



Business Paper

Corporate Governance Committee Meeting

Monday, 6 February 2017

6:30pm

**Council Chambers,
Level 2, Administration Building
4-20 Eton Street, Sutherland**

ORDER OF BUSINESS

- 1. ACKNOWLEDGEMENT OF COUNTRY**
- 2. APOLOGIES**
- 3. DISCLOSURES OF INTEREST**
- 4. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING**
- 5. PRESENTATIONS**
- 6. REPORTS FROM OFFICERS**
 - GOV012-17 Cash Payments & Investments Report - November 2016
 - GOV013-17 Cash Payments & Investments Report - December 2016
 - GOV014-17 Quarterly Budget Review Statement for Period Ending December 2016
 - GOV015-17 Councillors Strategic Planning Workshop
- 7. QUESTIONS**
- 8. CONSIDERATION OF BUSINESS IN CLOSED SESSION**
- 9. CONFIDENTIAL REPORTS FROM OFFICERS**

GOV012-17 CASH PAYMENTS & INVESTMENTS REPORT - NOVEMBER 2016

Attachments: Appendix A and Appendix B

EXECUTIVE SUMMARY

- This report provides details of Council's investment performance for the period ending 30 November 2016, along with presenting cash and investment balances and diversification.
- Council may invest funds that are not, at any particular time, required for any other purpose. Investment of these funds must be in accordance with relevant legislation and regulations and in accordance with Council's Policy for Investment of Cash Balances. Details of these investments must be reported to Council monthly.
- The return on Council's portfolio to 30 November 2016 was 3.06% compared to the benchmark of 1.86%.
- All investments have been made in accordance with legislative requirements and within relevant Council policy.

REPORT RECOMMENDATION

<p>That the information concerning Bank Balances and Investments held as at 30 November 2016, be received and noted.</p>
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PURPOSE

The purpose of this report is to advise Council of funds invested in accordance with Section 625 of the Local Government Act. Additionally, the report provides details and certification as required by Clause 212(1) of the Local Government (General) Regulation 2005.

BACKGROUND

The Cash Payments and Investments Report is required to be submitted for Council's consideration each month detailing investments and their performance.

DISCUSSION

Council invests funds which are not required in the short term for any other purpose. These investments are governed by strict legislative requirements and Council's Policy for Investment of Cash Balances. The Responsible Accounting Officer must report to Council monthly details of the funds invested and certify that they have been made in accordance with the legislation and policy.

The return on Council's total investment portfolio has averaged 3.06% for the period to 30 November 2016 against a benchmark of 1.86%. Total interest earned for the five months was \$1,210,522.34 against a budget of \$2.380 million, of which \$467,621.87 is applicable to the Section 94 Trust Fund. Details of the investments and performance are in the attached document (Appendix B).

CONSULTATION

Appropriate consultation has occurred with Council's financial investment advisor and fund managers.

BUDGET

Actual investment income remains significantly greater than the proportional annual budget for the five months which has necessitated an upward adjustment in the December Budget Review. This adjustment is the result of higher than originally anticipated investment funds, primarily from internally restricted assets held at 30 June 2016 and marginally higher investment rates attained during the first five months of the financial year. The overall increase to Council income is \$191K, with general revenue benefiting by \$135K after the portion attributable to Section 94 Trust Funds has been transferred.

The position will be again reviewed for the March Budget Review, however it should be recognised that over the next few months a number of high yield investments will be maturing and recent interest rate reductions will negatively impact on interest earnings for the remainder of the financial year.

CERTIFICATION BY RESPONSIBLE ACCOUNTING OFFICER

In accordance with clause 212 of the Local Government (General) Regulation 2005, I hereby certify that all investments have been made in accordance with the Act, the regulations and Council's investment policy.



Greg Hayes
Manager Finance and
Responsible Accounting Officer

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Manager Finance, Greg Hayes, who can be contacted on 9710 0334.

File Number: 2016/250910

Appendix A – Summary of Bank Balances as at 30 November 2016**SUMMARY OF BANK BALANCES**

FUND	BANK BALANCE	UNPRESENTED CHEQUES	DIRECT CREDIT	CASH ON HAND	OWED TO OTHER FUNDS	CASHBOOK BALANCE
General Fund 1	7,216,330.28	(204,121.27)	(177,084.72)	146,258.21	(369,407.41)	6,611,975.09
Trust Fund 1	-	-	-	-	-	233,680.72
Trust Fund 2	-	-	-	-	-	27,875.00
Bushfire Trust	-	-	-	-	-	14,163.18
SES Trust	-	-	-	-	-	242.80
Australand	-	-	-	-	-	93,445.71
Total	7,216,330.28	(204,121.27)	(177,084.72)	146,258.21	(369,407.41)	6,981,382.50

This appendix identifies cash movements throughout the month along with a summary bank reconciliation statement.



