

27 June 2018

His Worship the Mayor & Councillors

**Notice of Policy Committee Meeting of Bathurst Regional Council -
Wednesday, 4 July 2018**

I have to advise that a **Policy Committee Meeting** will be held in the Council Chambers on Wednesday, 4 July 2018 commencing at 6.00 pm.



D J Sherley
GENERAL MANAGER

BUSINESS AGENDA

POLICY COMMITTEE

TO BE HELD ON WEDNESDAY, 4 JULY 2018

1. 6:00 PM - MEETING COMMENCES

2. APOLOGIES

3. REPORT OF PREVIOUS MEETING

* MINUTES - POLICY COMMITTEE MEETING - 6 JUNE 2018

4. DECLARATION OF INTEREST

To assist the Councillors and committee members in their correct consideration of business before them at the meeting, please give consideration to Section 451 of the Local Government Act, in relation to Declaration of Interest at meetings.

5. RECEIVE AND DEAL WITH GENERAL MANAGER'S AND DIRECTORS' REPORTS

* DIRECTOR CORPORATE SERVICES & FINANCE'S REPORT

6. GENERAL BUSINESS

7. DISCUSSION FORUM - DEVELOPMENT APPLICATION SUBMISSIONS - Nil

8. DISCUSSION FORUM OTHER - Nil

9. MEETING CLOSE

MINUTE

1 MEETING COMMENCES

Present: Councillors Hanger (Chair), Aubin, Bourke, Christian, Fry, Jennings, Morse, North, Rudge.

MINUTE

2 APOLOGIES

MOVED: Cr I North SECONDED: Cr B Bourke

RESOLVED: That the late arrival of Cr Christian be accepted and leave of absence granted.

REPORT OF PREVIOUS MEETING AND MINUTES

POLICY COMMITTEE

1 MINUTES - POLICY COMMITTEE MEETING - 6 JUNE 2018 (07.00064)

Recommendation: That the Minutes of the Policy Committee Meeting held on 6 June 2018 be adopted.

Report: The Minutes of the Policy Committee Meeting held 6 June 2018, are **attached**.

Financial Implications: N/A

Bathurst Community Strategic Plan - Objectives and Strategies

- Objective 6: Community leadership and collaboration Strategy 6.5

Community Engagement

- Inform To provide the public with balanced and objective information to help them understand the problem, alternatives opportunities and/or solutions.

MINUTE

- 3 Item 1 MINUTES - POLICY COMMITTEE MEETING - 6 JUNE 2018 (07.00064)
MOVED: Cr I North SECONDED: Cr J Rudge

RESOLVED: That the Minutes of the Policy Committee Meeting held on 6 June 2018 be adopted.

MINUTES OF THE POLICY COMMITTEE
HELD ON 6 JUNE 2018

MEETING COMMENCES

1 MEETING COMMENCES 6:00 PM

Present: Councillors Hanger (Chair), Aubin, Bourke, Christian, Fry, Jennings, Morse, North, Rudge.

APOLOGIES

2 APOLOGIES

Nil.

REPORT OF PREVIOUS MEETING

3 Item 1 MINUTES - POLICY COMMITTEE MEETING - 2 MAY 2018 (07.00064)
MOVED Cr J Rudge and **SECONDED** Cr I North

RESOLVED: That the Minutes of the Policy Committee Meeting held on 2 May 2018 be adopted.

DECLARATION OF INTEREST

4 DECLARATION OF INTEREST 11.00002
MOVED Cr I North and **SECONDED** Cr B Bourke

RESOLVED: That the Declaration of Interest be noted.

RECEIVE AND DEAL WITH GENERAL MANAGER'S AND DIRECTORS' REPORTS

Director Corporate Services & Finance's Report

5 Item 1 PUBLIC WI-FI ACCEPTABLE USE POLICY (20.00315, 41.00089)
MOVED Cr J Jennings and **SECONDED** Cr W Aubin

RESOLVED: That Council

- (a) Place the Public Wi-Fi Acceptable Use Policy on public exhibition for 28 days, and
- (b) adopt the Public Wi-Fi Acceptable Use Policy and update the Council Policy Manual, if no submissions are received.

GENERAL BUSINESS

6 Item 1 PLAYGROUND EQUIPMENT (04.00121 & 04.00034)

Cr Bourke - spoke to Kurrawa Park, which he recently visited while at the Floodplain Management Conference, and the facilities that were there. Suggests Council have a look at this park to see what was available in this space. Noted accessible attractions in the park, better than just a Liberty Swing, perhaps should look as this for the next stage of the Adventure Playground.

7 Item 2 MISCELLANEOUS MATTERS - UPDATE (08.00008)

Cr Bourke - asked could an update be made to the Councillors Portal on items such as the former TAFE Building, former Gasworks site, and Second Circuit proposal.

8 Item 3 GRAFFITI (20.00045)

Cr Bourke - considers that graffiti is on the increase, can we be more aware of this? Noted the "tags" being used. Perhaps CCTV cameras could pick some of these incidents up.

9 Item 4 WATER (32.00017 & 13.00031)

Cr Bourke - supports any sensible solutions in water issues.

10 Item 5 HERITAGE TRADES TRAIL 2018 (23.00060)

Cr Rudge - noted thanks has been expressed by the Committee to Council.

11 Item 6 ST PATS & BULLDOGS CLUBS (04.00146)

Cr Rudge - road between the clubs, asked are we considering speed humps and is there lighting to go in this area?

12 **Item 7 HERITAGE LIGHT STANDS IN CBD (28.00014)**

Cr Rudge - asked can we put in guards to protect the lights?

13 **Item 8 STREETLIGHTS (28.00014)**

Cr Rudge - noted the lights seem to be dim, can this be reviewed?

14 **Item 9 LIBERTY SWING (04.00121 & 04.00034)**

Cr Rudge - noted the playground needs accessible facilities, can we look at this in next years budget?

15 **Item 10 DUMP POINTS (26.00011)**

Cr Rudge - noted there is a demand for more dump points. Perhaps the Lions Park area is suitable and appropriate.

16 **Item 11 COLES CARPARK DRIVEWAY (25.00332)**

Cr Jennings - asked is there any update on the Coles carpark driveway.

The Director Engineering Services noted Council has written to the shops and they have written back. Expect repairs will occur.

17 **Item 12 HERITAGE ADVISOR REPORTS (10.00004)**

Cr Jennings - would like a report back on these being placed on the public record.

18 **Item 13 MOTORSPORT MATTERS (04.00019 & 04.00102)**

Cr Jennings - raised a number of issues:

1. Asked could we investigate a local produce area at car racing events?
2. Asked could we construct, as part of the Boardwalk, a shrine to Peter Brock at Skyline?
3. Requests a costing for an LEP sign for Mount Panorama, which is changeable.
4. Invite Hyper EV to Bathurst as discussed at recent Cities Power Partnership to

an event at Mount Panorama.

