2014-15 financial year. This expenditure has been categorised in the tables and graphs below to outline budgeted expenditure by *Type, Funding, Strategy* and *Key Direction*.

**Pittwater Council**  
**Total Major Works Program - By Type of Expenditure**  
**2014/15 March Budget Review**

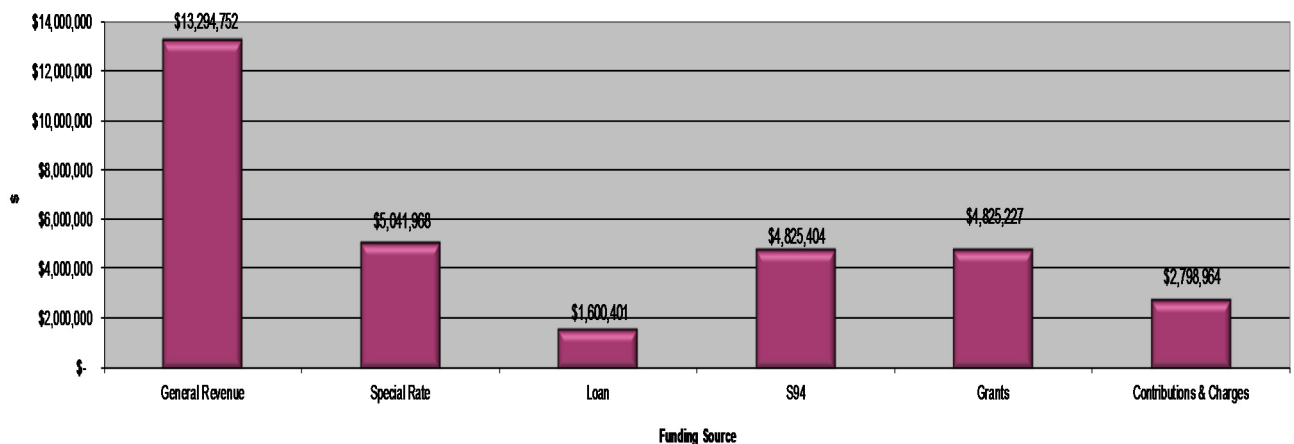
Type of Expenditure	Expenditure	% of Total
Carpark - Improvements	\$ 3,302,348	10%
Road - Resheet/Heavy Patch	\$ 2,937,008	9%
Other (Better Waste Recycle Fund & Revolving Energy Fund Works)	\$ 2,808,849	9%
Buildings - Improvements	\$ 2,557,337	8%
Wharfs - Improvement	\$ 2,355,854	7%
Streetscape - Maintenance	\$ 2,225,276	7%
Reserves - Maintenance	\$ 1,988,983	6%
Buildings - Maintenance	\$ 1,675,732	5%
Bushland Restoration & Protection	\$ 1,548,876	5%
Drainage	\$ 1,440,400	4%
Traffic Facilities	\$ 1,232,017	4%
Footpath	\$ 1,222,837	4%
Sports Field - Maintenance	\$ 1,167,313	4%
Coastal Management	\$ 688,593	2%
Commercial Centre - Improvements	\$ 600,000	2%
Commercial Centre - Maintenance	\$ 551,176	2%
Flood Management	\$ 547,084	2%
Reserves - Improvements	\$ 468,649	1%
Seawalls - Improvements	\$ 448,454	1%
Rock Pools - Maintenance	\$ 386,832	1%
Asset Management	\$ 345,528	1%
Wharfs - Maintenance	\$ 336,053	1%
Cemetery Maintenance	\$ 313,654	1%
Natural Environment	\$ 299,591	1%
Buildings - New	\$ 200,000	1%
Bridge	\$ 165,000	1%
Walkway - Maintenance	\$ 163,435	1%
Reserves - Playground Improvements	\$ 130,000	0%
Walkway - Improvements	\$ 125,000	0%
Rock Pools - Improvements	\$ 83,837	0%
Kerb & Gutter	\$ 36,000	0%
Carpark - Maintenance	\$ 35,000	0%
<b>Total</b>	<b>\$ 32,386,716</b>	<b>100%</b>

2014/15 Budget Expenditure - By Major Categories			
Infrastructure Based		Recreational/Environmental/Education Based	
Roads & Carparks	\$ 7,657,549	Natural Environment	\$ 2,136,902
Commercial Centres	\$ 3,376,452	Reserves & Sportsfields	\$ 4,068,599
Drainage & Flooding	\$ 2,102,660	Coastal	\$ 1,607,716
Buildings	\$ 4,713,245	Wharfs	\$ 2,691,907
Footpaths	\$ 1,222,837	Other	\$ -
Other	\$ 2,808,849		
<b>Total</b>	<b>\$ 21,881,592</b>	<b>Total</b>	<b>\$ 10,505,124</b>

### Pittwater Council - Total Major Projects Program 2014/15 Budget Expenditure (\$32,386,716) by Type

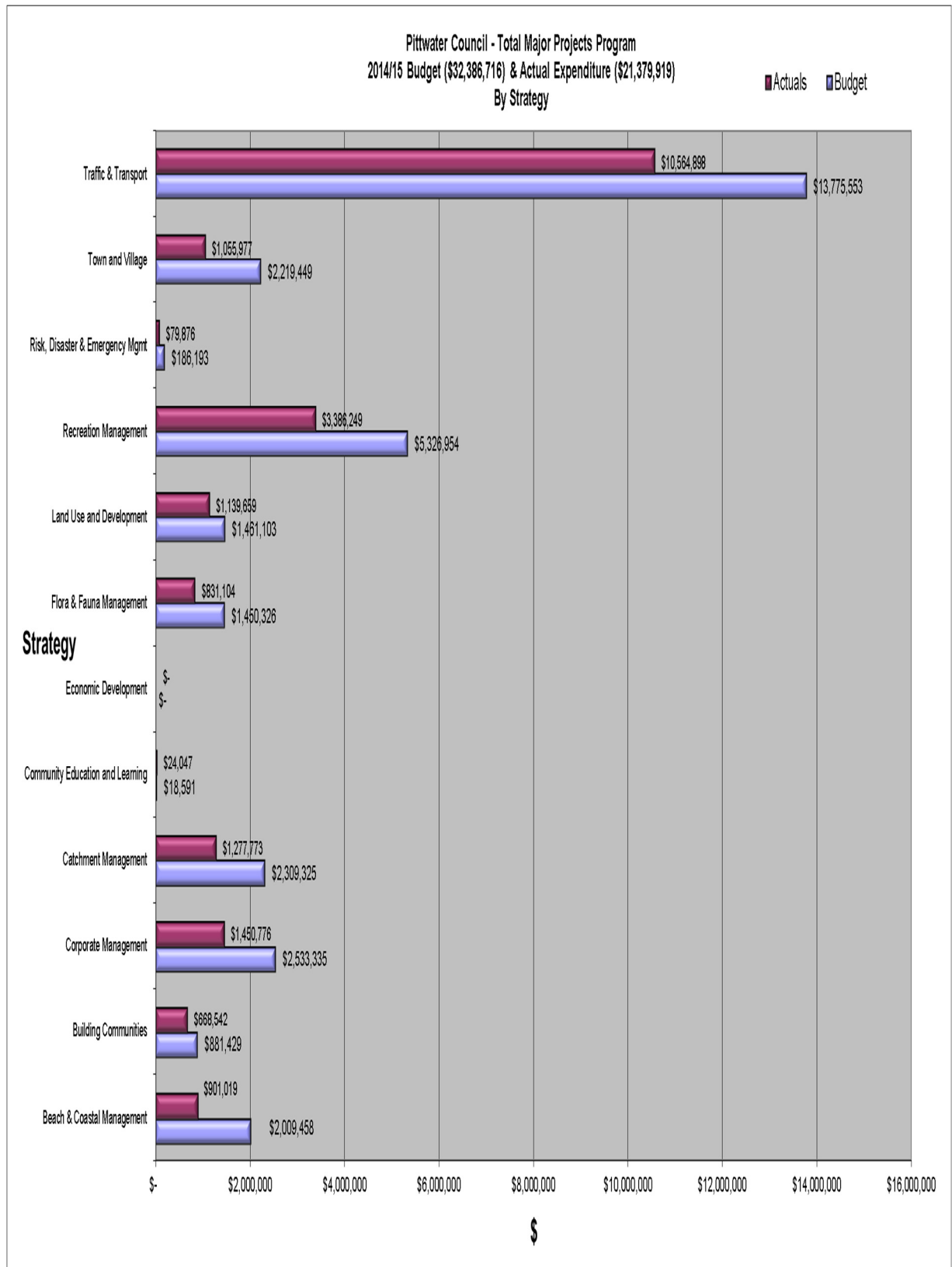


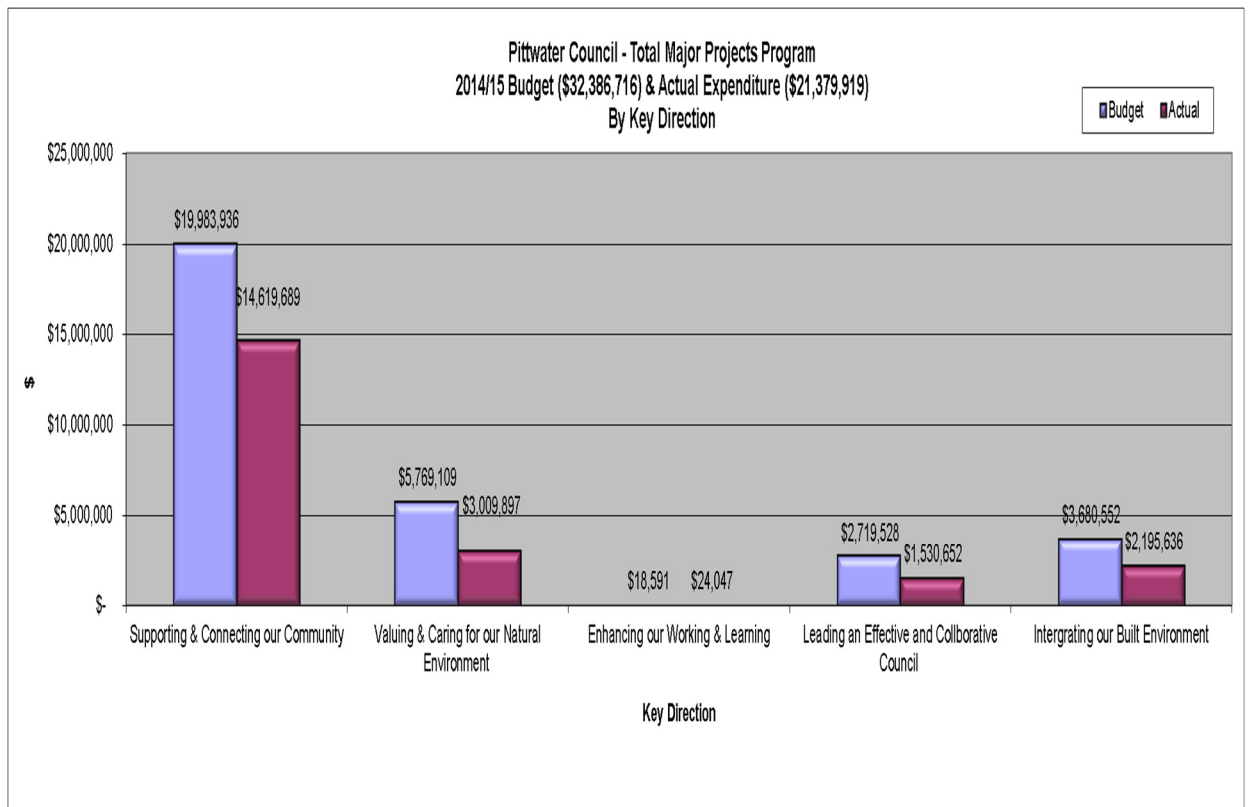
### Pittwater Council - Total Major Projects Program 2014/15 Budget (\$32,386,716) By Funding



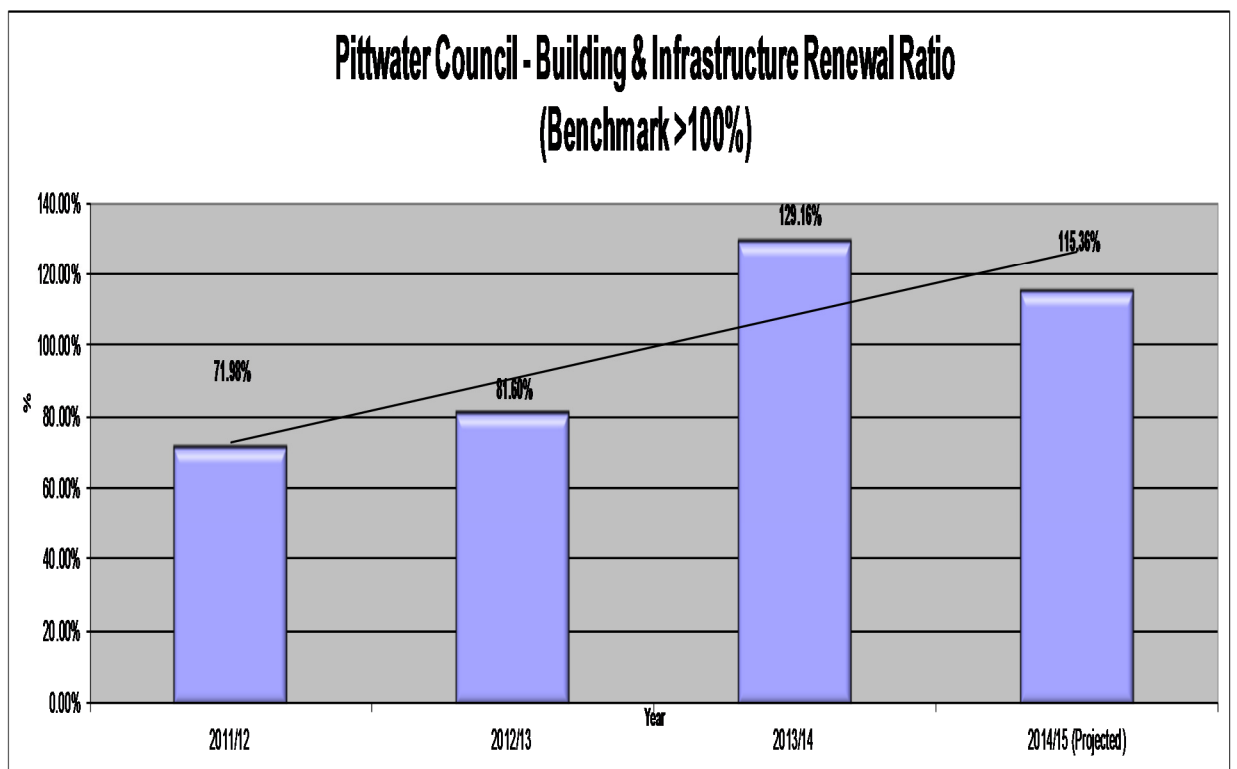
Total Major Projects Program has been categorised below by budgeted and actual expenditure in *Strategies*.

### Total Major Projects Program Summary by Strategy





As a part of Council's Major Projects Program it has been recognised that a consistent level of funds are required to be spent in the area of Building and Infrastructure Renewal in order for Council to achieve and maintain the industry benchmark of 100%. This benchmark reflects that for every \$1 of depreciation associated with Buildings and Infrastructure, Council's should be spending at least \$1 in renewals. With the injection of funds raised via the Special Rate Variation into the area of Building and Infrastructure renewal this ratio has improved and is now being maintained above the industry benchmark at financial year end.