Investment Summary Report November 2016

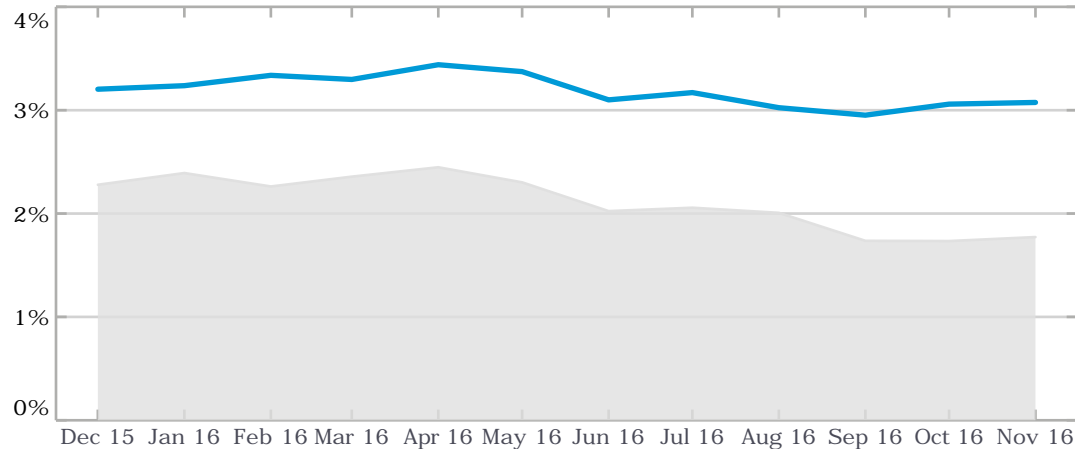
Cash and Investment Holdings

	Face Value (\$)	Current Value (\$)	Current Yield (%)
Cash	20,566,330.28	20,566,330.28	1.0649
Floating Rate Note	22,500,000.00	22,532,945.00	3.0047
Term Deposit	72,250,000.00	72,250,000.00	3.3009
	115,316,330.28	115,349,275.28	2.8443

Application of Funds

	Face Value (\$)
General Fund 1	76,497,963.68
Trust Fund - Section 94	36,518,366.60
Custodial Funds	2,300,000.00
Total	115,316,330.28

Investment Performance



Investment Performance

	Performance	AusBond BB Index	Outperformance
November 2016	3.07%	1.77%	1.30%
Last 3 Months	3.03%	1.75%	1.28%
Last 6 Months	3.07%	1.89%	1.18%
Financial Year to Date	3.06%	1.86%	1.19%

■ Portfolio Annualised Return
 ■ AusBond BB Index Annualised Return

Cash Accounts									
	Face Value (\$)	Current Yield	Institution	Credit Rating		Current Value (\$)	Accrued Interest (\$)		Reference
	13,350,000.00	1.1000%	Commonwealth Bank of Australia	A-1+		13,350,000.00	7,021.91		BOS
	7,216,330.28	1.0000%	Commonwealth Bank of Australia	A-1+		7,216,330.28	1,423.84		Cash at Bank
	20,566,330.28	1.0649%				20,566,330.28	8,445.75		

Term Deposits										
Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Coupon Frequency	Reference
6-Dec-16	2,000,000.00	3.0100%	Auswide Bank	A-2	2,000,000.00	7-Jun-16	2,000,000.00	29,192.88	AtMaturity	12599
6-Dec-16	1,500,000.00	3.0500%	People's Choice Credit Union	A-2	1,500,000.00	10-Jun-16	1,500,000.00	21,809.59	AtMaturity	12601
20-Dec-16	1,500,000.00	3.0000%	MyState Bank	A-2	1,500,000.00	24-May-16	1,500,000.00	23,547.95	AtMaturity	12584
4-Jan-17	1,500,000.00	2.9700%	MyState Bank	A-2	1,500,000.00	7-Jul-16	1,500,000.00	17,942.05	AtMaturity	12614
11-Jan-17	3,000,000.00	2.7000%	ME Bank	A-2	3,000,000.00	8-Sep-16	3,000,000.00	18,641.10	AtMaturity	12643
17-Jan-17	2,500,000.00	2.7000%	ME Bank	A-2	2,500,000.00	23-Aug-16	2,500,000.00	18,493.15	AtMaturity	12630
31-Jan-17	3,000,000.00	2.7000%	ME Bank	A-2	3,000,000.00	1-Sep-16	3,000,000.00	20,194.52	AtMaturity	12636
14-Feb-17	2,000,000.00	3.0500%	Police Credit Union (SA)	NR	2,000,000.00	24-May-16	2,000,000.00	31,920.55	AtMaturity	12585
22-Feb-17	3,000,000.00	2.7500%	Bank of Queensland	A-2	3,000,000.00	26-Aug-16	3,000,000.00	21,924.66	AtMaturity	12632
14-Mar-17	3,000,000.00	2.8000%	Bank of Queensland	A-2	3,000,000.00	18-Aug-16	3,000,000.00	24,164.38	AtMaturity	12628
27-Mar-17	2,000,000.00	6.6400%	ING Bank (Australia)	A-2	2,000,000.00	27-Mar-12	2,000,000.00	89,867.40	Annually	11567
27-Mar-17	2,750,000.00	3.0000%	Police Credit Union (SA)	NR	2,750,000.00	28-Jun-16	2,750,000.00	35,260.27	AtMaturity	12609
28-Mar-17	2,000,000.00	2.8000%	Bank of Queensland	A-2	2,000,000.00	19-Aug-16	2,000,000.00	15,956.16	AtMaturity	12629
5-Apr-17	2,000,000.00	2.9000%	Hunter United Employees CU	NR	2,000,000.00	6-Oct-16	2,000,000.00	8,898.63	AtMaturity	12648
11-Apr-17	3,000,000.00	2.8000%	Credit Union Australia	A-2	3,000,000.00	30-Aug-16	3,000,000.00	21,402.74	AtMaturity	12633
19-Apr-17	2,000,000.00	2.8000%	ME Bank	A-2	2,000,000.00	18-Nov-16	2,000,000.00	1,994.52	AtMaturity	12655
4-May-17	1,000,000.00	6.2000%	RaboDirect	A-1	1,000,000.00	4-May-12	1,000,000.00	35,841.10	Annually	11594
4-May-17	3,000,000.00	6.1000%	RaboDirect	A-1	3,000,000.00	4-May-12	3,000,000.00	105,789.04	Annually	11595
12-May-17	2,000,000.00	2.8100%	Suncorp Bank	A-1	2,000,000.00	16-Nov-16	2,000,000.00	2,309.59	AtMaturity	12653
16-May-17	3,000,000.00	3.0000%	AMP Bank	A-1	3,000,000.00	16-May-16	3,000,000.00	49,068.49	AtMaturity	12580