5. Invite China EV race to Bathurst.

19 **Item 14 SELF DRIVING VEHICLES (13.00065)**

Cr Jennings - asked Council through Cities Power Partnership process to partner with ACT Government in assessing self driving vehicles.

Meeting was suspended at 6.18 pm for the commencement of the Discussion Forums.

General Business resumed at 7.28 pm following the conclusion of the Discussion Forums.

20 **Item 15 ELECTRIC VEHICLES (13.00065 & 30.00002)**

Cr Jennings - requests a report on transitioning the Council fleet to battery power e.g. small cars and garbage trucks.

21 **Item 16 ELECTRIC VEHICLE CHARGING STATIONS (13.00065)**

Cr Jennings - asked can we notify businesses of the benefit of putting in charging stations. Perhaps through Economic Development newsletter.

22 **Item 17 DROUGHT SUPPORT (32.00017 & 13.00031)**

Cr Jennings - requests Council activates 50% rebate on water sales Item #357 of the Revenue Policy.

MOVED

Cr J Jennings

SECONDED

Cr North

That Council:

- (a) Implement the 50% rebate for Water sold as per item # 357 of the water services; and
- (b) The General Manager be delegated the authority to implement the measure immediately .

Cr Jennings - requests a report back on making water free for stock and domestic use for primary producers.

Would also like water restrictions trigger level to go from 40% to 50% dam capacity.

23 **Item 18 VILLAGES EVENT FUNDING (16.00104 & 20.00071)**

This is page 4 of Minutes of the Policy Committee held on 6 June 2018

Cr Jennings - would like Council to move to 3 - 4 year funding program for village events.

24 **Item 19 ALCOHOL FREE ZONES (20.00126)**

Cr Jennings - noted people in Keppel Street would like Alcohol Free Zones to have greater publicity and signage. Would like lighting in thoroughfare near Stitches and could pavement cleaner go there more often.

25 **Item 20 BATHURST DISTRICT SPORT & RECREATION COUNCIL GRANTS (18.00279)**

Cr Jennings - asked could this go back to the previous level of \$30,000 p.a.

26 **Item 21 BURNT OUT MOTOR VEHICLES (04.00068)**

Cr Aubin - asked who is responsible for removal? There is one at Walmer Park, can this be removed?

The General Manager will follow this up.

27 **Item 22 SHOPPING TROLLEYS (28.00006)**

Cr Aubin - great to see publicity occurring. Can we get someone out there to hand out some fines?

28 **Item 23 UPDATE ON MATTERS (08.00008)**

Cr Morse - asked could Councillors get updates on matters raised in minutes. Put on the Councillors Portal.

29 **Item 24 ADVENTURE PLAYGROUND (04.00104)**

Cr Morse - people will not go as too dangerous, no way can supervise all the children.

30 **Item 25 BUS FROM SYDNEY - AUSTRALIA WIDE COACHES DROP-OFF POINT (28.00009)**

Cr Morse - asked is there any resolution in this matter?

The General Manager advised current status of discussions.

31 **Item 26 PETER BROCK MEMORIAL WALL (23.00122)**

Cr Morse - photos taken of the wall at the top of Mount Panorama. Where is the video that was to be produced to show at the National Motor Racing Museum?

32 **Item 27 TRAFFIC STUDY (28.00017)**

Cr Morse - asked what is process for revised traffic study?

The General Manager advised of discussions occurring with RMS in developing a traffic model.

33 **Item 28 STREET TREES (13.00019)**

Cr Fry - feels there is a need for more trees in the city. Landscape drying is occurring.

34 **Item 29 SMART STREET LIGHTS TRIAL (28.00014)**

Cr Fry - would like to see this occur, not just LED's.

35 **Item 30 MOUNT PANORAMA - WESTERN SIDE - GATE (04.00029)**

Cr Fry - asked can we look at a gate going into this area?

36 **Item 31 ROADSIDE WOOD COLLECTION - HABITATS (13.00001)**

Cr Fry - noted this is being advertised. Can we double the fines and increase profile of this problem?

37 **Item 32 WATER RESTRICTIONS (32.00017)**

Cr Fry - suggests we go straight to Level 2 water restrictions.

38 **Item 33 STREET SIGNS (28.00007)**

Cr Christian - Vittoria to Durham and Stewart to Mitre Street signs - there are problems, could this be checked and action taken as needed?

39 **Item 34 TROLLEY BAYS (28.00006)**

Cr Christian - asked who builds these? Outside Target in William Street there are many trolleys left there and also outside Pantanos. Can we put in bays there as well? Council should collect these trolleys and then charge for their release.

40 **Item 35 FOOTPATHS (28.00016)**

Cr Christian - noted the footpath opposite the Courthouse needs repairs to be undertaken (Kings Parade side).

41 **Item 36 COUNCILLORS PORTAL (08.00008)**

Cr North - would like to see topics of interest go onto the portal.

42 **Item 37 GRAFFITI (20.00045)**

Cr North - feels CCTV's will help catch people, these need to be installed.

43 **Item 38 LIQUOR ACCORD (07.00101 & 20.00126)**

Cr North - spoke to vandalism in Keppel Street and need for an alcohol free zone from the railway all the way up Keppel Street.

44 **Item 39 LIBERTY SWING (04.00121 & 04.00034)**

Cr North - everyone has agreed to it, it is in the plan for the Adventure Playground, but due to costs the works did not occur. Need to find the money.

45 **Item 40 AUTOMATIC EXTERNAL DEFIBRILLATOR (AED) AT SPORT FACILITIES (04.00034)**

Cr North - would like money put away to help sporting groups with these facilities.

46 **Item 41 VALE CREEK ISSUES (31.00011)**

Cr North - this is a problem, what are we going to do about it? Need to be aware of possible impacts.

The Director Engineering Services advised this is in private ownership and based on computer modelling will not impact Perthville. The road impacted is an RMS road. Contact has been made with RMS, Council is helping to do an environmental assessment.

47 **Item 42 DUMP POINT (26.00011)**

Cr North - need a dump point in conjunction with a rest area. Perhaps Hereford Street is suitable, can we get a report on this?

48 **Item 43 SOLAR PANELS - BREWONGLE PROPOSAL (16.00007)**

Cr North - spoke to electricity costs incurred by Council. could we look at identifying land for large scale solar farm to be owned by Council. This will cut Council's costs.

49 **Item 44 WATER RESTRICTIONS (32.00017)**

Cr North - noted has a Notice of Motion to the next meeting for consideration of water restrictions timing.