**Pittwater Council**  
Budget review for the quarter ended - 31 March 2015

**Capital Budget Review Statement**

	Original Budget	Approved Changes	Sept 2014 Variations	*Dec 2014 Variations	Revised Budget	*Mar 2015 Variations	Projected Budget	March 2015 Actual
<b>Capital Funding</b>								
Rates & Other Untied Funding	5,262	0	316	-1,124	4,453	-50	4,403	2,539
Capital Grants & Contributions	2,482	0	2,983	-1,510	3,955	0	3,955	2,995
Reserves:								
- External Restrictions/Reserves	7,284	2,776	5	-5,447	5,204	0	5,204	3,491
- Internal Restrictions/Reserves	4,447	1,503	-1,440	2,728	6,652	0	6,652	3,191
New Loans	1,500	0	100	0	1,600	0	1,600	256
Receipts from Sale of Assets								
- Plant & Equipment	1,467	0	0	0	1,467	0	1,467	779
- Land & Buildings	330	0	0	0	330	0	330	220
Other Funding	0	0	0	0	0	0	0	0
<b>Total Capital Funding</b>	<b>22,771</b>	<b>4,280</b>	<b>1,964</b>	<b>-5,353</b>	<b>23,661</b>	<b>-50</b>	<b>23,611</b>	<b>13,471</b>
<b>Capital Expenditure</b>								
New Assets								
- Plant & Equipment	0	0	0	0	0	0	0	0
- Land & Buildings	495	0	0	-233	262	0	262	45
- Roads	5,818	593	255	-5,675	991	0	991	420
- Footpaths	658	17	0	24	699	0	699	650
- Drainage	0	0	0	0	0	0	0	0
- Foreshore Assets	0	0	0	0	0	0	0	0
- Natural Assets	0	0	0	0	0	0	0	0
- Recreational Assets	30	0	0	0	30	0	30	3
- Carpark	0	2,183	300	477	2,960	0	2,960	2,974
- Other	110	30	131	20	291	0	291	148
Renewal & Upgrades of Assets								
- Land & Buildings	2,244	0	311	-59	2,605	0	2,605	1,206
- Roads	2,465	0	387	168	2,677	-26	2,651	1,688
- Footpaths	140	192	0	-44	288	28	316	164
- Drainage	1,318	0	55	-400	973	-2	971	476
- Foreshore Assets	2,415	845	37	80	3,377	0	3,377	2,031
- Natural Assets	567	25	0	150	742	0	742	467
- Recreational Assets	334	0	50	0	384	0	384	213
- Carpark	0	0	0	0	342	0	342	107
- Other	205	165	1,461	110	1,831	0	1,831	1,272
<b>Total Capital Works</b>	<b>16,800</b>	<b>4,050</b>	<b>2,987</b>	<b>-5,385</b>	<b>18,451</b>	<b>0</b>	<b>18,451</b>	<b>11,865</b>
Other								
- Plant & Equipment Replacement	4,694	230	-1,028	31	3,926	-50	3,876	1,343
Loan Repayments (Principal)	1,277	0	6	1	1,284	0	1,284	262
Other Capital Expenditure	0	0	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>22,771</b>	<b>4,280</b>	<b>1,964</b>	<b>-5,353</b>	<b>23,661</b>	<b>-50</b>	<b>23,611</b>	<b>13,471</b>

As indicated in the above columns:

1. The "Original" Budget (+/-) the "Approved" Changes equals the "Revised" Budget
2. The "Revised" Budget (+/-) the "Quarterly Variations" equals the "Projected" Year End Budget.
3. \* Recommended changes to Councils Revised budget are shown below

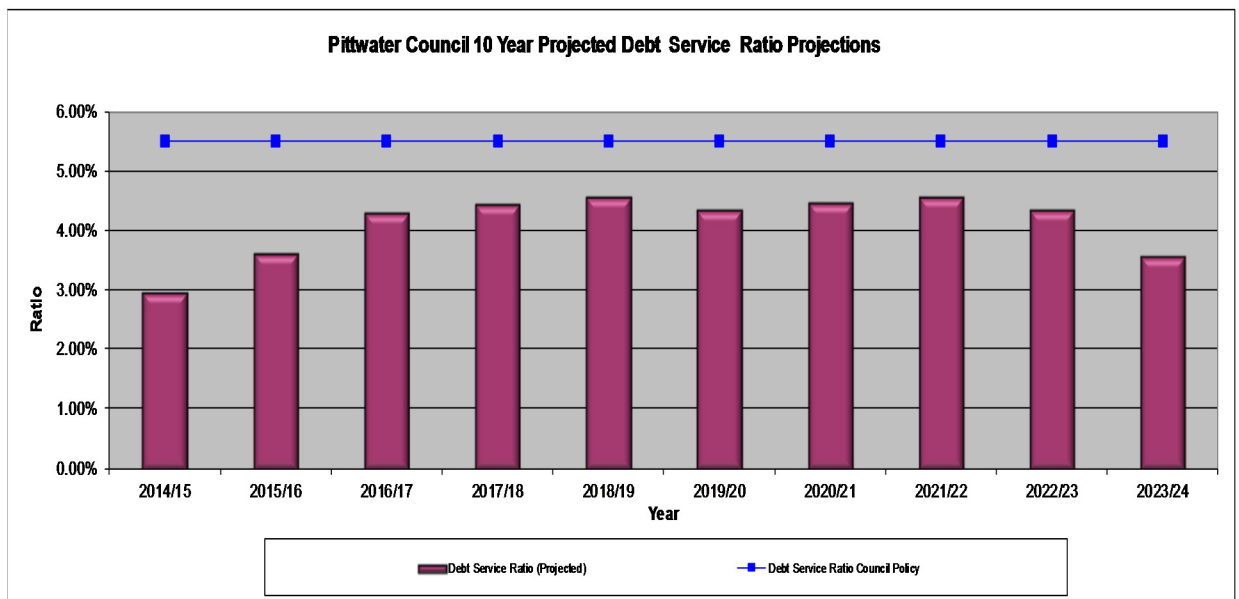
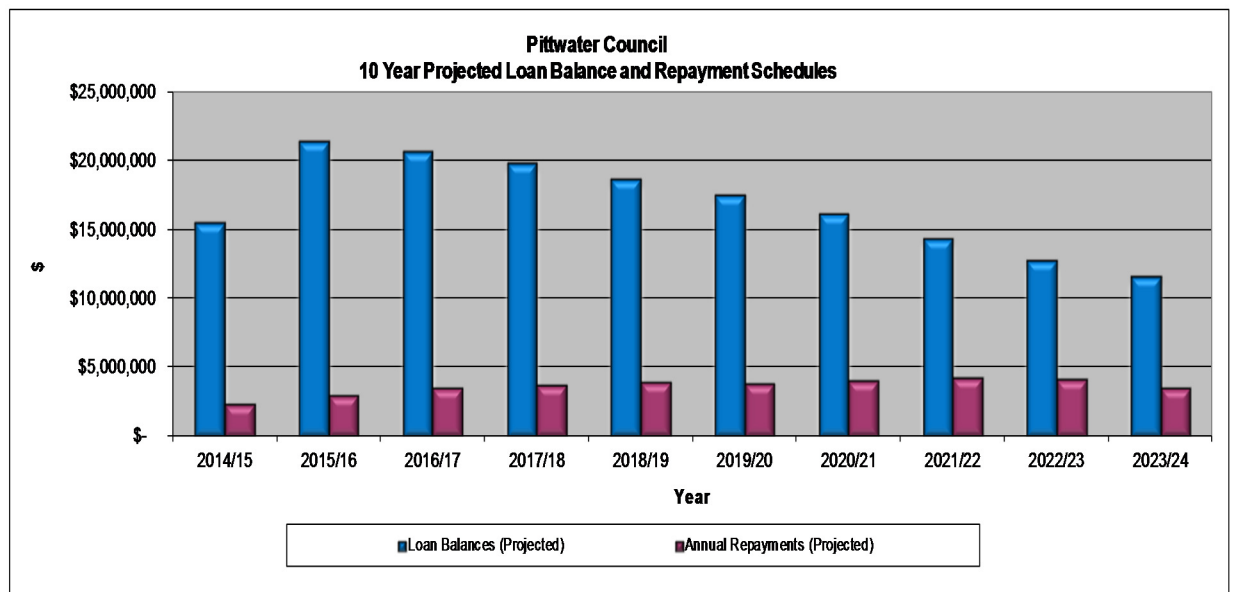
<b>Budgeted Capital Expenditure as per Adopted Budget for the Year Ending 30 June 2015</b>	<b>\$ 23,661</b>
<b>Recommended Changes to Revised Budget</b>	<b>\$000's</b>
Reduced Plant & Equipment Replacement mainly relating to a reduction in the purchase of Library books	-\$ 50
<b>Projected Capital Expenditure for the Year Ending 30 June 2015</b>	<b>\$ 23,611</b>



#### 4.10 Loan Projections

Council's estimated loan balances, principal and interest repayments and debt service ratio (measuring the availability of operating cash to service debt) are demonstrated below for the next ten years. As indicated, Council's Loan program is increasing in order to support Council's infrastructure renewal needs and commercial opportunities. Council monitors its indebtedness via its debt service ratio policy, which measures debt service costs against total revenue. At 2.96% for 2014/15, Council's indebtedness falls within the policies maximum range of 5.5%.

Period	Year	New Loan Borrowings	Loan Balance at Financial Year End	Projected Principal Repayments	Projected Interest Repayments	Projected Repayment Annually	Debt Service Ratio
1	2014/15	\$ 1,500,000	\$ 15,507,008	\$ 1,282,560	\$ 935,245	\$ 2,217,805	2.96%
2	2015/16	\$ 7,600,000	\$ 21,346,718	\$ 1,760,290	\$ 1,166,566	\$ 2,926,856	3.60%
3	2016/17	\$ 1,500,000	\$ 20,686,717	\$ 2,160,001	\$ 1,275,177	\$ 3,435,178	4.28%
4	2017/18	\$ 1,500,000	\$ 19,784,272	\$ 2,402,445	\$ 1,245,560	\$ 3,648,005	4.43%
5	2018/19	\$ 1,500,000	\$ 18,620,396	\$ 2,663,876	\$ 1,187,077	\$ 3,850,953	4.55%
6	2019/20	\$ 1,500,000	\$ 17,483,399	\$ 2,636,997	\$ 1,133,924	\$ 3,770,921	4.33%
7	2020/21	\$ 1,500,000	\$ 16,079,571	\$ 2,903,828	\$ 1,080,005	\$ 3,983,833	4.45%
8	2021/22	\$ 1,500,000	\$ 14,390,357	\$ 3,189,214	\$ 1,007,446	\$ 4,196,660	4.56%
9	2022/23	\$ 1,500,000	\$ 12,717,082	\$ 3,173,275	\$ 920,592	\$ 4,093,867	4.33%
10	2023/24	\$ 1,500,000	\$ 11,606,585	\$ 2,610,497	\$ 838,598	\$ 3,449,095	3.55%



#### 4.11 Special Rates Variation Levy

In order for Pittwater Council to remain a strong, independent and sustainable Council in 2011 an application was submitted to IPART for a Special Variation to Council's rates. Council's Special Rate Variation (SRV) will provide funds for a wide range of Infrastructure Works and Environmental Programs that will progressively improve both our 'urban' and 'natural' environment. The schedule of works and programs will be overseen through the Special Rate Variation (SRV) Advisory Committee.

The 2014/15 list of funds and SRV works are shown below.

<b>Opening Reserve Balance as at 01/07/14</b>	<b>1,023,896</b>
Budget Income 2014/2015	4,021,033
Budget Expenditure 2014/2015 (as shown below)	5,041,968
<b>Projected Budget Reserve Balance for the year ended 30 June 2015 (restricted)</b>	<b>2,961</b>

<b>Special Rates Variation Works</b>	<b>Type of Works</b>	<b>Budget</b>	<b>YTD Actuals</b>
Tengah Crescent Mona Vale full length	Road - Resheet	146,164	146,164
Woorarra Avenue no 39-73 Elanora Heights	Road - Resheet	69,327	69,327
Beaconsfield Street Newport the Crescent to no 73A	Road - Resheet	203,639	203,639
Emmaus Road Ingleside	Road - Resheet	28,470	28,470
Plateua Road Bilgola Plateau	Road - Resheet	111,242	111,242
Myola Road Newport (Gertrude to Bungan Hd)	Road - Resheet	45,733	45,733
Avalon Parade Avalon	Road - Resheet	125,990	125,990
Pittwater Rd Bayview (adjacent to BYRA Club)	Footpath	104,084	104,084
Vineyard St Mona Vale (Brinawa St to existing)	Footpath	86,050	86,050
Rickard Rd North Narrabeen (Annana to Gondola)	Footpath	46,703	6,787
Vesper St & Wangara St Mona Vale	Footpath	79,575	79,575
Elanora Road Elanora Heights - Further Stage/Schools Footpaths	Footpath	102,840	102,840
Grandview Drive Newport Further Stage/W&R Plan	Footpath	129,812	129,812
Hudson Parade Further Stage/W&R Plan	Footpath	132,844	132,844
Nareen Parade North Narrabeen Adj no 47/Pedestrian Amenity	Footpath	23,005	23,005
Bus Stop Upgrades Pittwater Road Various Locations	Traffic Facilities	14,290	13,058
Gladstone Road Stormwater Pipeline Reline	Drainage	61,732	22,092
Hilltop Avenue Clareville Drainage	Drainage	30,000	-
Hudson Street Stormwater Drainage Adj to no 41	Drainage	31,696	31,696
Jackson Road/Garden Street Roundabout Stormwater	Drainage	31,917	31,917
Narroy Rd Footpath Stage 3 Nareen Creek	Footpath	138,112	1,171
Richard Road Pit Reconstruction with Pipe Stubs	Drainage	78,528	78,528
Major Drainage Design Sector 1	Drainage	21,472	-
Traffic Management Plan Stage 2	Traffic Facilities	5,000	-
Survey of Project Locations	Drainage	4,591	2,905
Sportsfield and Open Space Improvements	Reserves - Improvements	48,649	11,120
Carpark & Access Improvement Program - Clareville Beach Carpark	Carpark - Improvements	142,469	26,016
Facilities and Services at Beaches (Dune Restoration)	Coastal Management	109,591	75,196
Careel Bay Pittwater Estuary and Coastline Rehabilitation	Coastal Management	57,328	8,143
Mona Vale Beach Pittwater Estuary and Coastline Rehabilitation	Coastal Management	74,182	464
Cleanliness of Beaches and Ocean Pools	Rock Pools - Improvements	43,837	5,319
Bushland Risk Management	Bushland Restoration & Protection	64,806	28,279
Bushland Reserves Restoration of Major Reserves	Bushland Restoration & Protection	150,000	85,678
Regeneration & Enhancement of Wildlife Corridors	Bushland Restoration & Protection	32,877	17,507
Managing Natural Hazards	Natural Environment	40,000	40,000
Bushfire Asset Protection Zones	Bushland Restoration & Protection	84,387	28,063
Managing and protecting Creeks & Waterways	Natural Environment	109,591	86,703
Bushland Reserves Restoration of Minor Reserves	Bushland Restoration & Protection	80,142	34,492
Boating Infrastructure - Bonnie Doon Wharf	Wharfs - Improvement	29,749	26,076
Palm Beach Wharf	Wharfs - Improvement	576,105	396,105
Church Point Seawall	Seawalls - Improvements	223,857	-
Carols Wharf Upgrade	Wharfs - Improvement	100,000	2,100
Mackerel Wharf	Wharfs - Improvement	150,000	7,900
Mona Vale SLSC geotech Designs	Buildings - Improvements	50,002	4,850
North Narrabeen Rock Pool Amenities	Buildings - Improvements	383,569	-
Mona Vale Surf Club Building	Buildings - Improvements	50,000	22,303
Energy saving initiatives and retrofits SRV	Other	25,000	13,947
Ausgrid Meter Consolidation SRV	Other	48,000	29,198
LED Lighting Retro/Install SRV	Other	25,000	11,622
Solar PV Systems SRV	Other	11,591	5,301
Water saving and re-use initiatives	Other	54,796	21,443
Refurbishment of Library	Buildings - Improvements	71,234	-
Keeping Villages and Surrounding Areas Beautiful	Commercial Centre - Maintenance	121,117	77,873
Facilities and Services at Beaches (Extension of Lifeguard Services)	Other	121,682	121,682
Protecting Native Plants and Animals	Bushland Restoration & Protection	54,796	51,061
Noxious and Environmental Weed Eradication	Bushland Restoration & Protection	32,877	15,075
Community Bushcare Program	Bushland Restoration & Protection	21,918	8,966
<b>Total Special Rates Variation Works</b>		<b>5,041,968</b>	<b>2,839,409</b>

#### 4.12 Stormwater Management Service Charge

The Stormwater Management Service Charge Program (based on Section 496A to the Local Government Act 1993 made by the Local Government Amendment (Stormwater) Act 2005 and in accordance with clauses 125A, 125AA, 200A and 217 of the Local Government (General) Regulation 2005) is levied on rateable urban land that is categorised for rating purposes as residential or business (excludes vacant land – see definition in the Act). The charge levied is:

- \$25 for land categorised as residential
- \$12.50 per residential strata lot
- \$25 per 350 square metres (or part thereof) for land categorised as business
- Pro-rata apportionment for business strata complexes.

The purpose of the service charge is to fund both capital projects and recurrent expenditure relating to new or additional stormwater management services to eligible land within the 23 sub-catchments within Pittwater by taking a 'global' approach to stormwater services and ensuring a reasonable equitable distribution of Stormwater Management Services over time.