50 **Item 45 RFS - FIRE CONTROL CENTRE (18.00233)**

Cr North - thanked Director Engineering Services for meeting with RFS and noted this went well. Can we meet again with them in the next two weeks to finalise timelines and a list.

51 **Item 46 HONOUR BOARD - SPORTS (21.00007)**

Cr North - noted need for another board to be installed on the First Floor of the Civic Centre. Also can Bathurst District Sport & Recreation Council minutes be emailed?

DISCUSSION FORUM - DEVELOPMENT APPLICATION SUBMISSIONS

52 **Item 1 DEVELOPMENT APPLICATION 2018/122 – SHED AT 14 IRONSTONE AVENUE, WHITE ROCK. APPLICANT – LAYNE MOULDS. OWNER – MR L R**

MOULDS (DA/2018/122)

Discussion included:

L Moulds – proponent - 14 Ironstone Avenue

Spoke to the proposal before Council. Has owned the property for around 10 years. Is an owner/driver, does not operate business from the property. Noted works in Sydney and only comes home with the truck. Same as a plumber or a taxi driver bringing home vehicles, does not operate a depot.

Currently building a house and it makes sense to bring the truck home.

P Gorrick – resident - 18 Ironstone Avenue

Have taken independent advice and have forwarded this to Council. Have retired to Bathurst and spoke to establishing their house in the location. The proposed shed size and location will have a significant detriment such as overshadowing, noise transmission, will cause conflict between neighbours, the shed is an eyesore and does not address correctly Council planning instruments such as the DCP. This is a commercial purpose. There is no screening of the garage and its location will not allow this to occur. No concessions should be allowed to Council standards.

C Hunt – resident - 25 Ironstone Avenue

Raised concerns including; impact on standard of living including size of the shed, it is commercial, scenic values not preserved, the development is unlawful - a truck depot is not allowed, inconsistent with residential zone, safety concerns with heavy vehicles in the Blue Ridge Estate, noise impacts, devaluation of properties.

T Phillips – resident - 98 Blue Ridge Drive

Has made a submission to Council. Main issues include size of the development, adverse impact on amenity of adjoining properties, no Statement of Environmental Effects has been submitted, there is no information on screening. There is a need for a properly documented submission which includes details of impacts.

Y Thurtell – resident - 22 Ironstone Avenue

The proposal is visually awful, this is an industrial development, the truck should not be parked here. Spoke to noise problems from the truck.

F Telfser, on behalf of G Clements

Concerns about the development include; visual impact, commercial use that will occur with such a structure, neighbourhood harmony problems that will result, additional noise, road damage from large vehicles, lack of consultation with adjoining neighbours.

J Stewart – resident - Blue Ridge Drive

Has a number of concerns with the development such as; noise from vehicles, safety issues from heavy vehicles, visual impact of a substantial building, reduction in setbacks proposed, roads within the estate are not made for heavy vehicles.

J Peak – resident - 94 Blue Ridge Drive

Happy for shed that meets estate covenant, this does not. Spoke to setbacks required of covenant and this should be adhered to as well as DCP.

C Telfser

Spoke to standards of the estate and the covenants imposed. The proposal is not consistent with the estate guidelines - covenants and the DCP. The shed is double the size allowable and is 1 metre higher than allowed. The setback proposal is a concern and there are visual impacts that are inappropriate. The neighbourhood has adhered to the rules, one person should not be allowed to change the standards. Also referred to heavy vehicle movements in residential areas.

53

Item 2 DEVELOPMENT APPLICATION NO. 2018/21 – CONCEPT APPLICATION FOR MIXED USE DEVELOPMENT INCLUDING EDUCATION ESTABLISHMENT, INFORMATION AND EDUCATIONAL FACILITY, TOURIST AND VISITOR ACCOMMODATION, RECREATIONAL FACILITY (OUTDOOR) AND CARAVAN PARK AT 624 LIMEKILNS ROAD, FOREST GROVE. APPLICANT: EDUCATIONAL LEARNING PTY LTD. OWNER: HERITAGE HILLS PTY LTD (DA/2018/21)

Discussion included:

M Coleman – resident - 21 Kooyong Place, Forest Grove

Against the proposal, will take away views, will reduce property values.

B Goldsmith – consultant

Prepared the documentation for the DA. This is a concept document which is based on a prior 2002 DA and contains many of the prior concepts. Spoke to moving between transportable homes and tourist villas. There will be future DAs for all constructions. Noted Mr Pickards objections to the development. Conditions can be imposed to address his concerns, referred to prior report from Prof McKinnon. This is a joint project with Wiradyuri Traditional Owners.

Prof D McKinnon

Spoke on behalf of Wiradyuri Traditional Owners. Noted proposed educational facility and the meeting of school curriculum needs which will have a significant impact on education provision. The facility will become a major draw card. Lighting issues have previously been addressed in an earlier study.

R Carroll – owner of adjacent farming property

Objects to proposal, this is a rural farming precinct. This could lead to subdivision. DA does not contain any costings or timelines, this is a virtual mini-city. Raised noise concerns. There will be increased night time light. Traffic concerns with cattle. Winburndale pipeline, will there be increased use which will impact this

service. Noted sewer plant concerns e.g. smell and water contamination. How will camper vans etc. be managed - will this lead to permanent housing. Waste Management will possibly cause problems. What access will be used. Proximity to aerodrome needs to be considered. Property value concerns and non-compliance with zone.

R Williams – resident - 626 Limekilns Road

Not sure of process with a concept application and how is this different to a normal DA. A lot of questions have arisen. Noted difficulty in getting information and that it is confusing, maps difficult to read, fonts unreadable. Noted effluent concerns, native animals impacts, access availability to their property, will property be rezoned, safety problems with aerodrome. One of the proponents is listed on ASIC database as de-registered. Also referred to PFAs concerns which is not yet resolved.

K Gunning – resident - 587 Limekilns Road

Opposes the development. There are issues with visual, noise, traffic, and valuation matters. Concern at caravan park operations and likely tenants. There is a possible increase in crime and anti-social behaviour. The proposal is not consistent with the neighbouring land use in the area. Raised concerns at costs for water, sewer and waste.

T Hicks, on behalf of G Webster & R Webster

Main concerns are fence line is not substantial and people transgress into their properties. Would like something to happen so money can go to people who sold them the property. The golf course is already there, things have not happened as the owner has not been able to finance. Questions whether there is interest in the history/heritage of the location which was a migrant camp. The current business does not deal with local schools. The designated managers house - there are already two there on Heritage Park.

J Edmonds – resident - 555 Limekilns Road

Concern at additional traffic proposed, this is a safety issue. Do not want a satellite city built, it is not in keeping with area. Sewerage system and rubbish removal are a concern.