The Stormwater Management Service Charge Annual Works Program is set out below;

<b>Opening Reserve Balance as at 01/07/14</b>	<b>104,039</b>
Budget Income 2014/2015	542,275
Budget Expenditure 2014/2015 (as shown below)	575,000
<b>Projected Budget Reserve Balance for the year ended 30 June 2015 (restricted)</b>	<b>71,314</b>

<b>Stormwater Management Service Charge</b>	<b>Budget</b>	<b>YTD Actuals</b>
S/W Infrastructure Improvements Minor Catchments	22,850	21,007
S/W Nullaburra Road Newport Drainage	7,817	7,817
S/W Iluka Road Palm Beach Drainage	18,095	18,095
S/W Bilkurra Avenue Bilgola Plateau Drainage	12,571	12,571
S/W Crystal Street Newport Drainage Outlet	21,579	-
S/W Careel Creek Improvements	50,550	50,550
S/W Cynthea Rd Palm Beach Drainage	13,088	13,088
S/W Ismona Street Newport Drainage	6,575	6,575
S/W Whale Beach Road Drainage	6,575	6,575
S/W Asset Management - CCTV condition assessment inspection	20,000	-
S/W Capital Works & Emergency Program	51,473	24,649
S/W Wallumatta Road Newport	12,327	12,327
S/W Gladstone Road Stormwater Pipeline Reline Stage 2	30,000	-
S/W Prosperity Pde WW Drainage System Stage 2	97,000	-
S/W System Impact Assessment	40,000	13,186
S/W Mapping	5,000	-
Community & Industry S/W Pollution Education	19,500	12,157
S/W Quality Treatment Device Improvements	140,000	109,626
<b>Total Stormwater Management Service Charge</b>	<b>575,000</b>	<b>308,223</b>

#### 4.13 Developer Contribution Plans

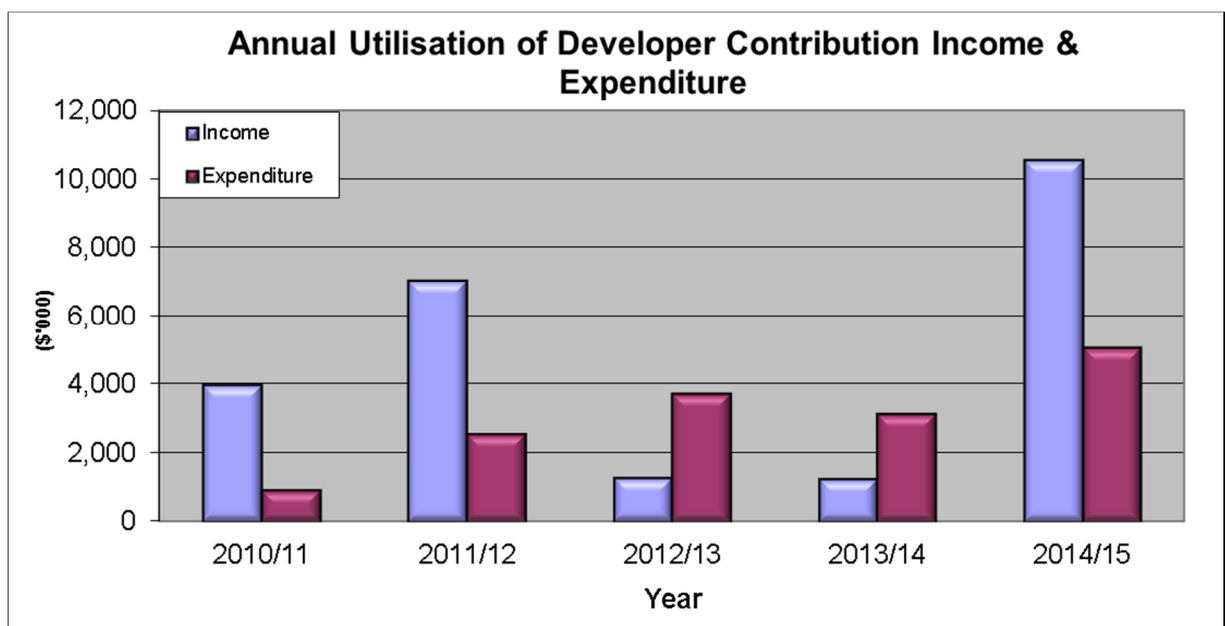
Developer Contributions are monetary contribution levied on developers at the development applications stage to pay for a proposed increase in demand for public services, such as roads and parks.

Council has a number of contribution plans, each containing income projections and work programs, enabling a financial strategy to efficiently and equitably administer the funds. A summary detailing the balances and projected income and expenditure for the current year of the various plans is contained within the table below:

DEVELOPER CONTRIBUTION PLANS	Budget				Actual
	Plan Balance as at 30/06/14	Expenditure for 2014/15	Income for 2014/15	Plan Balance as at 30/06/15	Plan Balance as at 31/03/15
Community Service Facilities	\$ 29,786	\$ 129,512	\$ 101,622	\$ 1,896	\$ 120,148
Mona Vale Car Parking	\$ 2,495,668	\$ 2,495,668	\$ -	\$ -	\$ -
Newport Car Parking	\$ 99,879	\$ 99,879	\$ 748	\$ 748	\$ 55,427
Open Space	\$ 433,510	\$ 410,000	\$ 409,839	\$ 433,349	\$ 358,507
Village Streetscape	\$ 523,093	\$ 596,512	\$ 233,826	\$ 160,407	\$ 653,907
Public Libraries	\$ 206,070	\$ -	\$ 52,796	\$ 258,866	\$ 207,160
Warriewood Valley	\$ 4,625,386	\$ 1,294,627	\$ 9,737,976	\$ 13,068,735	\$ 13,422,475
<b>Totals</b>	<b>\$ 8,413,392</b>	<b>\$ 5,026,198</b>	<b>\$ 10,536,807</b>	<b>\$ 13,924,001</b>	<b>\$ 14,817,624</b>

Council is required to undertake financial management of developer contributions as the authority responsible for most of the communities' infrastructure and regional facilities. The timing of the capital expenditure is heavily dependent upon the levels of development and contributions received.

To demonstrate Pittwater Council's financial management of developer contributions, a comparison of income (contributions received) versus expenditure for the provision of community facilities is shown in the graph below. Council's draft 2015-2019 Delivery Program & Budget details future S94 expenditure which will utilise funds collected in the current year.



#### 4.14 Consultancy and Legal Expenses

As a part of Council's Quarterly Budget Review Statement, expenditure associated with Consultancies and Legal Expenses are to be disclosed. Accordingly, YTD expenditure associated with Consultancies and Legal Fees are as follows:

Expenditure	Expenditure YTD	Budgeted (Y/N)
Consultancies	\$4,026,747	Yes – Budget \$5,688,955
Legal Fees	\$864,825	Yes – Budget \$1,219,100

An increase in the March Quarterly Budget Review associated with Consultancies has occurred. The budget has been increased from \$5,563,114 to \$5,688,955

An Increase in the March Quarterly Budget Review associated with an increase in Legal Fees. The budget has been increased by \$215,000 from \$1,004,100 to \$1,219,100 mainly relating to the Domestic Management Waste contract & Avalon Surf Club.

#### Contracts and Other Expenses

As a part of Council's Quarterly Budget Review Statement, a list of Contracts that **exceed \$50,000** and that have been entered into during the March 2015 Quarter and have yet to be fully performed are to be disclosed (*excluding contracts selected from Council's preferred supplier list and those associated with employment*). Accordingly, a list of such Contractors is as follows:

##### Contracts entered into in the March 2015 Quarter (exceeding \$50,000)

Contractor	Detail & Purpose	Contract Value	Start	Duration	Budget (Y/N)
NIL					

In determining Council's Original Budget and subsequent Budget Reviews an overall budget is assigned to functions of Council that incorporate a number of contracts to fulfil to projected works associated with that function of Council. Contracts that are undertaken throughout the year that give rise to an increase in the overall contractors budget assigned to a function of Council are required to be separately disclosed. Accordingly, a list of Contracts associated with a budgetary increase is listed below (*note: if no contracts are listed below, all contracts let during the Quarter have not given rise to a budgetary increase and have been facilitated with the Original or previous Quarterly Budgetary Reviews*):

##### Contracts entered into in the March 2015 Quarter that gave rise to an increase in the Budget.

Contractor	Detail & Purpose	Contract Value	Start	Duration	Budget (Y/N)
NIL					

#### **4.15 Council Key Directions and Associated Strategies**

Over the last two years Pittwater Council, in collaboration with the Local Community, developed Pittwater 2020, the first of its kind. This strategic plan provides an overarching framework to proactively respond to the community aspirations and desires.

The Strategic Plan articulates the community vision for what Pittwater should be like in 2020 and outlines five interlinked and independent key directions and their associated strategies under which all planning will occur. The 12 key strategies have been developed providing the operational mechanism – vision, objectives, initiatives and measures – to achieve the inspirational goals and targets.

Accordingly, in an effort to assist Council's Strategic Plan and associated vision the 2014/15 budget, in addition to traditional financial reporting formats, has been broken down based upon the key five directions and their 12 associated strategies.

For information for the community the net consolidated position of each key direction and strategies are outlined below:

##### **4.15.1 Supporting & Connecting our Community (Social)**

The net impact of the 2014/15 Budget for this key direction is a cost of \$16.684 million.

This net cost includes:	
Operating Expenditure	\$18.568 million
Capital Expenditure	\$6.709 million
Income	(\$13.573) million
Transfer from Reserve*	(\$10.223) million
Transfer to Reserve*	\$9.929 million
Net Cost to Council	\$11.410 million

##### **4.15.2 Valuing & Caring for our Natural Environment (Environmental)**

The net impact of the 2014/15 Budget for this key direction is a cost of \$4.287 million.

This net cost includes:	
Operating Expenditure	\$6.644 million
Capital Expenditure	\$5.794 million
Income	(\$3.366) million
Transfer from Reserve*	(\$3.971) million
Transfer to Reserve*	\$597,000
Net Cost to Council	\$5.698 million

#### 4.15.3 Enhancing our Working & Learning (Economic)

The net impact of the 2014/15 Budget for this key direction is a cost of \$2.555 million.

This net cost includes:	
Operating Expenditure	\$2.962 million
Capital Expenditure	\$230,000
Income	(\$580,000)
Transfer from Reserve*	(\$191,000)
Transfer to Reserve*	\$150,000
Net Cost to Council	\$2.571 million

#### 4.15.4 Leading an Effective & Collaborative Council (Governance)

The net impact of the 2014/15 Budget for this key direction is income of \$24.753 million.

This net income includes:	
Operating Expenditure	\$27.528 million
Capital Expenditure	\$5.373 million
Income	(\$55.656) million
Transfer from Reserve*	(\$5.254) million
Transfer to Reserve*	\$7.256 million
Net Income to Council	(\$20.754) million

#### 4.15.5 Integrating our Built Environment (Infrastructure)

The net impact of the 2014/15 Budget for this key direction is a cost of \$1.297 million.

This net cost includes:	
Operating Expenditure	\$21.247 million
Capital Expenditure	\$5.505 million
Income	(\$22.086) million
Transfer from Reserve*	(\$4.555) million
Transfer to Reserve*	\$874,000
Net Cost to Council	\$987,000

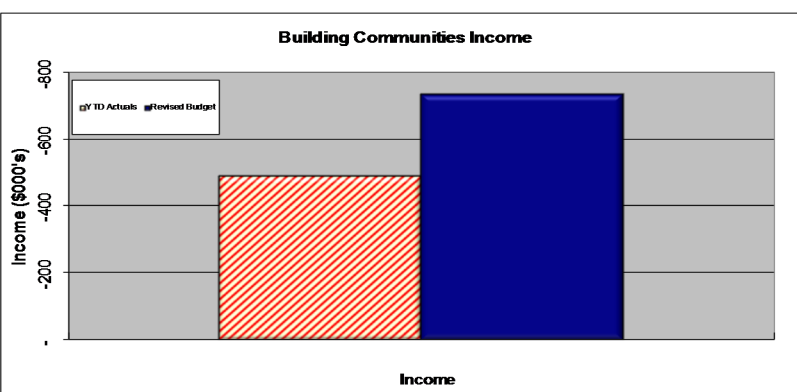
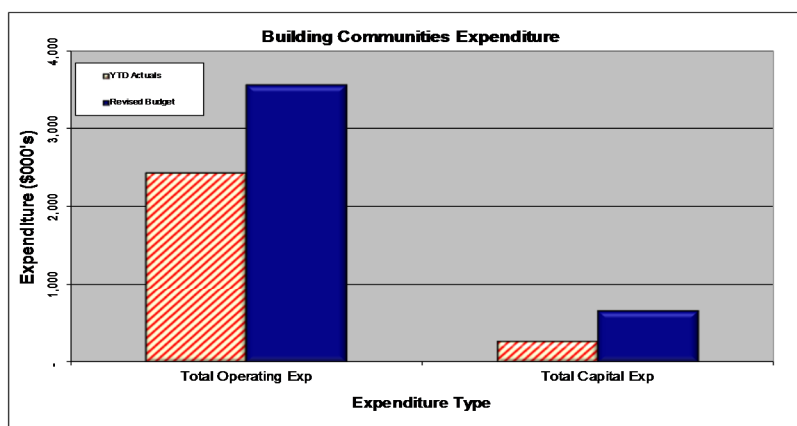
*\*Note: Transfers to and from Reserve represent funds acquired in the current and/or prior financial years but are utilised or placed into reserve in the current financial year.*

## 12 Strategies - Net Budget Position:

### BUILDING COMMUNITIES

STRATEGY Building Communities		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	1,058	1,613
Other Employee Costs	305	461
Materials and Contracts	594	1,054
Depreciation	0	0
Interest	0	0
Other Costs	472	429
<b>Total Operating Exp</b>	<b>2,428</b>	<b>3,558</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	2	90
Capital Works Programs	258	567
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>259</b>	<b>657</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(401)	(620)
Fees and Charges	(17)	(21)
Grant Transfers	(67)	(93)
Contributions	0	0
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(0)	0
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(485)</b>	<b>(733)</b>
Transfers from Reserves	(74)	(687)
Transfers to Reserves	0	0
<b>Net Cost* / (Income)</b>	<b>2,128</b>	<b>2,794</b>

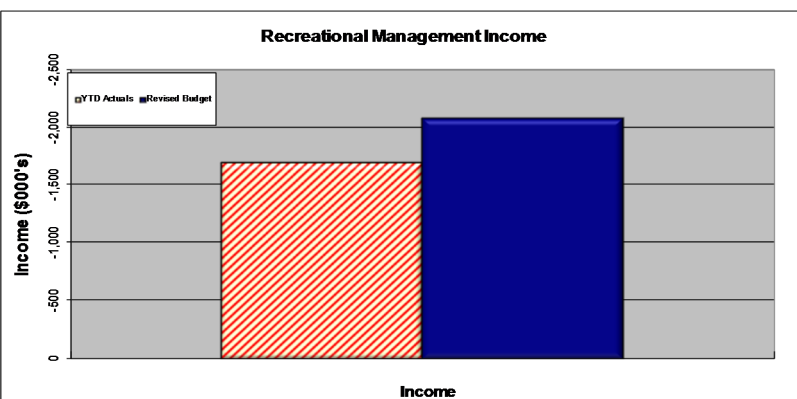
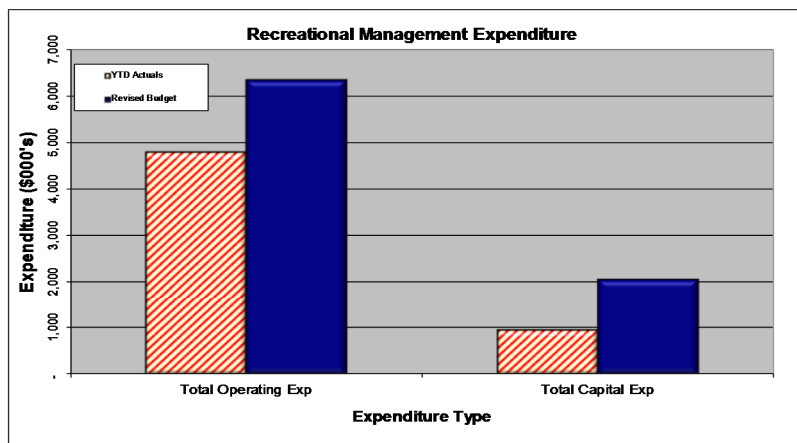
\* Net Cost Funded By Rates



### RECREATIONAL MANAGEMENT

STRATEGY Recreational Management		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	1,750	2,357
Other Employee Costs	532	694
Materials and Contracts	1,272	1,653
Depreciation	862	1,212
Interest	0	0
Other Costs	365	423
<b>Total Operating Exp</b>	<b>4,781</b>	<b>6,340</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	942	2,049
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>942</b>	<b>2,049</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(1,128)	(1,312)
Fees and Charges	0	0
Grant Transfers	0	0
Contributions	(307)	(495)
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(250)	(271)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(1,685)</b>	<b>(2,078)</b>
Transfers from Reserves	(1,206)	(2,551)
Transfers to Reserves	285	618
<b>Net Cost* / (Income)</b>	<b>3,117</b>	<b>4,379</b>

\* Net Cost Funded By Rates

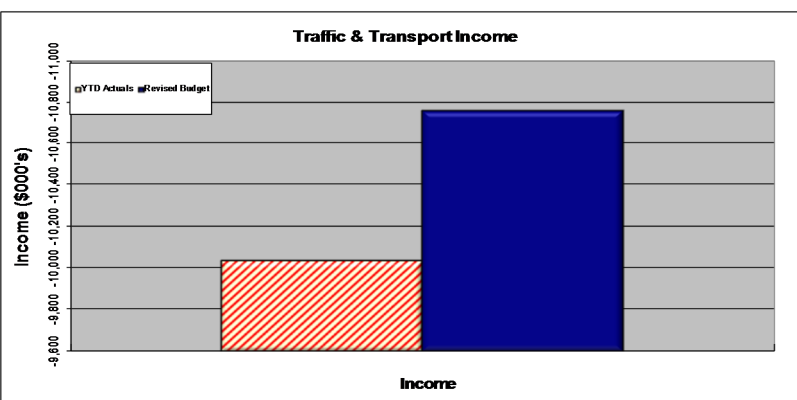
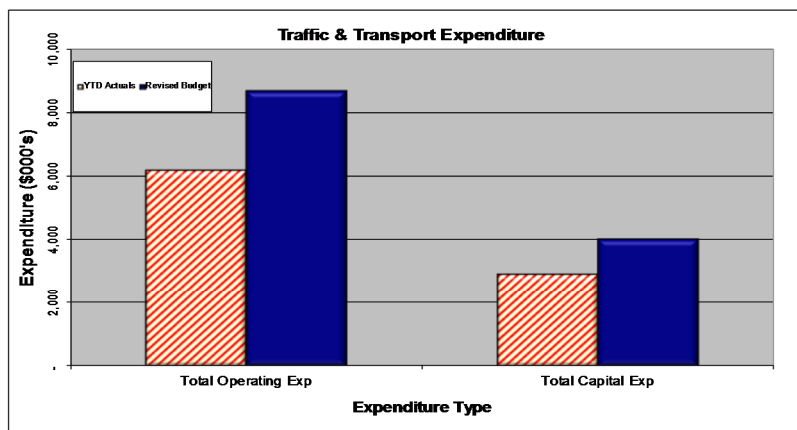