D Pratty – resident - Yarris Lane

Main concern is with biosecurity and animal welfare that will occur. Primary producers have to abide by a number of rules. These developments bring environmental issues e.g. contamination and dogs, given their size. Objection is to the caravan park and proposed agistment. Also weed control is a problem.

B Seike – resident - 148 Limekilns Road

The development is not suitable for the area. Worried about sewerage smells and impacts on precinct 4. Referred to proposed accommodation, which is extensive. Noted PFAs concerns. The proposed development will create noise issues, rubbish will be a problem, traffic matters, visual impacts, disease impacts, property prices, weeds.

C Pickard – Bathurst Observatory

Concerns include; have not been invited to be part of this. Caravan park is not where originally proposed. Spoke to noise, access to property, dust, smoke, lighting, access to Winburndale water and existing easement. There must be a dust mitigation strategy. The proposal for so many caravans and light that comes with this will impact observatory operations. A full lighting model needs to be done. Must ensure no wood fires and noise controls need to be put in place. Adequate buffer zones must be put in place and the telescope must be able to view the whole of the night sky. The access road needs to be relocated.

MEETING CLOSE

54 MEETING CLOSE

The Meeting closed at 8.05 pm.

CHAIRMAN: _____

MINUTE

4 DECLARATION OF INTEREST 11.00002
MOVED: Cr J Rudge SECONDED: Cr M Morse

RESOLVED: That the Declaration of Interest be noted.

**DIRECTOR CORPORATE SERVICES & FINANCE'S REPORT AND
MINUTES**

POLICY COMMITTEE

4 JULY 2018

1 POLICY UPDATE - FINANCE - INVESTMENT OF SURPLUS FUNDS **(16.00001, 41.00089)**

Recommendation: That Council

- (i) place the draft Finance - Investment of Surplus Funds Policy on public exhibition for a period of not less than 28 days and invite the public to make submissions; and
- (ii) if no submissions are received, adopt the amendments to the Finance - Investment of Surplus Funds Policy and update the Policy Manual.

Report: Council's Investment Policy was originally adopted in March 2011 and was last amended in 2013. Since this time, the economy has been contracting and interest rates have been at their lowest point for the longest period in history. Also, within the last twelve months, a major downgrade of Australian Banks occurred due to increased credit risk. These factors necessitate the review of the investment policy to ensure that Council continues to maximise investment income and preserve capital to assist with funding requirements for projects listed under the Bathurst 2040 Community Strategic Plan. The proposed amended policy is shown at **attachment 1**.

Minimising Credit Risk

Council recently borrowed money through the NSW Treasury Corporation (TCorp). As part of the approval process, TCorp reviewed Council's current investment policy and made various recommendations in terms of strengthening the credit risk exposure of Council's investment portfolio. Credit risk is controlled through minimising the portfolio's exposure to lower rated investments. The previous and proposed maximum holdings are shown below:

Standard & Poor's Long Term Rating	Standard & Poor's Short Term Rating	Previous Maximum Portfolio %	Proposed Maximum Portfolio %
AAA	A-1+	100%	100%
Major Australian Banks (CBA, WBC, NAB, ANZ) AA-	A-1+	80%	100%
Other AA+ to A banks	A-1+ to A-1	60%	100%
A-	A-2	60%	40%
BBB+ to BBB	A-2	40%	20%
BBB- and unrated For example – Non rated Credit Unions and Building Societies that are Authorised Deposit-taking Institutions (ADIs) incorporated in Australia and have the Government Guarantee for deposits.	A-3 or unrated	A-3 40% Unrated 20%	Kept to a minimum. Allows for local institutions such as Reliance Credit Union.

Given TCorp's expertise in this area, it is recommended that the new maximum holdings be incorporated into the Investment Policy.

Divestment

One of the current issues within local government is divestment. Divestment is the process of directing investments towards banks and financial institutions that don't invest in things that produce pollutants, greenhouse gases, habitat destruction, uranium, potentially abuse

human rights, have involvement in bribery and corruption, or the manufacturing of alcohol, tobacco or gambling products. Local government authorities in Australia are leading the way on fossil fuel divestment. Sydney, Melbourne, Newcastle, the ACT government and 35 other councils have policies on divestment - the largest number of local governments taking divestment action in the world.

Environmentally and socially responsible investments

Subject to compliance with legislation and investment policy objectives and parameters, it is proposed that Council "preferences" investment securities and financial institutions that meet socially responsible investments (SRI) criteria. SRI status may be in respect of the individual investment, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution.

Environmentally and Socially Responsible Investments will be assessed on the same basis as other investment opportunities and Council will select the investment that best meets its overall investment selection criteria.

Council's criteria relating to an SRI are those which:

- direct investment towards the socially and environmentally productive activities listed below; and
- avoid investment in the socially and environmentally harmful activities listed below.

The criteria for SRI are all preferred and not mandatory requirements.

Environmentally productive activities are considered to be:

- resource efficiency-especially water and energy
- renewable energy
- production of environmentally friendly products
- recycling, and waste and emissions reduction

Socially productive activities are considered to be:

- fair trade and provision of a living wage
- human health and aged care
- equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities
- provision of housing, especially affordable housing

Environmentally harmful activities are considered to be:

- production of pollutants, toxins and greenhouse gases (coal, oil and gas)
- habitat destruction, especially destruction of forests and marine eco-systems.
- nuclear power
- uranium mining

Socially harmful activities are considered to be:

- abuse of Human Rights and Labour Rights
- involvement in bribery/corruption
- production or supply of armaments
- manufacture of alcohol, tobacco or gambling products

Policy Amendment

The use of the term "preference" denotes that Council will give preference to non-fossil fuel aligned investments but it must do so within legislative and policy limits. The legislative limits are based on the overarching requirement to exercise the care, diligence and skill that

a prudent person would exercise in investing Council funds. For this reason, the maximum holdings limits set in the policy are considered prudent and should not be further altered.

The four major banks together with AMP are the only financial institutions that Council may invest in that have A1 and AA ratings. If Council were to move its total investments out of these banks, then the balance of the portfolio would be outside the maximum holding limits for the other rating categories. It is clearly not prudent to have no investments with the lowest credit risk rating as the risk to the principle of “preservation of capital” may be significantly impacted.

If divestment is to be pursued as a principle, it is proposed that Council seeks to prioritise investments in non-fossil fuel aligned financial institutions if the investment is compliant with Council’s Investment Policy and the rate of return is favourable in comparison to other investments available to Council at the time. This approach is incorporated into the draft Investment Policy and would be consistent with environmental commitments.