## TRAFFIC AND TRANSPORT

STRATEGY Transport & Traffic		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	1,155	1,910
Other Employee Costs	364	577
Materials and Contracts	959	1,177
Depreciation	2,764	3,704
Interest	0	0
Other Costs	943	1,302
<b>Total Operating Exp</b>	<b>6,185</b>	<b>8,671</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	2,899	4,003
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>2,899</b>	<b>4,003</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(347)	(349)
Fees and Charges	(235)	(245)
Grant Transfers	(668)	(873)
Contributions	(8,783)	(9,295)
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(0)	0
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(10,033)</b>	<b>(10,762)</b>
<b>Transfers from Reserves</b>	<b>(4,583)</b>	<b>(6,985)</b>
<b>Transfers to Reserves</b>	<b>8,845</b>	<b>9,311</b>
<b>Net Cost* / (Income)</b>	<b>3,312</b>	<b>4,237</b>

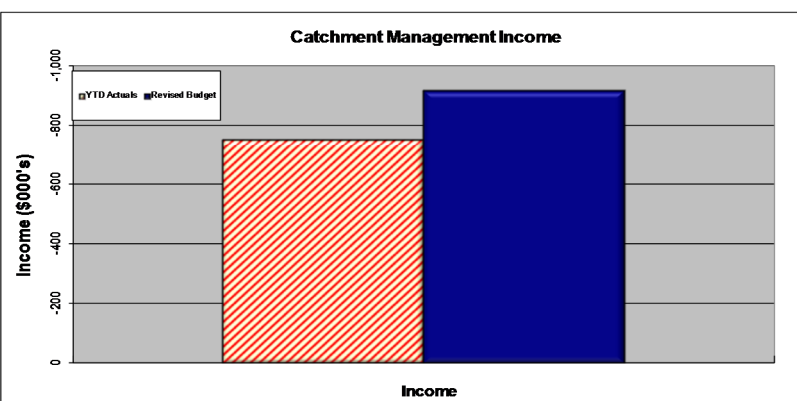
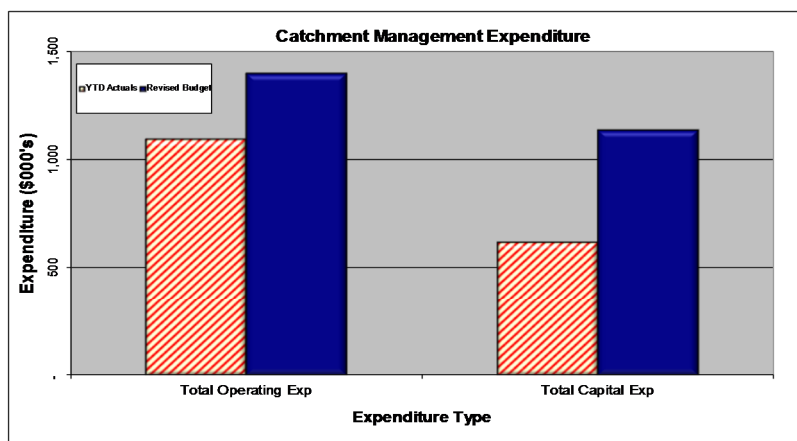
\* Net Cost Funded By Rates



## CATCHMENT MANAGEMENT

STRATEGY Catchment Management		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	524	498
Other Employee Costs	164	166
Materials and Contracts	121	227
Depreciation	0	0
Interest	0	0
Other Costs	286	508
<b>Total Operating Exp</b>	<b>1,095</b>	<b>1,399</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	618	1,137
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>618</b>	<b>1,137</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(18)	(20)
Fees and Charges	0	0
Grant Transfers	(137)	(340)
Contributions	(190)	0
Rates Income	(391)	(542)
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(13)	(12)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(749)</b>	<b>(915)</b>
<b>Transfers from Reserves</b>	<b>(578)</b>	<b>(1,135)</b>
<b>Transfers to Reserves</b>	<b>585</b>	<b>597</b>
<b>Net Cost* / (Income)</b>	<b>970</b>	<b>1,084</b>

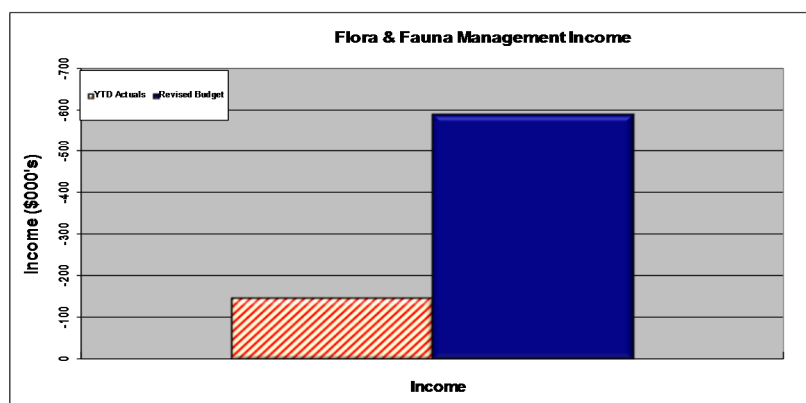
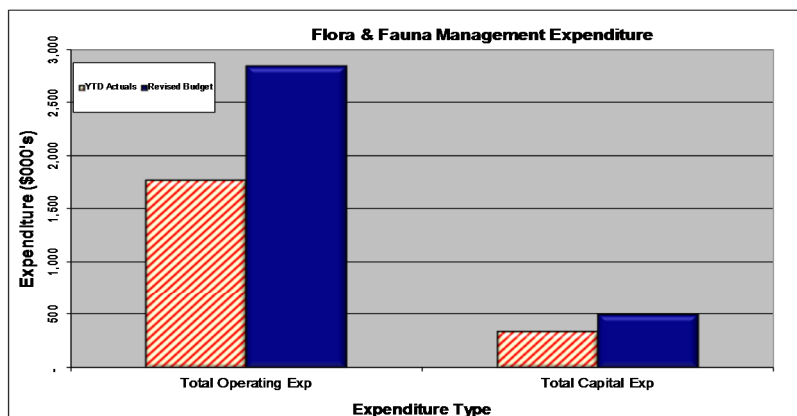
\* Net Cost Funded By Rates



## FLORA AND FAUNA MANAGEMENT

STRATEGY Flora & Fauna Management		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	754	933
Other Employee Costs	217	279
Materials and Contracts	689	1,514
Depreciation	0	0
Interest	0	0
Other Costs	107	122
<b>Total Operating Exp</b>	<b>1,767</b>	<b>2,847</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	340	500
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>340</b>	<b>500</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(0)	0
Fees and Charges	(50)	(50)
Grant Transfers	(78)	(320)
Contributions	0	(200)
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(18)	(20)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(146)</b>	<b>(590)</b>
<b>Transfers from Reserves</b>	<b>(297)</b>	<b>(480)</b>
<b>Transfers to Reserves</b>	<b>0</b>	<b>0</b>
<b>Net Cost* / (Income)</b>	<b>1,663</b>	<b>2,278</b>

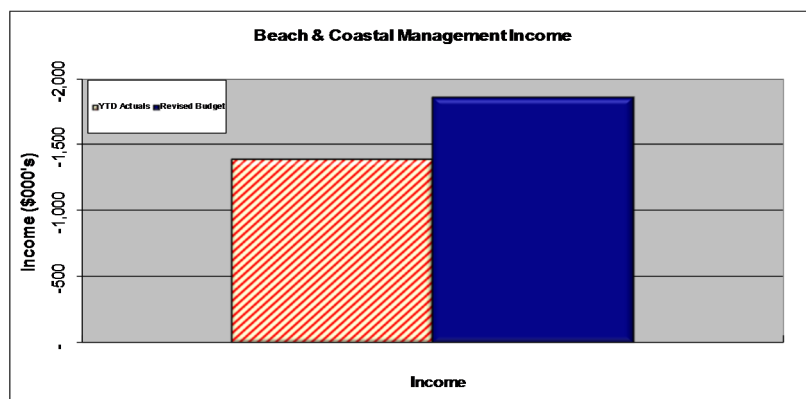
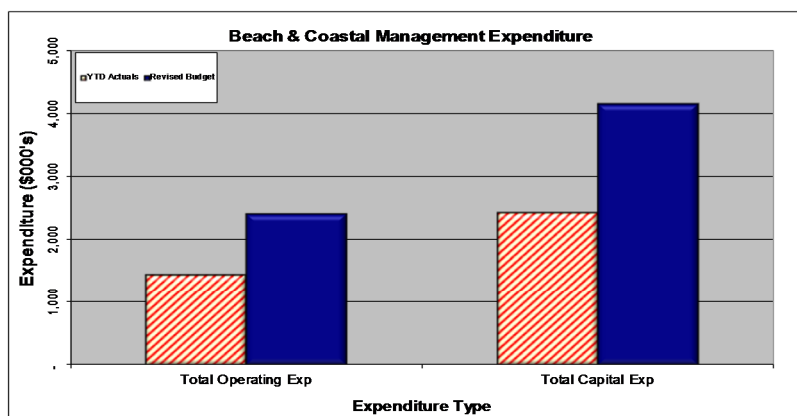
\* Net Cost Funded By Rates



## BEACH AND COASTAL MANAGEMENT

STRATEGY Beach & Coastal Management		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	340	537
Other Employee Costs	96	162
Materials and Contracts	818	1,271
Depreciation	0	0
Interest	0	0
Other Costs	182	427
<b>Total Operating Exp</b>	<b>1,435</b>	<b>2,397</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	2,416	4,156
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>2,416</b>	<b>4,156</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	0	0
Fees and Charges	0	0
Grant Transfers	(1,367)	(1,850)
Contributions	0	0
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(12)	(12)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(1,379)</b>	<b>(1,862)</b>
<b>Transfers from Reserves</b>	<b>(831)</b>	<b>(2,355)</b>
<b>Transfers to Reserves</b>	<b>0</b>	<b>0</b>
<b>Net Cost* / (Income)</b>	<b>1,641</b>	<b>2,336</b>

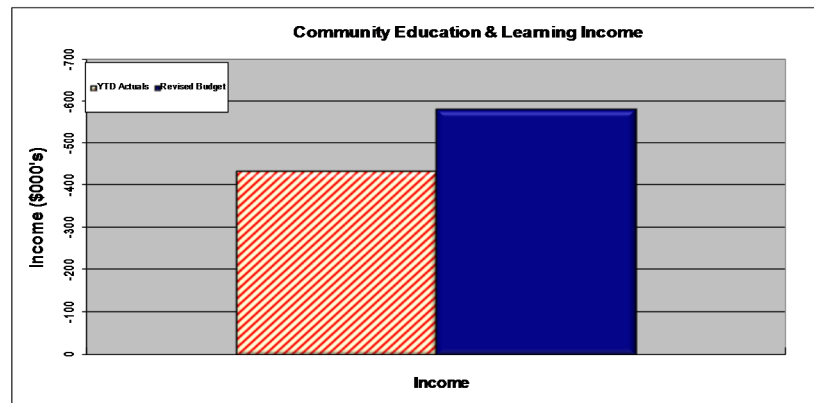
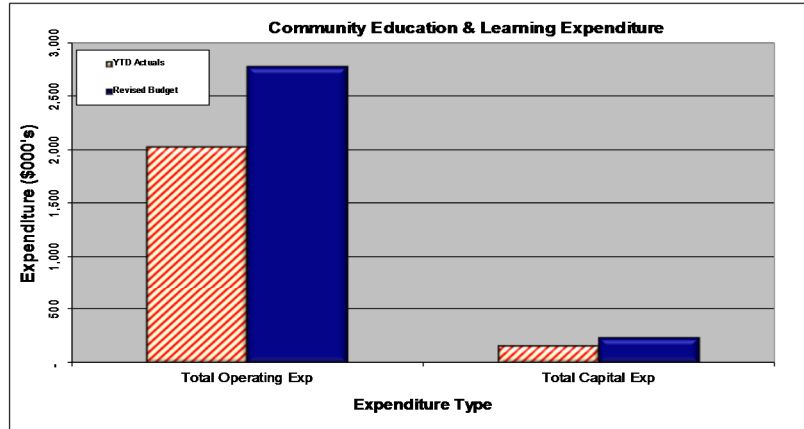
\* Net Cost Funded By Rates



## COMMUNITY EDUCATION AND LEARNING

STRATEGY Community Education & Learning		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	1,164	1,619
Other Employee Costs	326	443
Materials and Contracts	69	121
Depreciation	156	191
Interest	0	0
Other Costs	307	402
<b>Total Operating Exp</b>	<b>2,023</b>	<b>2,777</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	156	230
Capital Works Programs	1	0
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>157</b>	<b>230</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(108)	(166)
Fees and Charges	(18)	(25)
Grant Transfers	(148)	(224)
Contributions	(142)	(150)
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(17)	(15)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(431)</b>	<b>(580)</b>
Transfers from Reserves	(206)	(191)
Transfers to Reserves	141	150
<b>Net Cost* / (Income)</b>	<b>1,683</b>	<b>2,385</b>

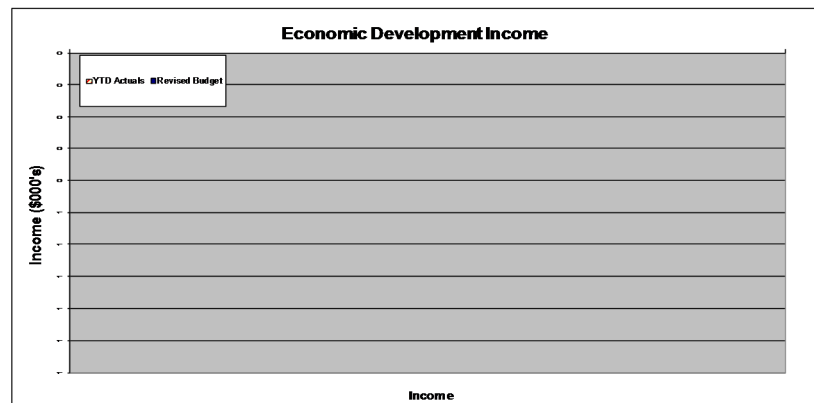
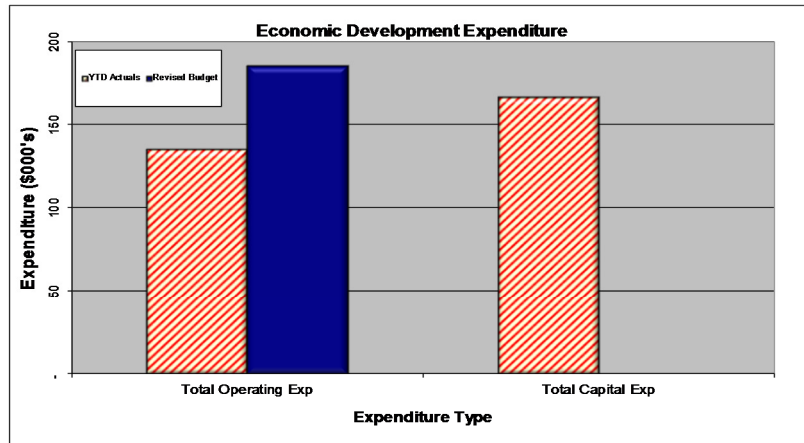
\* Net Cost Funded By Rates



## ECONOMIC DEVELOPMENT

STRATEGY Economic Development		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	88	114
Other Employee Costs	25	31
Materials and Contracts	2	30
Depreciation	0	0
Interest	0	0
Other Costs	21	10
<b>Total Operating Exp</b>	<b>135</b>	<b>185</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	167	0
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>167</b>	<b>0</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	0	0
Fees and Charges	0	0
Grant Transfers	0	0
Contributions	0	0
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	0	0
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>0</b>	<b>0</b>
Transfers from Reserves	0	0
Transfers to Reserves	0	0
<b>Net Cost* / (Income)</b>	<b>302</b>	<b>185</b>

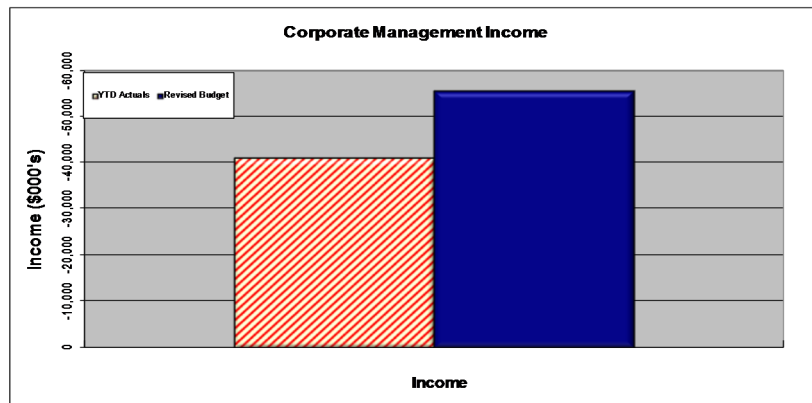
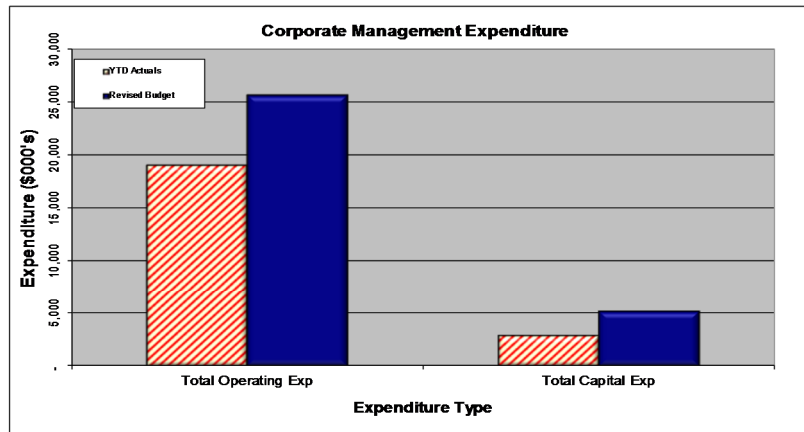
\* Net Cost Funded By Rates



## CORPORATE MANAGEMENT

STRATEGY Corporate Management		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	5,448	7,126
Other Employee Costs	1,944	2,679
Materials and Contracts	2,126	2,948
Depreciation	2,907	3,900
Interest	702	935
Other Costs	5,892	8,026
<b>Total Operating Exp</b>	<b>19,019</b>	<b>25,615</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	1,779	3,502
Capital Works Programs	167	317
Capital Material Public Benefits	0	0
Loan Repayments	900	1,284
<b>Total Capital Exp</b>	<b>2,846</b>	<b>5,103</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(7,131)	(8,815)
Fees and Charges	(116)	(149)
Grant Transfers	(1,820)	(2,291)
Contributions	(393)	(2,387)
Rates Income	(28,535)	(38,073)
Domestic Waste Charge	0	0
Return on Investments & Other	(1,008)	(1,388)
Other Income	(662)	(660)
Capital Assets Disposals	(999)	(1,797)
<b>Total Income (Op &amp; Cap)</b>	<b>(40,665)</b>	<b>(55,560)</b>
<b>Transfers from Reserves</b>	<b>(3,211)</b>	<b>(5,105)</b>
<b>Transfers to Reserves</b>	<b>3,628</b>	<b>7,256</b>
<b>Net Cost* / (Income)</b>	<b>(18,383)</b>	<b>(22,692)</b>

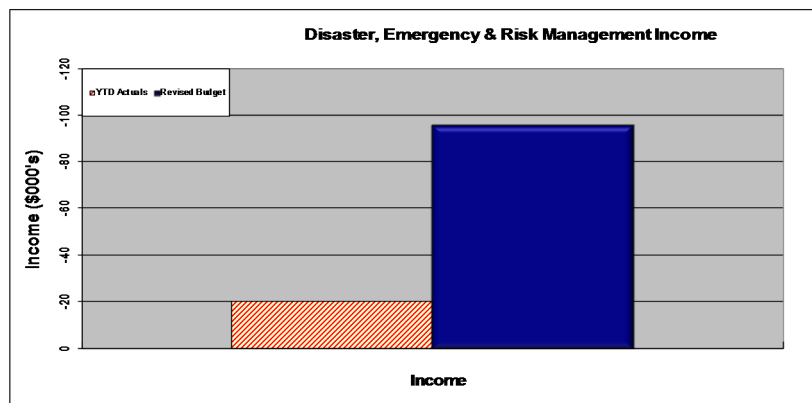
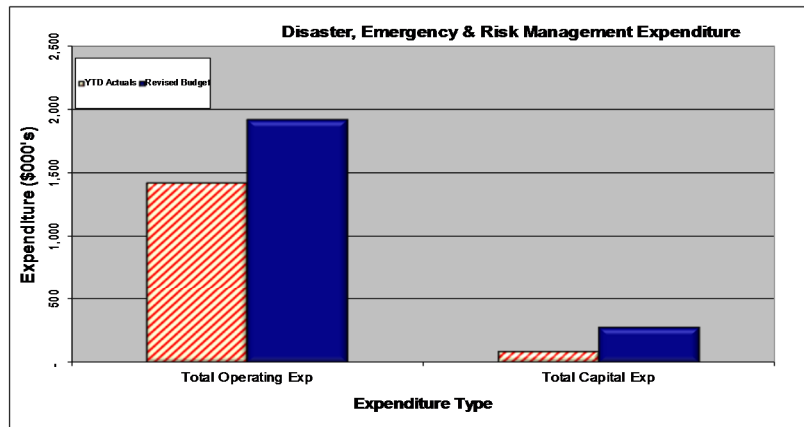
\* Net Cost Funded By Rates



## DISASTER, EMERGENCY AND RISK MANAGEMENT

STRATEGY Disaster, Emergency & Risk Management		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	183	259
Other Employee Costs	48	69
Materials and Contracts	20	32
Depreciation	0	0
Interest	0	0
Other Costs	1,164	1,553
<b>Total Operating Exp</b>	<b>1,415</b>	<b>1,913</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	84	270
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>84</b>	<b>270</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	0	0
Fees and Charges	0	0
Grant Transfers	(19)	(32)
Contributions	0	(64)
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(1)	0
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(20)</b>	<b>(96)</b>
<b>Transfers from Reserves</b>	<b>(56)</b>	<b>(149)</b>
<b>Transfers to Reserves</b>	<b>0</b>	<b>0</b>
<b>Net Cost* / (Income)</b>	<b>1,422</b>	<b>1,938</b>

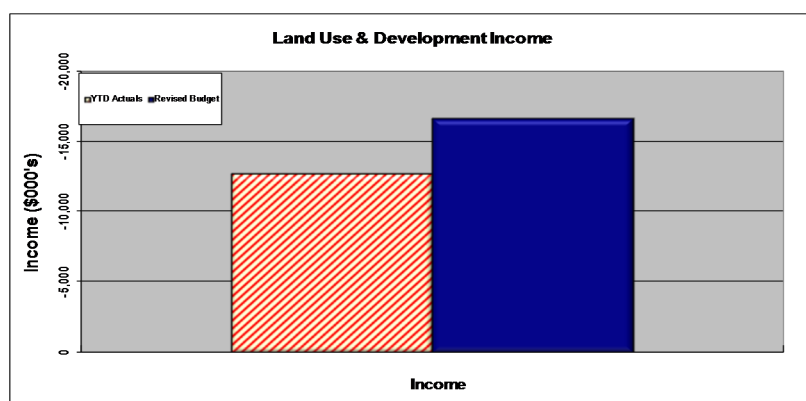
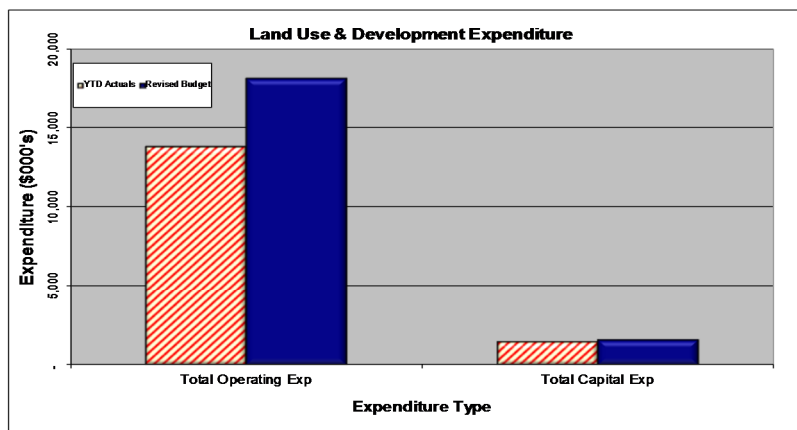
\* Net Cost Funded By Rates



## LAND USE AND DEVELOPMENT

STRATEGY Land Use & Development		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	2,806	3,729
Other Employee Costs	771	1,040
Materials and Contracts	4,606	6,148
Depreciation	0	0
Interest	0	0
Other Costs	5,599	7,235
<b>Total Operating Exp</b>	<b>13,782</b>	<b>18,152</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	0
Capital Works Programs	1,438	1,549
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>1,438</b>	<b>1,549</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(827)	(890)
Fees and Charges	(907)	(1,201)
Grant Transfers	(1,091)	(1,521)
Contributions	(55)	(109)
Rates Income	0	0
Domestic Waste Charge	(9,639)	(12,820)
Return on Investments & Other	0	0
Other Income	(80)	(82)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(12,599)</b>	<b>(16,623)</b>
<b>Transfers from Reserves</b>	<b>(131)</b>	<b>(551)</b>
<b>Transfers to Reserves</b>	<b>0</b>	<b>458</b>
<b>Net Cost* / (Income)</b>	<b>2,491</b>	<b>2,986</b>

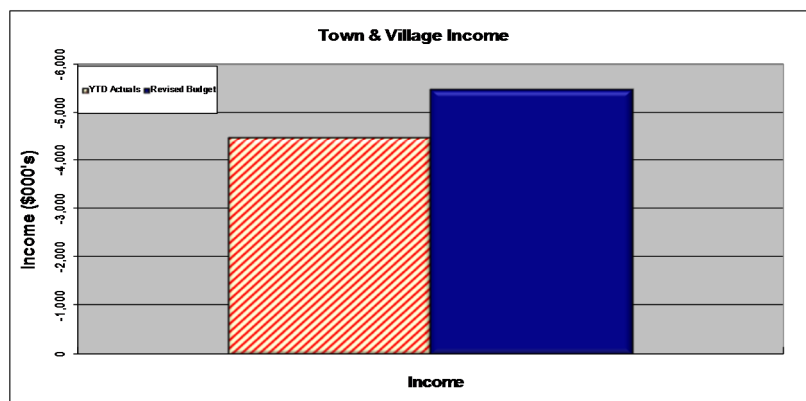
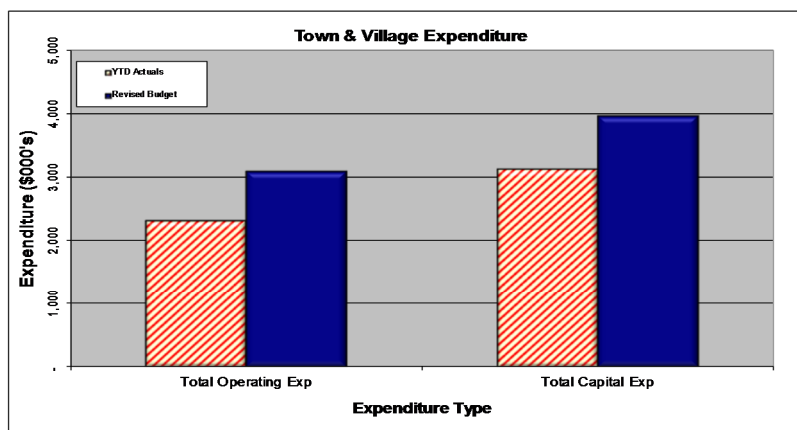
\* Net Cost Funded By Rates



## TOWN AND VILLAGE

STRATEGY Town & Village		
Operating Expenditure	YTD Actuals -\$000's	Total Projected Budget -\$000's
Salaries and Wages	867	1,192
Other Employee Costs	253	331
Materials and Contracts	411	578
Depreciation	65	90
Interest	0	0
Other Costs	707	903
<b>Total Operating Exp</b>	<b>2,303</b>	<b>3,095</b>
<b>Capital Expenditure</b>		
Capital Asset Acquisitions	0	54
Capital Works Programs	3,118	3,902
Capital Material Public Benefits	0	0
Loan Repayments	0	0
<b>Total Capital Exp</b>	<b>3,118</b>	<b>3,956</b>
<b>Income (Op &amp; Cap)</b>		
User Fees	(1,988)	(2,329)
Fees and Charges	(2,331)	(2,900)
Grant Transfers	0	0
Contributions	(131)	(225)
Rates Income	0	0
Domestic Waste Charge	0	0
Return on Investments & Other	0	0
Other Income	(19)	(9)
Capital Assets Disposals	0	0
<b>Total Income (Op &amp; Cap)</b>	<b>(4,469)</b>	<b>(5,463)</b>
<b>Transfers from Reserves</b>	<b>(2,883)</b>	<b>(4,004)</b>
<b>Transfers to Reserves</b>	<b>360</b>	<b>416</b>
<b>Net Cost* / (Income)</b>	<b>(1,571)</b>	<b>(1,999)</b>

\* Net Cost Funded By Rates



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## **5.0 ATTACHMENTS / TABLED DOCUMENTS**

Nil attachments

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## **6.0 SUSTAINABILITY ASSESSMENT**

### **6.1 GOVERNANCE & RISK**

#### **6.1.1 Community Engagement**

- Not Applicable

#### **6.1.2 Risk Management**

- As a part of Council's 2014/15 budget process, quarterly reviews are undertaken to mitigate financial risk. The March 2015 budget review has incorporated all known financial amendments to ensure financial sustainability, risk mitigation and that community needs are met within Council's available resources.

### **6.2 ENVIRONMENT**

#### **6.2.1 Environmental Impact**

- As per Risk Statement

#### **6.2.2 Mitigation Measures**

- Not Applicable

### **6.3 SOCIAL**

#### **6.3.1 Address Community Need & Aspirations**

- As per Risk Statement

#### **6.3.2 Strengthening Local community**

- Not Applicable

### **6.4 ECONOMIC**

#### **6.4.1 Economic Development**

- As per Risk Statement

Report prepared by  
Myles Thana, Management Accountant

Mark Jones  
**CHIEF FINANCIAL OFFICER**

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## **C11.2 Investment Balances as at 30 April 2015**

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**Meeting:** Leading and Learning Committee

**Date:** 18 May 2015

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**COMMUNITY STRATEGIC PLAN STRATEGY:** Corporate Management

**COMMUNITY STRATEGIC PLAN OBJECTIVE:**

- To ensure Council's future financial sustainability

**DELIVERY PROGRAM ACTION:** To Provide Effective Investment of Council's Funds

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### **1.0 EXECUTIVE SUMMARY**

#### **SUMMARY**

- The net investment return as at 30 April 2015 is \$977,738.
  - All investments have been made in accordance with the NSW Local Government Act, 1993, the Local Government (General) Regulations and Council's Investment Policy.
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### **2.0 RECOMMENDATION**

*That the information provided in the report be noted.*

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### **3.0 BACKGROUND**

#### **3.1 PURPOSE**

A report listing Council's investments must be presented.

#### **3.2 BACKGROUND**

As provided for in Regulation 212 of the Local Government (General) Regulation, 2005, a report listing Council's investments must be presented.

#### **3.3 POLICY IMPLICATIONS**

- Council's Investment Policy (No 143)

#### **3.4 RELATED LEGISLATION**

Regulation 212 of the Local Government (General) Regulation, 2005, states that a report listing Council's investments must be presented. The responsible Accounting Officer certifies that all investments have been made in accordance with Section 625 of the NSW Local Government Act, 1993, the Local Government (General) Regulations and Council's Investment Policy (No 143).



### 3.5 FINANCIAL ISSUES

#### 3.5.1 Budget

- The net investment return as at 30 April 2015 is \$977,738
- The projected investment return budget for the financial year (subject to quarterly budget review) is \$1,200,000

#### 3.5.2 Resources Implications

- Nil Implication

---

### 3.0 KEY ISSUES

#### 4.1 MONTHLY RETURN

<b>Investment return for the month of April 2015:</b>	
Term deposits interest income:	<u>\$96,298</u>
Net investment return for April 2015:	<u>\$96,298</u>

#### YEAR TO DATE RETURN

<b>Investment return year to date April 2015:</b>	
Term deposits interest income:	<u>\$977,738</u>
Net investment return year to date:	<u>\$977,738</u>

Projected investment return budget for financial year: \$1,200,000

#### 4.2 PERFORMANCE OF COUNCIL'S PORTFOLIO FOR THE LAST FIVE YEARS

Annual return of Council's portfolio for the last five years:

<b>Year to</b>	<b>Net Return</b>	<b>Return on average funds invested</b>
June 2011	\$1,521,223	5.9%
June 2012	\$1,679,693	6.4%
June 2013	\$1,656,908	4.8%
June 2014	\$1,227,105	3.8%
April 2015	\$977,738	3.4%
Projected Budget	\$1,200,000	3.5%



## **5.0 ATTACHMENTS / TABLED DOCUMENTS**

### **Attachment 1: Investment Balance Table and Associated Graphs**

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## **6.0 SUSTAINABILITY ASSESSMENT**

### **6.1 GOVERNANCE & RISK**

#### **6.1.1 Community Engagement**

- Not Applicable

#### **6.1.2 Risk Management**

- Investments and Interest Income form a part of Council's 2014/15 Budget. Investment risk is mitigated by Council's conservative portfolio structure and compliance with associated legislation and regulations.