Accordingly, to allow Council to pursue the divestment principle, Council’s Investment Policy has been amended to incorporate Council’s environmental aspirations by “preferencing” investments in non-fossil fuel aligned financial institutions if the investment is compliant with Council’s Investment Policy and the rate of return is favourable in comparison to other investments available to Council at the time.

Fundamentally, Council invests with highly rated institutions such as major banks to reduce Council’s overall investment credit risk exposure. The draft Investment Policy therefore balances credit risk management whilst providing a preference where possible to invest in SRIs.

Financial Implications: There are no financial implications resulting from this report.

Bathurst Community Strategic Plan - Objectives and Strategies

- Objective 4: Enabling sustainable growth Strategy 4.1
- Objective 6: Community leadership and collaboration Strategy 6.4, 6.6

Community Engagement

- Inform To provide the public with balanced and objective information to help them understand the problem, alternatives opportunities and/or solutions.

MINUTE

5 Item 1 POLICY UPDATE - FINANCE - INVESTMENT OF SURPLUS FUNDS **(16.00001, 41.00089)**

MOVED: Cr I North SECONDED: Cr J Jennings

RESOLVED: That Council

- (i) place the draft Finance - Investment of Surplus Funds Policy on public exhibition for a period of not less than 28 days and invite the public to make submissions; and
- (ii) if no submissions are received, adopt the amendments to the Finance - Investment of Surplus Funds Policy and update the Policy Manual.

2 POLICY - FINANCE - BORROWING (16.00001, 41.00089)

Recommendation: That Council

- (i) place the draft Finance - Borrowing policy on public exhibition for a period of not less than 28 days and invite the public to make submissions; and
- (ii) if no submissions are received, adopt the Finance - Borrowing Policy and update the Policy Manual.

Report: Loan borrowings for capital works are an important funding source for Council recognising that the Region is in a period of growth and that the full cost of infrastructure should not be borne entirely by present-day ratepayers, but be contributed to by future ratepayers who will also benefit.

Council recently borrowed money through the NSW Treasury Corporation (TCorp). As part of the approval process, TCorp noted that Council did not have a formal borrowing policy. The proposed new policy is shown at **attachment 1**.

The objective of this policy is to ensure that the use and management of Bathurst Regional Council Borrowings (including overdraft facilities):

- complies with the Ministerial Revised Borrowing Order dated 13 May 2009;
- is undertaken with due regard for Council's role as a custodian of public funds;
- is undertaken with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons; and
- complies with Council's overall risk management philosophy.

The Council's power to borrow funds arises from Section 621 of the Local Government Act 1993. As a custodian of public funds, Council must exercise the reasonable care and diligence that a prudent person would exercise when borrowing funds.

This policy provides a framework for Council to borrow funds while ensuring the ongoing viability of the Council by not permitting overall borrowings to extend Council beyond its ability to meet future repayments and budgetary obligations.

Considerations

To assist with making the decision on whether to undertake long-term borrowings, Council should consider:

- the financial impact of the proposed borrowing on Council's Long Term Financial Plan, Delivery Program and Operational Plan including: scenario analysis in the case of changes to market interest rates;
- any positive impact of the capital works funded by the proposed borrowing;
- the Debt Service Ratio, which is an indicator of Council's ability to service its borrowings (should be shown to remain below 10%);
- the cost-benefit analysis of the capital works to be funded and the works alignment with Council's strategic planning and capital program; and
- the proposed structure of the borrowings and the proposed way in which the Council will procure the borrowings to achieve competitive and favourable terms.

Requirements

All borrowings must be approved by Council resolution. The intention to borrow funds must be included in Council's annual draft Operational Plan.

Council should advise the Office of Local Government (OLG), completing a loan borrowing

forecast return. If Council subsequently changes the purpose of the loan or increases the amount, a Council resolution must be passed prior to drawing any funds. In the event of an increase, Council must also re-submit their loan borrowing return to OLG (this information is normally collected by NSW Treasury Corporation on behalf of OLG).

Process

To minimise the cost of borrowing, the policy will require Council to seek competitive borrowing terms by way of obtaining a minimum of 3 quotes, including a quote from NSW Treasury Corporation.

The borrowing maturity profile should reflect the Council's forecast repayment profile. Consideration should also be given to incorporating flexibility in borrowing covenants in case of early repayment or a need to extend the term of the loan.

During the life of long-term borrowings, Council must regularly update its financials to ensure no breach of covenants or to take advantage of flexibility in the repayment profile should Council's financial situation change over time.

Restrictions

Council is restricted, by the Ministerial Revised Borrowing Order dated 13 May 2009, to source the borrowings from Australia and in Australian currency.

Borrowing Parameters

The Council's borrowing program must remain within the following parameters:

- Maximum term of borrowings is the shorter of 20 years or the expected economic life of the capital works funded.
- The maximum total amount of outstanding borrowings is \$40 million.

Financial Implications: There are no financial implications resulting from this report.

Bathurst Community Strategic Plan - Objectives and Strategies

- Objective 4: Enabling sustainable growth Strategy 4.1
- Objective 6: Community leadership and collaboration Strategy 6.4, 6.6

Community Engagement

- Inform To provide the public with balanced and objective information to help them understand the problem, alternatives opportunities and/or solutions.

MINUTE

6 Item 2 POLICY - FINANCE - BORROWING (16.00001, 41.00089)
MOVED: Cr I North SECONDED: Cr J Rudge

RESOLVED: That Council

- (i) place the draft Finance - Borrowing policy on public exhibition for a period of not less than 28 days and invite the public to make submissions; and
- (ii) if no submissions are received, adopt the Finance - Borrowing Policy and update the Policy Manual.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A Jones', written over a large, hand-drawn oval scribble.

A Jones
DIRECTOR
CORPORATE SERVICES & FINANCE

GENERAL BUSINESS

POLICY COMMITTEE

MINUTE

7 Item 1 HERITAGE REFERENCE GROUP (20.00123)

Cr Rudge - the group are looking at issuing awards to businesses who comply with Council signage.

MINUTE

8 Item 2 HISTORY/HERITAGE GATHERING - SATURDAY 28 JULY 2018
(20.00123)

Cr Rudge - the group will hold an initial meeting in Council Chambers. This is like minded groups meeting to discuss Heritage and History matters.

MINUTE

9 Item 3 STREET LIGHTING (28.00014)

Cr Rudge - spoke to concerns with lighting and noted work occurring with LED lighting.

MINUTE

10 Item 4 STREET CLEANING, KEPPEL STREET (25.00039)

Cr Rudge - previously raised this matter and queried whether cleaning has recommenced.

The Director Engineering Services advised the cleaning regime has recommenced and noise problems appear to be resolved.

MINUTE

11 Item 5 NEW DEVELOPMENTS IN HERITAGE CONSERVATION AREA
(20.00143)

Cr Rudge - noted concerns with development, need to balance preserving heritage and promoting Bathurst. Noted; DCP's, heritage advisor needs, pre-lodgement meetings, etc.

MINUTE

12 Item 6 CARILLON (04.00021)

Cr Rudge - congratulated the Carillon Group on the grant received from the State Government of \$300,000.

MINUTE

13 **Item 7** **SOLAR ROADWAY (13.00065)**

Cr Jennings - asked Council to check out this technology and keep an eye on it. Perhaps use at Mount Panorama.

MINUTE

14 Item 8 TOURISM (07.00116)

Cr Jennings - with the issues between China and USA may open up opportunities for Bathurst, eg Education. The Orange Region Tourism Group are interacting with China, could we contact Orange and see if Bathurst can be involved.

MINUTE

15 Item 9 HERITAGE LISTED CITY (20.00142)

Cr Jennings - have previously raised this matter, could advice be provided where this is at?

MINUTE

16 Item 10 KEY DECISIONS OF COUNCIL (11.00005)

Cr Jennings - would like to see a summary of key decisions being made on a user friendly platform for the community.

MINUTE

17 Item 11 BURNT OUT VEHICLES (30.00005)

Cr Aubin - who is responsible for the removal of burn out vehicles.

The Director Environmental, Planning & Building Services advised that after following due process, then Council would be the removal authority.

MINUTE

18 Item 12 CARILLON (04.00021)

Cr Morse - State Government has provided \$300,000 to the Carillon project. Acknowledged contribution of Director Corporate Services & Finance into this process, also Planning and Engineering Departments.

MINUTE

19 Item 13 BRC WEBSITE (08.00008)

Cr Morse - are there any plans to upgrade the website?

The Director Corporate Services & Finance advised no funding currently available.

MINUTE

20 Item 14 FOOTPATH - BROWNING STREET - REAL ESTATE SIGNS (23.00045)

Cr Fry - sent through a picture to Council which showed how the footpath is blocked, includes a toilet and other objects. Can we get the signs removed?

The Director Environmental, Planning & Building Services spoke to powers in place to address these issues, will review this matter.

MINUTE

21 Item 15 GEORGE PARK - AFL (04.00042)

Cr Fry - people are driving over the grass and getting close to the ovals, it is degrading the area. Is there a plan to put up barricades?

The Director Engineering Services will review this matter.

MINUTE

22 Item 16 SOLAR PANELS (13.00065)

Cr Fry - support proposal to get more solar panels in. Particularly at Mount Panorama. Referred to Photon Energy proposal and possible power purchase arrangement.

The Director Corporate Services & Finance noted bulk energy purchased through CENTROC tender agreements. Photon can engage in this purchasing process.

MINUTE

23 Item 17 TROLLEY BAYS (28.00006)

Cr Christian - can Council build these?

The Director Engineering Services advised if funding is available, then yes.

MINUTE

24 Item 18 CODE OF MEETING PRACTICE (11.00005)

Cr North - can we hold a Working Party to discuss public access periods on the first and third Wednesdays, to include timing and what can be raised.

MINUTE

25 Item 19 HILL STREET, ROCKLEY (25.00315)

Cr North - just past the school can we look at making a turning circle and possibly widen the street.

MINUTE

26 Item 20 LOW LEVEL BRIDGE (25.00007)

Cr North - is it possible to look at a barrier on both sides of the walkway?

The Director Engineering Services advised the matter will be reviewed.

MINUTE

27 MEETING CLOSE

The Meeting closed at 6.25 pm.

CHAIRMAN: _____

**DIRECTOR CORPORATE SERVICES & FINANCE'S REPORT -
ATTACHMENTS**

POLICY COMMITTEE

4 JULY 2018

POLICY:	FINANCE - INVESTMENT OF SURPLUS FUNDS
DATE ADOPTED:	Director Corporate Services & Finance Report #1 Policy 4 July 2018 Council Minute Book No Director Corporate Services & Finance Report #1 Policy 5 December 2012 Council 6 February 2013 Minute Book No. 11477
ORIGINAL ADOPTION:	Director Corporate Services & Finance Report #2 Policy 2 March 2011, Council 16 March 2011 Minute Book No. 11079
FILE REFERENCE:	16.00001
OBJECTIVE:	To provide guidelines about Council's on going Investment strategies.

Introduction

The aim of this policy is to provide guidelines regarding the appropriate procedures used for Council to invest surplus funds.

Purpose

To ensure that Council exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Definitions:

1. Bloomberg Ausbond Bank Bill Index (the) is an index comprised of 13 synthetic instruments defined by rates interpolated from the RBA 24-hour cash rate and the one and three month Bank Bill Swap Rates.
2. Authorised Deposit-taking Institutions (ADIs) are corporations authorised under the Bank Act 1959 (Cwth) to take deposits from customers. ADI's include banks, building societies and credit unions all of which are regulated by the Australian Prudential Regulation Authority.
3. Bank Bill Swap Rate is the compilation and average rate of market rates supplied by domestic banks relating to multiple maturities of bank bills.
4. Bill of Exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person, or to bearer.

5. Debenture is a debt security usually secured by a fixed or floating charge over an underlying asset or pool of assets. Debentures are normally issued by companies in return for medium and long term investment funds.
6. Floating Rate Notes are securities that (in Australia) pay a coupon normally priced at a fixed margin above the Bank Bill Swap Rate
7. TCorp means NSW Treasury Corporation
8. Term Deposits (or Deposits) are non-tradeable investments offered by ADIs with varying maturity dates (normally from one month to 60 months) and a rate set at the outset. Interest is normally payable upon maturity or if the term is longer than 12 months, annually from the investment date. Penalties apply if the funds are withdrawn before maturity and a notice period of 31 days is usually required.

Policy Objective

While exercising the power to invest, consideration needs to be given to preservation of capital, liquidity and the return on investment.

- (a) Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio. Authorised officers are to manage the investment portfolio and to safeguard the portfolio in accordance with the spirit of this Investment Policy and the Ministerial Investment Order, and not for speculative purposes.
- (b) The investment portfolio will ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- (c) The investment is expected to achieve an acceptable rate of return having reference to the Council's risk tolerance. Any additional return target set by the Council will also consider the risk limitation and prudent investment principles.

Policy Guidelines

1. Legislative Requirements

All investments are to comply with the following:

- Local Government Act 1993 – Section 412 & 625;
- Local Government Act 1993 – Order (of the Minister) Circular No: 11-01 gazetted on 11 February 2011.
- The Trustee Amendment (Discretionary Investments) Act 1997 – Sections 14A(2), 14C(1) & (2).
- Local Government (General) Regulation 2005 - Clause 212.
- Recommendations from the Review of NSW Local Government Investments – Final Report – Michael Cole, April 2008.
- The Local Government Code of Accounting Practice and Financial Reporting.
- Office of Local Government Circulars.