### **6.2 ENVIRONMENT**

#### **6.2.1 Environmental Impact**

- Not Applicable

#### **6.2.2 Mitigation Measures**

- Not Applicable

### **6.3 SOCIAL**

#### **6.3.1 Address Community Need & Aspirations**

- Not Applicable

#### **6.3.2 Strengthening Local community**

- Not Applicable

### **6.4 ECONOMIC**

#### **6.4.1 Economic Development**

- Investments and Interest Income form a part of Council's 2014/15 Budget.

Report prepared by  
Renae Wilde, Senior Project Accountant

Mark Jones  
**CHIEF FINANCIAL OFFICER**



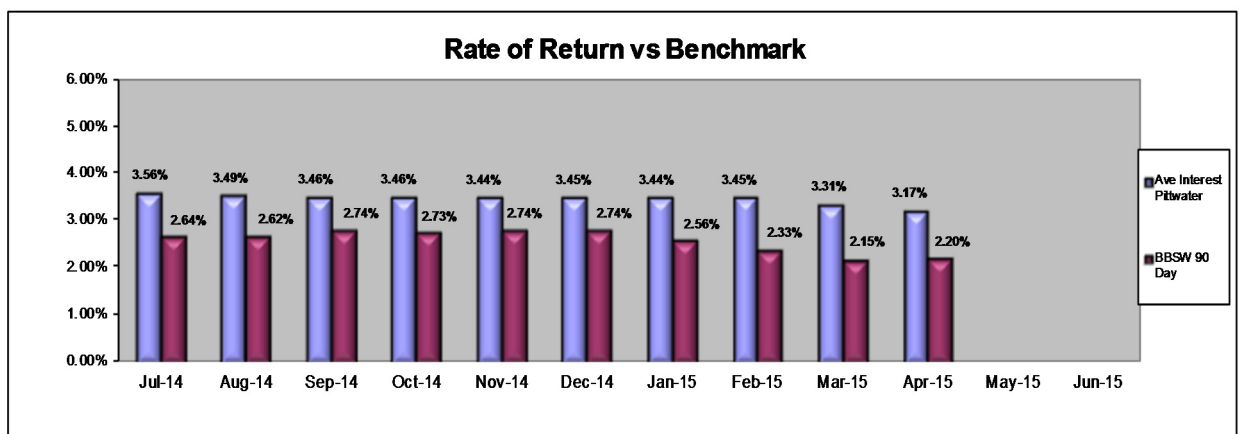
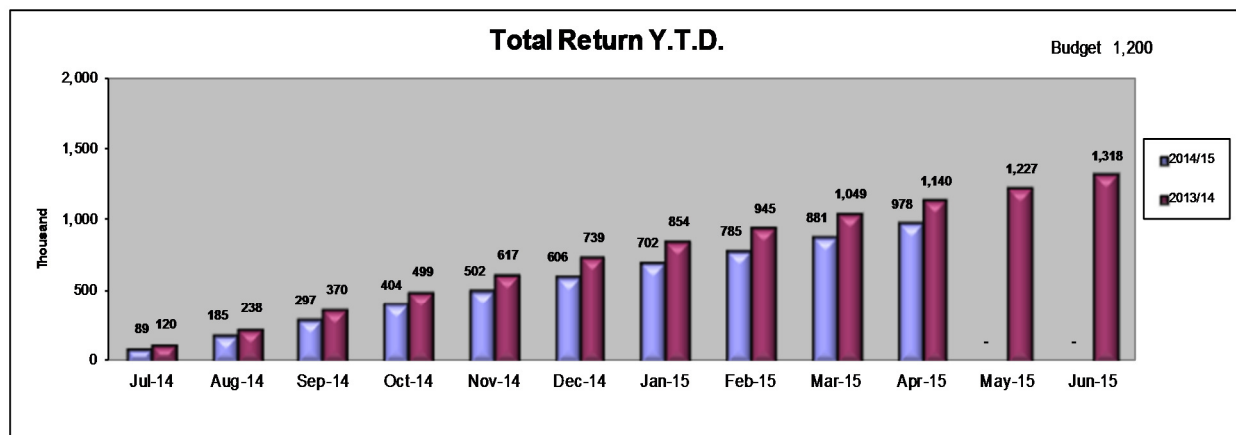
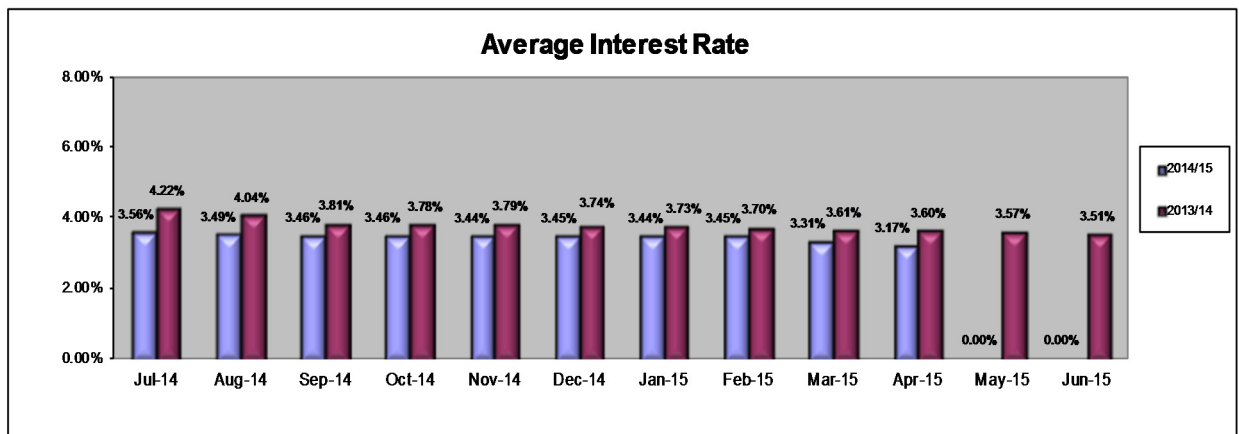
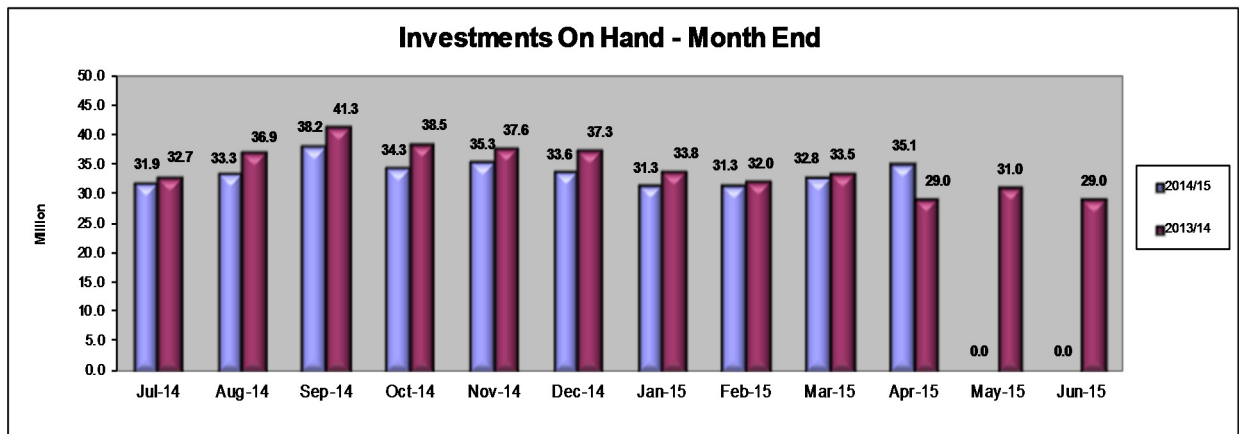
# PITTWATER COUNCIL

## INVESTMENT BALANCES

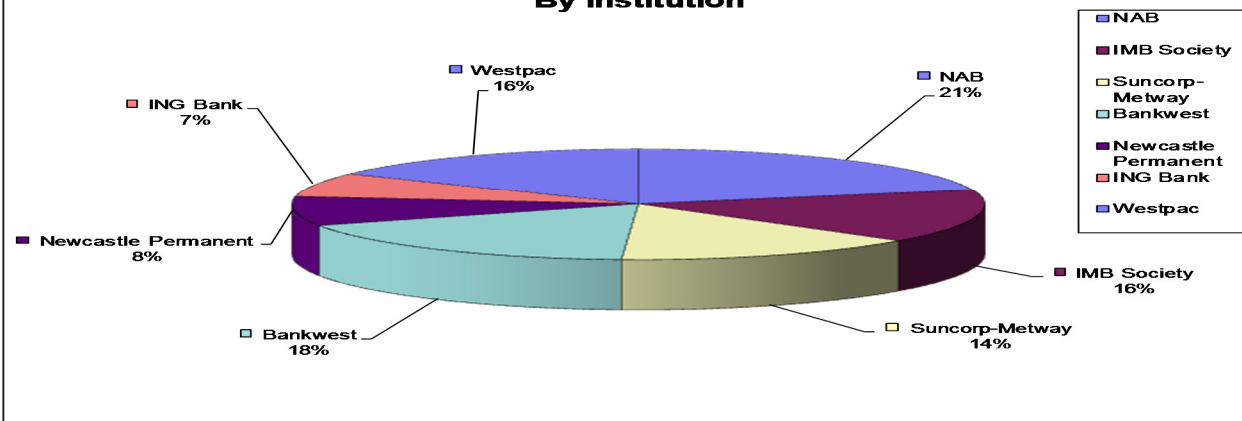
As at 30th April 2015

TYPE	INSTITUTION	Rating	AMOUNT \$	DATE INVESTED	MATURITY DATE	TERM (DAYS)	INTEREST RATE
At Call	NAB	AA-	1,800,000.00 *	At Call	At Call	1	2.75%
<b>At Call Total</b>			<b>1,800,000.00</b>				
Term Dep	IMB Society	BBB+	500,000.00	5-Jan-15	11-May-15	126	3.40%
Term Dep	IMB Society	BBB+	1,000,000.00	16-Feb-15	9-Jun-15	113	3.05%
Term Dep	IMB Society	BBB+	500,000.00	23-Mar-15	6-Jul-15	105	2.95%
Term Dep	IMB Society	BBB+	1,000,000.00	7-Apr-15	27-Jul-15	111	2.75%
Term Dep	IMB Society	BBB+	500,000.00	13-Apr-15	24-Aug-15	133	2.85%
Term Dep	IMB Society	BBB+	1,000,000.00	13-Apr-15	31-Aug-15	140	2.85%
Term Dep	IMB Society	BBB+	1,000,000.00	27-Apr-15	6-Oct-15	162	2.80%
<b>Investee Total</b>			<b>5,500,000.00</b>				
Term Dep	Suncorp-Metway	A+	750,000.00	24-Nov-14	25-May-15	182	3.60%
Term Dep	Suncorp-Metway	A+	750,000.00	16-Dec-14	4-May-15	139	3.50%
Term Dep	Suncorp-Metway	A+	500,000.00	19-Jan-15	15-Jun-15	147	3.45%
Term Dep	Suncorp-Metway	A+	1,000,000.00	23-Feb-15	29-Jun-15	126	3.05%
Term Dep	Suncorp-Metway	A+	1,000,000.00	3-Mar-15	10-Aug-15	160	3.10%
Term Dep	Suncorp-Metway	A+	1,000,000.00	20-Apr-15	14-Sep-15	147	2.90%
<b>Investee Total</b>			<b>5,000,000.00</b>				
Term Dep	Bankwest	AA-	1,000,000.00	10-Nov-14	11-May-15	182	3.45%
Term Dep	Bankwest	AA-	1,000,000.00	17-Nov-14	18-May-15	182	3.45%
Term Dep	Bankwest	AA-	750,000.00	24-Nov-14	25-May-15	182	3.50%
Term Dep	Bankwest	AA-	1,000,000.00	2-Dec-14	1-Jun-15	181	3.50%
Term Dep	Bankwest	AA-	1,000,000.00	28-Jan-15	22-Jun-15	145	3.40%
Term Dep	Bankwest	AA-	500,000.00	23-Feb-15	26-May-15	92	3.15%
Term Dep	Bankwest	AA-	1,000,000.00	3-Mar-15	22-Jun-15	111	3.10%
<b>Investee Total</b>			<b>6,250,000.00</b>				
Term Dep	Newcastle Permanent	BBB+	500,000.00	9-Feb-15	12-May-15	92	3.15%
Term Dep	Newcastle Permanent	BBB+	1,000,000.00	1-Apr-15	8-Jul-15	98	2.95%
Term Dep	Newcastle Permanent	BBB+	1,000,000.00	7-Apr-15	20-Jul-15	104	2.80%
Term Dep	Newcastle Permanent	BBB+	500,000.00	27-Apr-15	4-Aug-15	99	2.80%
<b>Investee Total</b>			<b>3,000,000.00</b>				
Term Dep	Westpac	AA-	1,000,000.00	5-Mar-15	29-Jun-15	116	3.09%
Term Dep	Westpac	AA-	1,000,000.00	10-Mar-15	13-Jul-15	125	3.03%
Term Dep	Westpac	AA-	750,000.00	16-Mar-15	27-Jul-15	133	3.04%
Term Dep	Westpac	AA-	1,000,000.00	7-Apr-15	20-Jul-15	104	2.93%
Term Dep	Westpac	AA-	1,000,000.00	7-Apr-15	17-Aug-15	132	2.88%
Term Dep	Westpac	AA-	750,000.00	13-Apr-15	10-Aug-15	119	3.02%
<b>Investee Total</b>			<b>5,500,000.00</b>				
Term Dep	ING Bank	A-	500,000.00	8-Dec-14	9-Jun-15	183	3.49%
Term Dep	ING Bank	A-	1,000,000.00	9-Feb-15	4-Aug-15	176	3.13%
Term Dep	ING Bank	A-	1,000,000.00	9-Mar-15	7-Sep-15	182	3.04%
<b>Investee Total</b>			<b>2,500,000.00</b>				
Term Dep	NAB	AA-	500,000.00	8-Dec-14	4-May-15	147	3.45%
Term Dep	NAB	AA-	500,000.00	5-Jan-15	18-May-15	133	3.46%
Term Dep	NAB	AA-	1,000,000.00	12-Jan-15	15-Jun-15	154	3.46%
Term Dep	NAB	AA-	500,000.00	2-Feb-15	20-Jul-15	168	3.30%
Term Dep	NAB	AA-	1,000,000.00	2-Mar-15	6-Jul-15	126	3.10%
Term Dep	NAB	AA-	500,000.00	10-Mar-15	20-Jul-15	132	3.10%
Term Dep	NAB	AA-	1,000,000.00	30-Mar-15	28-Sep-15	182	3.00%
Term Dep	NAB	AA-	500,000.00	20-Apr-15	24-Aug-15	126	2.92%
<b>Investee Total</b>			<b>5,500,000.00</b>				
April BBSW Close							2.20%
<b>TOTAL INVESTMENTS</b>			<b>\$35,050,000.00</b>				

Note: Investments denoted with an \* are held in Cash and Cash Equivalents in Council's Balance Sheet along with Cash at Bank and Floats.  
All other investments are held as Investment Securities in Council's Balance Sheet

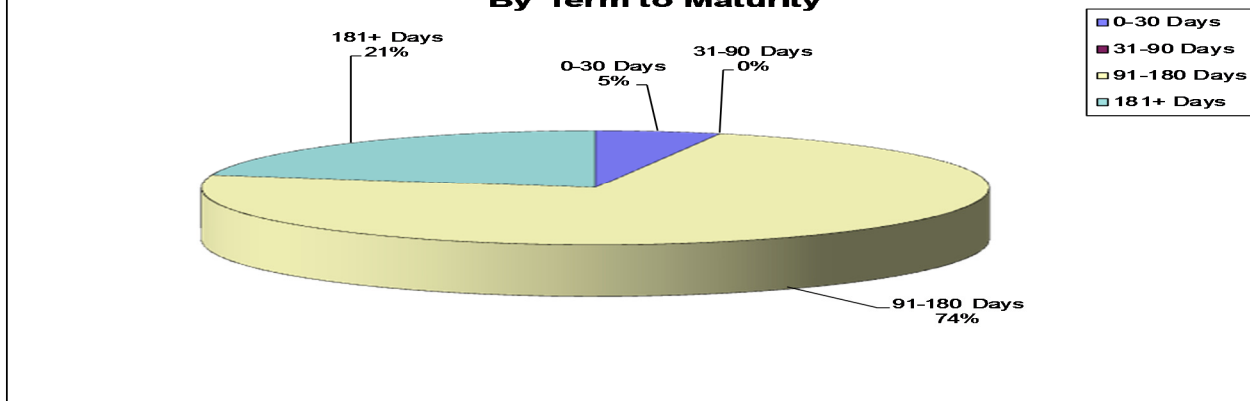


### Pittwater Council Investment Portfolio By Institution



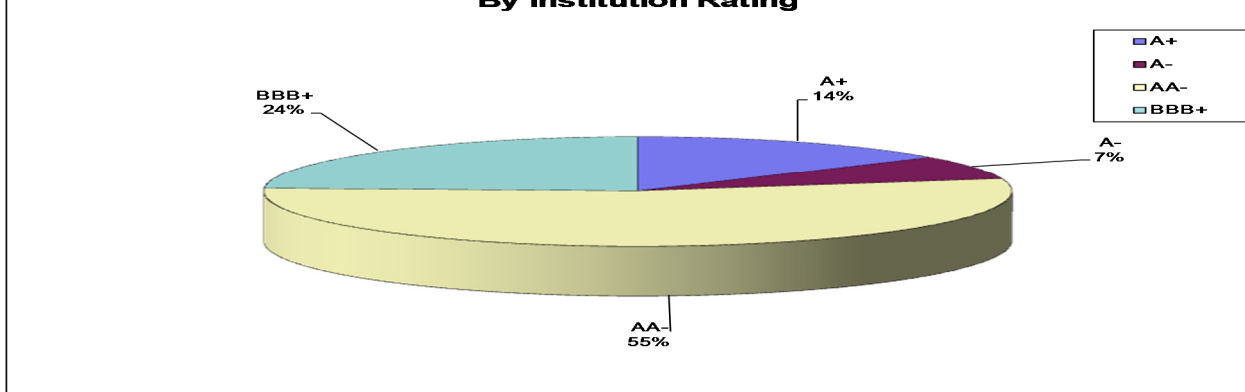
**Note: Council Policy - No Institution can hold more than 25% of Council's Total Portfolio**