- Council Resolutions.

2. Authorised Investments

All of the Council's investments must be denominated in Australian Dollars. The Council may only invest money in the forms of investments, as taken directly from the Local Government Act 1993 – Order (of the Minister) Circular No: 11-01 gazetted on 17 February 2011.

- any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory
- any debentures or securities issued by a Council (within the meaning of the Local Government Act 1993 (NSW))
- interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (as defined in the Banking Act 1959 (Cwth)), but excluding subordinated debt obligations
- any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an Authorised Deposit-taking Institution by the Australian Prudential Regulation Authority
- a deposit with the NSW Treasury Corporation (Tcorp) or investments in a Tcorp Investment Management (TcorpIM) Investment Fund.

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

TRANSITIONAL ARRANGEMENTS

(i) Subject to paragraph (ii) nothing in this Order affects any investment made before the date of this Order which was made in compliance with previous Ministerial Order dated 12 January 2011, and such investments are taken to be in compliance with this Order.

(ii) Paragraph (i) only applies to those investments made before the date of this Order and does not apply to any restructuring or switching of investments or any re-investment of proceeds received on disposal or maturity of such investments, which for the avoidance of doubt must comply with this Order.

3. Delegation of Authority

The ultimate decision to make investments on Council's behalf is by delegation to the General Manager.

Authorised Officer	Roles & Responsibilities
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General Manager	Authority to invest surplus funds and may delegate this function, subject to various dollar limits and restrictions as stated in this Investment Policy
Director of Corporate Services and Finance	Per Delegation
Manager Financial Services	Per Delegation
Expenditure Accountant	Per Delegation

4. Amendments

The General Manager is hereby authorised to approve a variation to this policy if the General Manager in his/her opinion the variation is to the advantage of Council and in the spirit of this policy and/or due to changes in legislation. Any such variations to this policy are to be reported to Council within 30 days.

5. Prohibited Investments

This Investment Policy prohibits any investment carried out for speculative purposes including:

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow;
- Standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind; and
- The use of leveraging (borrowing to invest) of any investment.

6. Credit and Maturity Guidelines

Investments are to comply with three key criteria relating to:

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

a) Overall Portfolio Credit Framework:

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

b) Institutional Credit Framework

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

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

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

Standard & Poor's Long Term Rating	Standard & Poor's Short Term Rating	Maximum Portfolio %	By Counterparty
AAA	A-1+	100%	100%
Major Australian Banks (CBA, WBC, NAB, ANZ) AA-	A-1+	100%	40%
Other AA+ to A banks	A-1+ to A-1	100%	30%
A-	A-2	40%	20% (max \$10m)
BBB+ to BBB	A-2	20%	5% (max \$5m)
BBB- and unrated	A-3 or unrated	Note*	Kept to a minimum. Allows for local institutions such as Reliance Credit Union

*Note: For reasons of practicality the number of these investments should be kept to a minimum.

c) Term to Maturity Framework

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

Overall Portfolio Return to Maturity		
Portfolio % < 1 year	Min 40%	Max 100%
Portfolio % > 1 year < 3 years	Min 0%	Max 60%
Portfolio % > 3 year < 5 years	Min 0%	Max 30%
Portfolio % > 5 year	Min 0%	Max 15%

7. Performance Benchmarks

The performance of the investment portfolio shall be measured against the industry standard UBS 90 day Bank Bill Index and/or the Official RBA 11am Cash Rate. For investments with a lifetime of more than 24 months Council will use the Ausbond Composite 2-5 year Index (<https://www.bloomberg.com/quote/BACM25:IND>).

Investment Strategy

An Investment Strategy will run in conjunction with the Investment Policy. The Strategy will take into consideration:

- Council's cash flow expectations.
- Ensure access is available within seven (7) days to at least \$1million or 1%

- of the value of its total investments, whichever is the greatest amount.
- Optimal target allocation of investment types, credit rating exposure, and term to maturity exposure.
- Appropriateness of overall investment types for Council's portfolio.
- Determine the investment portfolio level for the forthcoming year.

Reporting

- A monthly report shall be provided to Council, detailing the investment portfolio in terms of performance and amounts with each investment.
- For audit purposes, certificates must be obtained from Austraclear (if utilised) and each financial institution confirming the amounts of investment held on the Council's behalf at 30th June each year.

Safe Custody Arrangements

Where necessary, investments may be held in safe custody on the Council's behalf, as long as the following criteria are met:

- Adequate documentation is provided, verifying the existence of the investments.
- The custodian conducts regular reconciliation of records with relevant registries and/or clearing systems.
- The Institution or Custodian recording and holding the assets will be:
 - Austraclear or;
 - An institution with a credit rating of 'A' or better from Standards and Poor's or equivalent;
 - An institution with adequate insurance, including professional indemnity insurance and other insurances considered prudent and appropriate to cover its liabilities under any agreements.

Ethical Investments

Within the limits of this Investment Policy and legislation, Council's investments will be made in consideration of the principals of ethical investment management. Preference will be given to institutions rated highly by recognised ethically responsible investment screening processes, provided the financial return and risk rating of investment products being considered at the time are otherwise equivalent.

Council will preference investment securities and financial institutions that meet socially responsible investments (SRI) criteria. SRI status may be in respect of the individual investment, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution.

Environmentally and Socially Responsible Investments will be assessed on the same basis as other investment opportunities and Council will select the investment that best meets its overall investment selection criteria.

Council's criteria relating to an SRI are those which:

- direct investment towards the socially and environmentally productive activities listed below; and

- avoid investment in the socially and environmentally harmful activities listed below.

The criteria for SRI are all preferred and not mandatory requirements.

Environmentally productive activities are considered to be:

- resource efficiency-especially water and energy
- renewable energy
- production of environmentally friendly products
- recycling, and waste and emissions reduction

Socially productive activities are considered to be:

- fair trade and provision of a living wage
- human health and aged care
- equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities
- provision of housing, especially affordable housing

Environmentally harmful activities are considered to be:

- production of pollutants, toxins and greenhouse gases (coal, oil and gas)
- habitat destruction, especially destruction of forests and marine ecosystems.
- nuclear power
- uranium mining

Socially harmful activities are considered to be:

- abuse of Human Rights and Labour Rights
- involvement in bribery/corruption
- production or supply of armaments
- manufacture of alcohol, tobacco or gambling products

Investment Advisor

Any independent investment adviser engaged by Council, with the exception of TCorp, must hold an Australian Financial Services licence from the Australian Securities and Investments Commission.

Council must obtain written confirmation from the investment adviser that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, and that they are not receiving any commissions or other benefits in relation to the investments they are recommending or reviewing.

Policy Review

In accordance with the OLG Guidelines this Investment policy will be reviewed at least on an annual basis and any amendments should be approved by a resolution of Council.

POLICY:	FINANCE - BORROWING
DATE ADOPTED:	Director Corporate Services & Finance Report #1 Policy 4 July 2018 Council Minute Book No
ORIGINAL ADOPTION:	
FILE REFERENCE:	16.00001
OBJECTIVE:	To provide guidelines about the use and management of Bathurst Regional Council borrowings (including overdraft facilities).

Introduction

The aim of this policy is to provide guidelines regarding the appropriate procedures used for Council when borrowing funds.

Purpose

To ensure that Council exercises care, diligence and skill that a prudent person would exercise in borrowing funds on behalf of Council.

Definitions

1. Variable Rate Loan is a loan that attracts an interest rate linked to a variable benchmark. In Australia variable rate loans are normally priced at a fixed margin over the Ausbond Bank Bill Rate which is the market benchmark three month interbank rate
2. Fixed Rate Loan is a loan that attracts a fixed pre-determined interest rate throughout the term of the loan.
3. Amortising/Credit Foncier Loan is a loan that is repaid over the term of the loan, normally by equal instalments due quarterly or semi-annually. Interest payments and capital repayments are normally combined and paid on the instalment date.
4. Interest Only Loan is a loan repaid in full on the final maturity date. The loan can be either a variable rate loan or a fixed rate loan with interest payments normally payable quarterly for a variable rate loan and semi-annually for a fixed rate loan.

Policy Objective

The objective of this policy is to ensure that the use and management of Bathurst Regional Council borrowings (including overdraft facilities):

- a) complies with the Ministerial Revised Borrowing Order dated 13 May 2009;
- b) is undertaken with due regard for Council's role as a custodian of public funds;
- c) is undertaken with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons; and
- d) complies with Council's overall risk management philosophy.

The Council's power to borrow funds arises from Section 621 of the Local Government Act 1993. As a custodian of public funds, Council must exercise the reasonable care and diligence that a prudent person would exercise when borrowing funds.

This policy provides a framework for Council to borrow funds while ensuring the ongoing viability of the Council by not permitting overall borrowings to extend Council beyond its ability to meet future repayments and budgetary obligations.

Section 377(1) (f) of the Local Government Act 1993 stipulates that Council cannot delegate the borrowing of money. It is expected that Councillors will have a full understanding of the terms and conditions of borrowing arrangements before entering into any contract.

Policy Framework

1. Legislative Requirements

All borrowings must comply with the following:

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

2. Delegation of Authority

Authority for the implementation of this policy is delegated by Council to the General Manager in accordance with the Local Government Act 1993. The General Manager may, in turn, delegate the day-to-day management of Council's borrowings to the Responsible Officer or other appropriately qualified senior staff (subject to regular reviews).

A record of the delegated authority is to be maintained and delegates are required to acknowledge that they have received a copy of this policy and understand the obligations of their delegated role.

It is the responsibility of the General Manager to ensure that delegates have the necessary expertise and skill to carry out their delegated roles.

3. Guiding Principles

- Borrowings may only be used to fund capital expenditure and not operating expenditure (which should be funded from revenue).
- Minimum working capital requirements are to be identified and maintained in a readily available form such that there is no need to call on borrowings to fund any shortfall in reasonably anticipated operating requirements.
- It is appropriate to fund significant capital works via borrowings such that the full cost of infrastructure is not only borne by present day ratepayers, but also by future ratepayers who will benefit from use of the funded infrastructure.
- It may be appropriate to fund certain capital projects with user charges, in which case user charges should reflect the project's costs, including loan payments.
- The impact on Council's budget of any movement in interest rates must be actively managed.

4. Structure of Borrowings

Overdraft

The Council maintains a modest overdraft facility for unexpected changes to operating cash flow requirements. As there are costs involved in accessing the facility, it is not to be used for expected operating cash flow and it is not to be used for long-term financing.

Long-Term Borrowings

Considerations

To assist with making the decision on whether to undertake long-term borrowings, Council should consider:

- the financial impact of the proposed borrowing on Council's Long Term Financial Plan, Delivery Program and Operational Plan including:
 - scenario analysis in the case of changes to market interest rates; and
 - any positive impact of the capital works funded by the proposed borrowing;
- the Debt Service Ratio, which is an indicator of Council's ability to service its borrowings (should be shown to remain below 10%);
- the cost-benefit analysis of the capital works to be funded and the works alignment with Council's strategic planning and capital program; and
- the proposed structure of the borrowings and the proposed way in which the Council will procure the borrowings to achieve competitive and favourable terms.

5. Requirements

All borrowings must be approved by Council resolution. The intention to borrow funds must be included in Council's annual draft Operational Plan.

Council should advise the Office of Local Government (OLG), completing a loan borrowing forecast return. If Council subsequently changes the purpose of the loan or increases the amount, a Council resolution must be passed prior to drawing any funds. In the event of an increase, Council must also re-submit their loan borrowing return to OLG (this information is normally collected by NSW Treasury Corporation on behalf of OLG).

6. Process

To minimise the cost of borrowing, the policy will require Council to seek competitive borrowing terms by way of obtaining a minimum of 3 quotes, including a quote from NSW Treasury Corporation.

The borrowing maturity profile should reflect the Council's forecast repayment profile. Consideration should also be given to incorporating flexibility in borrowing covenants in case of early repayment or a need to extend the term of the loan.

During the life of long-term borrowings, Council must regularly update its financials to ensure no breach of covenants or to take advantage of flexibility in the repayment profile should Council's financial situation change over time.

7. Restrictions

Council is restricted, by the Ministerial Revised Borrowing Order dated 13 May 2009, to source the borrowings from Australia and in Australian currency.

8. Borrowing Parameters

The Council's borrowing program must remain within the following parameters:

- Maximum term of borrowings is the shorter of 20 years or the expected economic life of the capital works funded.
- The maximum total amount of outstanding borrowings is \$40 million.

Monitoring and Reporting

Any breach of this policy is to be reported to the General Manager and Responsible Accounting Officer immediately upon becoming aware of such breach. A written statement of the facts relating to the breach is to be prepared within two business days, including the remedial action taken or proposed to be taken. The breach should be reported to Council at the next meeting.

Policy Review

This policy will be reviewed at least once every four years and, in addition, as and when required in the event of legislative or other regulatory changes. Any amendment to this policy must be authorised by Council resolution.