### Pittwater Council Investment Portfolio By Term to Maturity

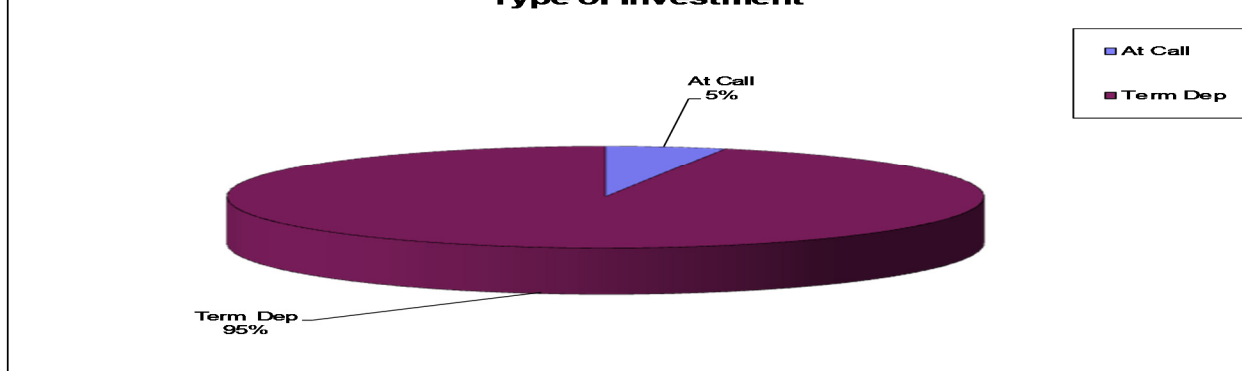


**Note: Council Policy - No Term to Maturity can be greater than two years**

### Pittwater Council Investment Portfolio By Institution Rating



### Pittwater Council Investment Portfolio Type of Investment



## Investment Information:

### Types of Investments -

**At Call** refers to funds held at a financial institution and can be recalled by Council either same day or on an overnight basis.

A **Term Deposit** is a short term deposit held at a financial institution for a fixed term and attracting interest at a deemed rate.

### Credit Rating Information -

Credit ratings are generally a statement as to the institutions credit quality.

Ratings ranging from BBB- to AAA (long term) are considered investment grade.

A general guide as to the meaning of each credit rating is as follows:

AAA	<i>Extremely strong capacity to meet financial commitments (highest rating)</i>
AA	<i>Very strong capacity to meet financial commitments</i>
A	<i>Strong capacity to meet financial commitments, but somewhat more susceptible to adverse economic conditions and changes in circumstances</i>
BBB	<i>Adequate capacity to meet financial commitments with adverse economic conditions or changing circumstances more likely to lead to a weakened capacity of the obligor to meet its financial commitments</i>
BB	<i>Less vulnerable in the near term, but faces major ongoing uncertainties and exposures to adverse business, financial, and economic conditions</i>
B	<i>More vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation</i>
CCC	<i>Currently vulnerable, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments</i>
CC	<i>Currently highly vulnerable</i>
C	<i>Highly likely to default</i>
D	<i>Defaulted</i>

The **Bank Bill Swap Rate (BBSW)** is the average mid-rate, for Australian Dollar bills of exchange, accepted by an approved bank, having regard to a designated maturity.

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<b>C11.3</b>	<b>Wood Smoke - NSW EPA Draft Legislation Submission</b>
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**Meeting:** Leading & Learning Committee

**Date:** 18 May 2015

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**COMMUNITY STRATEGIC PLAN STRATEGY:** Community Education & Learning

**COMMUNITY STRATEGIC PLAN OBJECTIVE:** To encourage education programs that raise awareness of significant issues in the community

**DELIVERY PROGRAM ACTION:** Continue to provide education programs on a range of topics

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## **1.0 EXECUTIVE SUMMARY**

### **1.1 SUMMARY**

The NSW Environment Protection Authority (EPA) is proposing amendments to the current wood heater regulatory framework in NSW to give local authorities powers to introduce additional controls on domestic wood heater installation. The proposed amendment will give Councils additional powers to disallow installation of wood heaters and open fire places or restrict installation to only low-emission heaters.

The amendments to the Protection of the Environment Operations (Clean Air) Regulation 2010 will incorporate:

- a new Schedule of additional controls that Councils will be able to choose to implement.
- updated Australian/New Zealand Standards for wood heaters which set more stringent emission limits and new efficiency limits.

The EPA is now seeking comments and submissions from Councils on the proposed wood smoke control framework.

This report also considers the outcomes of the recent public exhibition of Councils draft Wood Smoke Reduction Policy.

---

## **2.0 RECOMMENDATION**

- 1. That Council notes the proposed amendments to the Protection of the Environment (Clean Air) Regulation 2010.**
- 2. That Council respond to the NSW Environment Protection Authority Local Government Wood Smoke Survey as detailed within this report and advises as follows:**
  - a. Council does not seek to ban the installation of new or replacement solid fuel wood heaters.**
  - b. On 1 December 2014 a draft Wood Smoke Reduction Policy was introduced which incorporates a ban on the installation of new open fireplaces in dwellings.**
  - c. That from 1 September 2016 new or replacement solid fuel wood heaters must have:**
    - i. a minimum efficiency of 60% as tested in accordance with AS/NZS 4012:2014; and**
    - ii. emission factor of 1.5g/kg for non-catalytic and 0.8 g/kg for catalytic heaters as tested in accordance with AS/NZS 4013:2014.**

3. *That a complete review of the Pittwater Council draft Wood Smoke Reduction policy be reported to a future meeting of Council following confirmation of the outcome of the NSW EPA submissions for the proposed amendment to the Protection of the Environment Operations (Clean Air) Regulation 2010.*
  4. *That Council endorse the ongoing wood heater replacement cash incentive program as adopted at the Council meeting on 1 December 2014.*
- 

### 3.0 BACKGROUND

#### 3.1 PURPOSE

To introduce a regulatory framework consistent with the NSW EPA options for the effective control of wood smoke.

#### 3.2 BACKGROUND

##### 3.2.1 Introduction to the draft NSW regulatory framework for the control of wood smoke

Correspondence dated 5 March 2015 has been received from the NSW EPA advising of the new draft Protection of the Environment Operations (Clean Air) Regulation 2010. The legislation provides wood smoke control measures and includes the introduction of a new Schedule (Schedule 9) where Councils can choose to be listed in one or more Parts of the Schedule. The NSW EPA is interested in comments regarding the draft wood smoke control framework and options. Submissions from Councils can be sent to the NSW EPA until **Friday 15 May 2015. However, it is** noted that in order for a response to the submission to be considered by a meeting of Council the NSW EPA have extended the submission period for Pittwater Council to 20 May 2015.

#### 3.3 POLICY IMPLICATIONS

##### 3.3.1 Exhibition of draft Wood Smoke Reduction Policy – Summary of Responses

At the Council meeting on 1 December 2014 it was resolved to place the draft Wood Smoke Reduction policy on public exhibition. The draft policy is intended to assist the assessment and determination of installations and complaints regarding domestic solid fuel burning appliances.

The draft policy was notified using the following methods:

- (i) Notification on Councils "documents on exhibition" website from 18 December 2014 until 27 February 2015.
- (ii) Notification of the draft policy was placed within the Manly Daily on 14 February 2015 (via a public notice advertisement and a community noticeboard message).
- (iii) Residents that had contacted Council during the 2014 wood smoke reduction program were forwarded written notification from Council of the draft policy.

A total of 14 submissions were received. A summary of the individual submissions and responses to the matters raised is provided in **Attachment 2** to this report.

In general the submissions raised the wood smoke related issues as listed below:

- Why is Council educating and promoting the use of wood heaters
- Impacts on health – studies show that wood smoke causes serious medical conditions. Wood smoke has visual and non-visual causing components. The policy should be strengthened to advise that all solid fuel burning appliances emit toxic pollutants and are injurious to health
- All forms of indoor and outdoor wood heaters should be banned
- Wood heaters and open fire places be phased out with the forced removal of existing appliances such as when prior to the sale of the property
- Alternate forms of heating such as gas and clean energy should be promoted
- Wood Heaters are used to burn incorrect wood types and materials other than wood
- Council has an opportunity to lead and not wait
- Policy only provides solutions that are already available to Council in existing legislation, standards and policies
- How will Council enforce the policy
- How does Council test or measure for particulate matter when complaints applications are received
- Residents do not know or care how to correctly build a fire despite available education and awareness
- The policy should be strengthened to make meaningful change
- The wood smoke policy may encourage the installation of more wood heaters
- Policy to be framed to discourage any new wood heaters and encourage the closure of existing ones
- A pre-installation checklist detailing compliance with legislation and NSW EPA guidelines should be submitted with applications for installation approval
- That wood heaters require Development Consent before installation
- Nuisance wood heaters/flues are to be modified and/or relocated
- Definition of excessive smoke should be amended to include fumes and odours
- Wood Heater operation is dependent on individual operator use
- Request the imposition of annual wood smoke licence fees to fund health related education programs
- The Australian Standards do not reflect real life emissions
- Policy lacks detail on how to resolve complaints
- Neighbourhood consultation before the installation of new wood heaters
- Policy should include effective health messages
- The Policy should include a commitment to air quality improvements
- Education information needs to be updated with warning on health impacts

### **3.3.2 Incorporation of Regulations within the final Wood Smoke Reduction Policy**

The draft Wood Smoke Reduction policy that was placed on public exhibition relates to wood smoke regulations that are presently in force and this means that all solid fuel burning appliances sold in NSW must comply with the Australian Standard, *AS/NZS 4013:2014 – Domestic solid fuel burning appliances*. Under the current regulations the emission targets are not able to be enforced entirely until 2019 (being five years from the date of publication of the Standard).

The NSW EPA has now presented Council with an opportunity to nominate for inclusion within the NSW EPA legislative Schedule that will enable the fast tracking of the reduced emission targets to the earlier date of 1 September 2016.

On 30 March 2015 persons/organisations that had responded to the exhibition of the draft Wood Smoke Reduction Policy were also notified by Council in writing of the NSW EPA public exhibition for the proposed changes to the Protection of the Environment Operations (Clean Air) Regulation 2010.



This report includes a recommendation for a complete review and adoption of the draft Pittwater Council Wood Smoke Reduction policy at a future meeting of Council. This action will also allow for the outcome of the NSW EPA review of public submissions regarding the proposed amendment to the Protection of the Environment Operations (Clean Air) Regulation 2010 and the inter-departmental business unit review of the approval processes discussed later in this report to be incorporated into Council's final policy.

### 3.4 KEY ISSUES

#### 3.4.1 New and replacement wood heaters and open fireplaces

The amendments to the Protection of the Environment Operations (Clean Air) Regulation 2010 propose to include a new Schedule (Schedule 9) with additional controls where Councils can choose to be listed in one or more Parts of the Schedule. As part of the consultation process the NSW EPA has forwarded a survey to all NSW Councils requesting nomination of specific wood smoke control options. A complete copy of the survey that has been forwarded to Council is shown in **Attachment 1**.

The questions contained within the survey are generally of an operational nature however it is considered that Question 8 (below) would require the consideration of Council as the answer will result in the nomination of Pittwater Council within a new Schedule of legislation. The survey question has been divided into three parts and a response is required for each of the parts. It is recommended that Council respond to the NSW EPA as below:

New Schedule	Please ✓
<b>Part 1</b> No new wood heaters, except with an approval.	[ <input checked="" type="checkbox"/> ] No
<b>Part 2</b> Except with an approval, from 1 September 2016 new wood heaters must have: <ul style="list-style-type: none"> <li>• a minimum efficiency of 60% as tested in accordance with AS/NZS 4012:2014; and</li> <li>• an emission factor of 1.5g/kg for non-catalytic and 0.8 g/kg for catalytic heaters as tested in accordance with AS/NZS 4013:2014.</li> </ul>	[ <input checked="" type="checkbox"/> ] Yes
<b>Part 3</b> No new open fire places, except with an approval.	[ <input checked="" type="checkbox"/> ] Yes

The NSW EPA has advised that the wording of the draft regulation will remain as is shown in the above new schedule and no alterations to the wording will be accepted within the state wide legislation. It is recommended that the new Regulations apply to the whole of the Pittwater Local Government Area and that site specific merit based assessments of applications/approvals will not be supported by Council. In this regard, the NSW EPA have advised Council to incorporate removal of the wording "except with an approval" within the future review of Councils draft Wood Smoke Reduction policy.

It is noted that Council staff have informed NSW EPA of a typographical error within Part 2 of the new schedule and this report displays the corrected Australian Standard numbers.

### **3.4.2 Implications for answering “No” within Part 1 of the draft Regulation Schedule**

The reason for answering “No” within Part 1 of the new schedule is that the NSW EPA advised that the intention of the reference to new wood heaters also includes no replacement of existing heaters with new heaters.

The impact of this means that a total ban on new and replacement wood heaters would allow existing wood heaters to remain and leaves the community with a long term legacy of wood heaters being preserved against the ban. A total ban on new and replacement wood heaters would limit heating options within the community as not all premises in Pittwater have access to a permanent gas supply. Electricity is an alternative option however cost increases are likely where this source is used for the purpose of heat distribution throughout a home.

It is considered that requiring a further approval process under the *Protection of the Environment (Clean Air) Regulation* for the installation of wood heating appliances, regardless of their emission and efficiency standards, would impose an unnecessary burden on both Council and the local community in terms of implementing and maintaining application, assessment and regulatory processes/costs.

### **3.4.3 Implications for answering “Yes” within Part 2 of the draft Regulation Schedule**

The reason for answering “Yes” within Part 2 of the new schedule is that regulatory tools are currently available to be used should a problem arise however in order to improve air quality and public health, it is considered appropriate and reasonable to require the highest standards in emission control in all new and replacement wood heaters.

Accordingly, it is recommended that at the commencement of the legislation (1 September 2016) the approval of Council is required for the installation of any new or replacement wood heater that does not comply with the following standards:

- (i) A minimum efficiency of 60% as tested in accordance with AS/NZS 4012:2014; and
- (ii) An emission factor of 1.5g/kg for non-catalytic and 0.8g/kg for catalytic heaters as tested in accordance with AS/NZS 4013:2014.

Wood heating appliances complying with the above standards would continue to be subject to any relevant provisions of the *Environmental Planning & Assessment Act* and/or the *Local Government Act*, but would not require separate approval of the Council under the *Protection of the Environment (Clean Air) Regulation*.

As discussed earlier in this report, it is intended that the removal of the wording “except with an approval” be implemented within the future review of Council’s draft Wood Smoke Reduction Policy. This will ensure that Council will not approve the installation of new or replacement wood heaters that have efficiency and emission levels greater than those listed above.

### **3.4.4 Implications for answering “Yes” within Part 3 of the draft Regulation Schedule**

The reason for answering “Yes” within Part 3 of the new schedule is to ensure that Council is consistent with the adoption of the draft Wood Smoke Reduction Policy on 1 December 2014 which implemented a ban on the installation of open fire places.

As discussed earlier in this report, it is intended that the removal of the wording “except with an approval” be implemented within the future review of Councils draft Wood Smoke Reduction policy. This will ensure that Council will not approve the installation of any open fireplaces.

#### **3.4.5 Implication of not listing on the draft Regulation Schedule**

If Council decides not to list their area on the new schedule, the general regulation amendment will continue to apply. This means the current Regulation requirement that wood heaters sold in NSW must comply with the Australian Standard, *AS/NZS 4013:2014 – Domestic solid fuel burning appliances* will remain and the above emission targets will not be able to be enforced within Pittwater until 2019 (being five years from the date of publication of the Australian Standard).

#### **3.4.6 Existing wood heaters and open fireplaces**

The NSW EPA have advised that due to limitations to the EPA’s powers under environmental legislation the amendment to the regulation does not contain an option to phase out existing wood heaters and open fire places. It was also considered that this option would be likely to be very resource-intensive and result in significant financial impacts on households.

For Pittwater it is intended that the phasing out and/or replacement of existing wood heaters and open fire places will be managed through actions below that were adopted at the Council meeting on 1 December 2014:

- the continuation of the wood smoke reduction cash incentive program, and
- the enforcement of a ban on open fire places as implemented within Councils draft Wood Smoke Reduction Policy.

#### **3.4.7 Domestic Solid Fuel burning appliances that are excluded from the draft legislation**

There is a range of solid fuel burning appliances which the NSW EPA do not intend to control under the draft legislation including outdoor cooking/BBQ appliances such as pizza ovens and other outdoor wood burning appliances such as outside heaters, chimineas and fire pits. The draft legislation is intended to control the use of indoor burning appliances that are used on a more frequent basis and for longer periods than those listed above. The draft legislation also does not apply to a masonry appliance built on site, a central heating appliance, a cooking stove appliance, an appliance intended for use solely for heating water, an appliance intended for use solely for distributing heat through ducts and a pellet heater.

#### **3.4.8 Commencement of the changes to the Protection of the Environment Operations (Clean Air) Regulation 2010**

Once the NSW EPA has received feedback from the community, industry and government stakeholders, the NSW Government will proceed with the regulation amendment. The draft regulation will be amended to include Councils that choose the additional control in the schedule. It is then intended that the new regulation will be published in the NSW Government Gazette and the new framework will commence on 1 September 2016. The NSW EPA has advised that they will support local government by providing education material and advice.

The new Regulation will be imposed for domestic solid fuel burning appliances installed within Pittwater from 1 September 2016. Environmental Health, Education and Planning staff will review existing wood smoke related materials and resources to capture the legislative changes and update current information where required. This includes internal documents/forms, application and approval processes, procedures, website information, NSW EPA and Council wood smoke brochures plus development consent and installation advice such as pre-installation checklists. Retailers selling Domestic Solid Fuel Burning Appliances within Pittwater will also be informed.

### 3.5 RELATED LEGISLATION

#### 3.5.1 SEPP (Exempt and Complying Development Codes) 2008

The State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 advises that the standards specified for *Minor building alterations (external)* are that the development must not comprise the making of, or an alteration to the size of, any opening in a roof. In this regard, building works relating to the installation/modification of a chimney/flue for the purpose of a solid fuel wood heating appliance is not exempt development and requires prior development approval (*refer to Subdivision 27 - Minor building alterations (external), 2.54 Development Standards*).

#### 3.5.2 Environmental Planning and Assessment Act 1979

Applications received by Pittwater Council for the installation of solid fuel wood heating appliances are presently assessed under Section 79C of the Environmental Planning and Assessment Act. The likely impacts of the development, including environmental impacts on both the natural and built environments, and the public interest as a result of the Council neighbourhood notification process, are matters that are taken into consideration when assessing development approvals.

Pittwater Council imposes standard conditions of Development Consent which require compliance with the Building Code of Australia. The technical standards relating to the installation of a heating appliance are governed by the applicable provisions of the Building Code of Australia. The Building Code of Australia also references specific Australian Standards that are required to be complied with.

#### 3.5.3 Local Government Act 1993

A person wishing to install a solid fuel heating appliance (other than a portable appliance) is presently required to obtain the prior approval of a Council under Section 68 of *the Local Government Act 1993*. Pittwater Council does not have a Local Approval Policy which exempts the installation of a solid fuel heater from the need for approval.

However, it is noted that clause 70 of the Local Government (General) Regulation 2005 states that a domestic oil or solid fuel heating appliance (other than a portable appliance) may be installed without the prior approval of the Council if details of the appliance are included in plans and specifications for the relevant building approved under Part 4A (Certification of Development) of the *Environmental Planning and Assessment Act 1979*. Therefore, a separate application to install a solid fuel heating appliance under Section 68 of the Local Government Act 1993 is not required in these circumstances.

In this regard, assessment of applications for solid fuel wood heating appliances within Pittwater are currently carried out pursuant to the provisions of the Local Government Act, 1993, when Development Applications, as discussed above, are referred to Council Environmental Health Officer's. In considering an application under Section 68 of the Local Government Act, the Council takes into consideration matters relevant to the application, and the principles of ecologically sustainable development including protection of the environment and protection of public health, safety and convenience.

### **3.5.4 Draft Protection of the Environment (Clean Air) Regulation**

In the event that Council decides to be included in the new EPA Schedule, the proposed amendments to the *Protection of the Environment (Clean Air) Regulation* would only introduce the need for a further approval to be applied under the new legislation where, after 1 September 2016, an application for the installation of a solid fuel appliance did not meet the Australian Standards for efficiency and/or emission targets established within the new schedule.

In determining whether to issue an approval under the draft *Regulation*, proposed Clause 7(C) requires that the Council give consideration to the impact that the use of a heater or open fire place is likely to have on local and regional air quality and amenity.

However, as discussed earlier in this report it is intended that from 1 September 2016 the new legislation apply to the whole of Pittwater and there will not be any site specific merit based assessments or approvals issued for new or replacement solid fuel heating appliances that do not meet the Australian Standards for efficiency and/or emission targets detailed in the new schedule.

### **3.5.5 Enforcement Processes**

Wood smoke complaints are generally investigated by staff through an on-site visual assessment process in accordance with provisions contained within the Protection of the Environment Operations Act, 1997. Examples of other forms of assessment include physical evidence of compliance such as the need for solid fuel heating appliances to be marked/stamped with compliance plates displaying the applicable Australian Standard and the requirement for installers to supply certificates of installation where required by conditions of development consent.

Each of the Acts, Regulations and approval processes listed within this report contain enforcement provisions to assist with actions required for the purpose of resolving activities such as the unauthorised and/or non-complying installation, operation and maintenance of solid fuel heating appliances. Where education and/or correspondence to householders has not resolved a valid wood smoke concern enforcement action in the form of Notices and/or Orders may be implemented by staff in accordance with the provisions of Councils Compliance Enforcement and Orders Policy No.179.

## **3.6 FINANCIAL ISSUES**

### **3.6.1 Budget**

- At the Council meeting on 1 December 2014 it was resolved that a reoccurring budget of \$15,000 would be set aside in the annual delivery program and budget for the purpose of a cash incentive scheme that encourages the replacement of existing non-compliant wood heaters with alternative sources of heating. Funds are not grant dependent and it is not expected that funding will be obtained from other sources.
- Pittwater Council does not currently impose a separate fee for applications to install solid fuel heating appliances pursuant to Section 68 of the Local Government Act, 1993. However, Council's Planning & Assessment unit have advised that a new fee should be implemented for applications relating to the installation of new or replacement solid fuel heating appliances. It is intended that the new application fee be introduced with the adoption of the proposed 2015/2016 fees and charges which will be reported separately to a future meeting of Council. The fee will align with Section 68 Local Government Act, 1993, application processes and fees as administered by other NSW Council's.

### 3.6.2 Resources Implications

- Provision is made within the Environmental Compliance & Waste operational and delivery plan budget for education and compliance staff to promote and enforce relevant NSW legislation. However, the current application, neighbourhood notification and approval processes relating to the Environmental Planning & Assessment Act and the Local Government Act requires review in more detail.

The review will be undertaken in collaboration with Council's Planning & Assessment business unit and will incorporate the NSW EPA's response to Council's request for inclusion in the new *Protection of the Environment (Clean Air) Regulation* schedule. The resource implications for each business unit will become more transparent following the review of the application and approval processes and this will be reported back to Council together with the final Wood Smoke Reduction Policy.

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## 4.0 ATTACHMENTS

**Attachment 1** - Correspondence from NSW EPA dated 5 March 2015 enclosing a copy of the survey requesting nomination of wood smoke control options.

**Attachment 2** - Summary of submissions from the public exhibition of the draft Wood Smoke Reduction Policy.

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## 5.0 SUSTAINABILITY ASSESSMENT

### 5.1 GOVERNANCE & RISK

#### 5.1.1 Community Engagement

- The draft Wood Smoke Reduction Policy was publicly notified in an effort to maximise community involvement in the decision making process regarding future enforcement and education policies.
- Each person/organisation that submitted a response to the wood smoke policy were also advised in writing of the NSW EPA public exhibition of the proposed changes to the *Protection of the Environment (Clean Air) Regulation*.

#### 5.1.2 Risk Management

- The legislative changes aim to reduce the impact of community concern regarding wood smoke issues by implementing controls that can be managed through enforcement processes.
- The amendment to the regulation could provide Council with additional legal powers to control particulate pollution from solid fuel heating appliances.

### 5.2 ENVIRONMENT

#### 5.2.1 Environmental Impact

- Wood smoke is a significant environmental and public health issue relevant to the entire Pittwater community.

- Wood heating appliances can be an efficient and cost-effective heating source if used correctly however non-complying or poorly operated heaters can create localised smoke/odour/pollution nuisances and contribute to ambient particle pollution with possible adverse health impacts within the community. Wood smoke also affects local air quality in different ways due to local topography (for example, a valley will tend to accumulate wood smoke), weather patterns, population density, the number of wood heaters/fire places in use and how they are operated.
- Requiring new wood heating appliances to meet increase emission standards has the potential to increase air quality in the Pittwater Local Government area.

#### **5.2.2 Mitigation Measures**

- Implementation of the legislation will result in the reduction of wood smoke throughout the local government area. The fast tracking and implementation of effective wood smoke control measures and incentives proposed by the NSW EPA will assist in the management of this heating source within Pittwater.

### **5.3 SOCIAL**

#### **5.3.1 Address Community Need & Aspirations**

- The purpose of the NSW legislation and Council policy is to improve the health and well-being of the community.
- Improvements in the air quality associated with increased controls over wood smoke and other related impacts has the potential to reduce complaints between neighbours.

#### **5.3.2 Strengthening local community**

- The changes to the legislation and draft policy have provided an opportunity to better inform the community regarding wood smoke issues.

### **5.4 ECONOMIC**

#### **5.4.1 Economic Development**

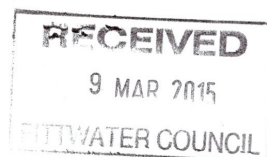
- The 2015/2016 delivery plan and budget includes the allocation of funding to conduct a regular education, cash incentive and chimney sweeping program to promote wood smoke awareness and inform residents and local businesses regarding the impacts of wood smoke within the community.
- Limiting the need for separate approval from Council under the Protection of the Environment (Clean Air) Regulation to only those wood heating appliances that do not meet best practice and emission standards will minimise any unnecessary regulatory burden on Council and financial impacts on the local community.

Report prepared by  
Robina Bramich, Principal Environmental Health Officer

Jeff Lofts  
**MANAGER, ENVIRONMENTAL COMPLIANCE**



Our reference: EF15/2832



Mr Mark Ferguson  
General Manager  
Pittwater Council  
PO Box 882  
MONA VALE NSW 1660

5 March 2015

Dear Mr Ferguson

**Proposed amendment to the *Protection of the Environment Operations (Clean Air) Regulation 2010* to enhance the wood heater framework**

As you are aware wood smoke from domestic solid fuel combustion appliances such as wood heaters and open fireplaces can be a major cause of air pollution in NSW especially in densely populated areas that experience colder winters. Community concern about the health impacts of wood smoke is growing as particle pollution is associated with a range of health impacts, particularly in young children, the elderly and people with existing health conditions.

The Environment Protection Authority (EPA) is proposing an amendment to the current wood heater regulatory framework to give powers to NSW councils to introduce additional controls on wood heater installation. The amendment to the Regulation proposes:

- a new schedule of additional controls councils can choose to implement either in their entire local government area or designated areas such as high density neighbourhoods, new development precincts or localities affected by wood smoke because of their topography (this approach is similar to control of burning in the open in NSW); and
- incorporates updated Australian/New Zealand Standards for wood heaters which set more stringent emission limits and new efficiency limits.

The amendment to the Regulation presents councils with the opportunity to consider listing their local government area on the appropriate part of a new Schedule in accordance with the level of wood heater control desired by their community. For more information visit the EPA website at:  
<http://www.epa.nsw.gov.au/woodsmoke/WoodSmokeOptions.htm>

The EPA would like to invite your council to review this proposed amendment of the Regulation, respond to the questionnaire in **Attachment 1** and make a submission. In order to be placed on the Schedule, your council would need to advise the EPA in writing by **15 May 2015**.

If you have any questions on this proposed regulation or would like to arrange a meeting with the EPA to discuss your submission further please contact Nadia Kanhoush, Principal Air Programs Officer on (02) 9995 5827.

Yours sincerely

**DAVID FOWLER**  
Director Reform and Compliance  
Environment Protection Authority

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## NSW LOCAL GOVERNMENT WOOD SMOKE SURVEY

The Environment Protection Authority (EPA) is proposing to amend the current wood heater regulatory framework under the *Protection of the Environment Operations (Clean Air) Regulation 2010* and assist local councils in managing wood smoke in their local area. Smoke emissions for domestic solid fuel heaters are largely managed by local government in NSW as they affect local air quality. Therefore the EPA is seeking the views of councils on this proposed amendment and their listing in a new Schedule. A copy of the proposed amendment is attached at the end of this survey (**Attachment A**).

This survey is part of the EPA's consultation process and will provide useful information to aid the implementation of the proposed regulatory framework. Answers to survey questions will be used by the EPA to determine the level of local council support for this proposed amendment and if additional schedule categories are required. All personal or Council identifying information in this survey will be kept confidential. The EPA may contact participants to clarify information provided in this survey.

This survey is anticipated to take 10 - 20 minutes to complete. Please write your answers within the text boxes of this document and attach additional pages or supporting material if required. If you have any questions on the survey please contact Nadia Kanhoush on (02) 9995 5827 or email [nadia.kanhoush@epa.nsw.gov.au](mailto:nadia.kanhoush@epa.nsw.gov.au).

Please return this survey by **Friday 15 May 2015** either through email to [woodsmoke.reduction@epa.nsw.gov.au](mailto:woodsmoke.reduction@epa.nsw.gov.au) (preferred) or fax to (02) 9995 5938.

Name of Council:

Name of wood smoke contact officer(s):

Position:

Email:

Phone number:

Please continue to the next page.

## COUNCILS CURRENT WOOD SMOKE CONTROLS

1. Are wood heaters or open fireplaces a popular source of heating in your LGA?

☐ Yes ☐ No

(Please give details of figures if available)

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2. Is wood smoke considered a problem in your LGA?

☐ Yes ☐ No ☐ Don't know

(Please give details of what your council is aware of)

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3. Do you have visible smoke across residential areas in your LGA?

☐ Yes ☐ No ☐ Don't know

(Please give details)

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4. Does your Council have any of the following strategies for dealing with wood smoke? (Please tick and provide details in the table below.)

Strategy	✓	Please provide details
No strategy		
Local air quality plan		
Local air quality policy		
Local education program		
Media and advertising campaign		
<b>Other(s) (please list and provide details )</b>		

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5. Has your Council noticed any change in community views on wood smoke over the past five years?

☐ **Yes** (please give details)

☐ **No**

☐ **Don't know**

--

6. Has your Council issued warnings to people with visible wood smoke from their wood heaters?

☐ **Yes**

☐ **No**

☐ **Don't know**

If **yes**, what sort of warnings? Please include the number issued:

Type of warning	Number issued

Please continue to the next page

## THE PROPOSED REGULATION AMENDMENT

The proposed amendment to the *Protection of the Environment Operations (Clean Air) Regulation 2010* in **Attachment A** is designed to provide a streamlined but flexible framework for councils to choose an appropriate level of control for wood heater installations in their local government area. The framework complements existing planning instruments and regulatory powers currently available to local government (*Local Government Act 1993* and smoke abatement notices under the *Protection of the Environment Operations Act 1997*).

The proposed amendment will incorporate the updated Australian/New Zealand Standards that include more stringent limits for wood heater emissions and efficiency. The Regulation adopts a staged approach to setting efficiency and emissions limits for new solid fuel heaters:

- 55 per cent efficiency and 2.5 grams of particle emissions per kilogram of fuel burnt (g/kg) (1.4 g/kg for catalytic heaters) from the date the Regulation commences; and
- 60 per cent efficiency and 1.5 g/kg (0.8 g/kg for catalytic heaters) from 1 September 2019.

The amended Regulation also introduces a new Schedule of additional controls that councils can choose to implement either in their entire local government area or designated areas (similar to control of burning in the open), such as high density neighbourhoods, new development precincts or localities that are likely to be affected by wood smoke because of their topography. Councils can choose to be listed in one or more Parts of the Schedule.

New Schedule	
<b>Part 1</b>	No new wood heaters, except with an approval.
<b>Part 2</b>	<p>Except with an approval, from 1 September 2016 new wood heaters must have:</p> <ul style="list-style-type: none"> <li>• an emission factor of 1.5g/kg for non-catalytic and 0.8 g/kg for catalytic heaters as tested in accordance with AS/NZS 4012; and</li> <li>• a minimum efficiency of 60% as tested in accordance with AS/NZS 4013.</li> </ul>
<b>Part 3</b>	No new open fire places, except with an approval.
<b>Not listed</b>	General Regulation requirements apply.

A council will be able to publish on its website the locations within the local government area where:

- general Regulation requirements would apply; or
- restrictions on installation of certain types of heaters would apply in designated areas. This information can be presented as a map, a list of precincts, types of zoning or an allotment size.

7. Would your Council consider placement in this new Schedule?

☐ Yes

☐ No

Please explain why you would or won't consider placement in this Schedule.

8. Which Part(s) of the Schedule would your Council consider to control wood smoke in your local government area? (Please tick as many as apply.)