Term Deposits										
Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Coupon Frequency	Reference
25-May-17	2,000,000.00	3.0000%	AMP Bank	A-1	2,000,000.00	25-May-16	2,000,000.00	31,232.88	AtMaturity	12586
6-Jun-17	3,000,000.00	2.7000%	Auswide Bank	A-2	3,000,000.00	8-Sep-16	3,000,000.00	18,641.10	AtMaturity	12642
20-Jun-17	1,500,000.00	2.8000%	Suncorp Bank	A-1	1,500,000.00	16-Nov-16	1,500,000.00	1,726.03	AtMaturity	12654
6-Jul-17	2,000,000.00	3.1500%	Intech Credit Credit Union	NR	2,000,000.00	6-Jul-16	2,000,000.00	25,545.21	AtMaturity	12602
8-Aug-17	4,000,000.00	3.0000%	Westpac Group	A-1+	4,000,000.00	8-Aug-16	4,000,000.00	37,808.22	AtMaturity	12626
9-Aug-17	2,000,000.00	7.0800%	Bank of Queensland	A-2	2,000,000.00	9-Aug-12	2,000,000.00	611,013.70	AtMaturity	1683
26-Sep-17	2,700,000.00	3.0000%	Westpac Group	A-1+	2,700,000.00	2-Sep-16	2,700,000.00	19,972.60	Annually	12638
10-Oct-17	3,000,000.00	3.0000%	Westpac Group	A-1+	3,000,000.00	1-Sep-16	3,000,000.00	22,438.36	Annually	12637
24-Oct-17	2,000,000.00	3.0000%	Westpac Group	A-1+	2,000,000.00	22-Sep-16	2,000,000.00	11,506.85	Annually	12646
22-Feb-19	2,000,000.00	3.1000%	Westpac Group	AA-	2,000,000.00	22-Sep-16	2,000,000.00	11,890.41	Annually	12645
69,950,000.00		3.3075%			69,950,000.00		69,950,000.00	1,385,994.13		

Term Deposits - Custodial										
Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Coupon Frequency	Reference
24-Feb-17	2,300,000.00	3.1000%	ING Bank (Australia)	A-2	2,300,000.00	25-Feb-16	2,300,000.00	54,695.89	AtMaturity	Bushfire
2,300,000.00		3.1000%			2,300,000.00		2,300,000.00	54,695.89		

Floating Rate Notes										
Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Next Coupon Date	Reference
7-Jun-19	1,500,000.00	3.3300%	GBS Snr FRN (Jun19) BBSW+ 1.60%	BBB+	1,500,000.00	7-Jun-16	1,498,950.00	11,632.19	7-Dec-16	12593
11-Jun-19	1,500,000.00	2.8300%	AMP Snr FRN (Jun19) BBSW+ 1.10%	A+	1,500,000.00	11-Dec-15	1,501,830.00	9,304.11	12-Dec-16	12537
18-Jul-19	2,000,000.00	3.2000%	ME Bank Snr FRN (Jul19) BBSW+ 1.45%	BBB+	2,000,000.00	18-Jul-16	1,999,940.00	7,715.07	18-Jan-17	12612
30-Aug-19	1,000,000.00	3.3200%	GBS Snr FRN (Aug19) BBSW+ 1.55%	BBB+	1,000,000.00	30-Aug-16	999,830.00	90.96	28-Feb-17	12631
28-Oct-19	1,500,000.00	3.1500%	TMB Snr FRN (Oct19) BBSW+ 1.40%	BBB+	1,500,000.00	28-Oct-16	1,499,955.00	4,401.37	30-Jan-17	12649

Floating Rate Notes

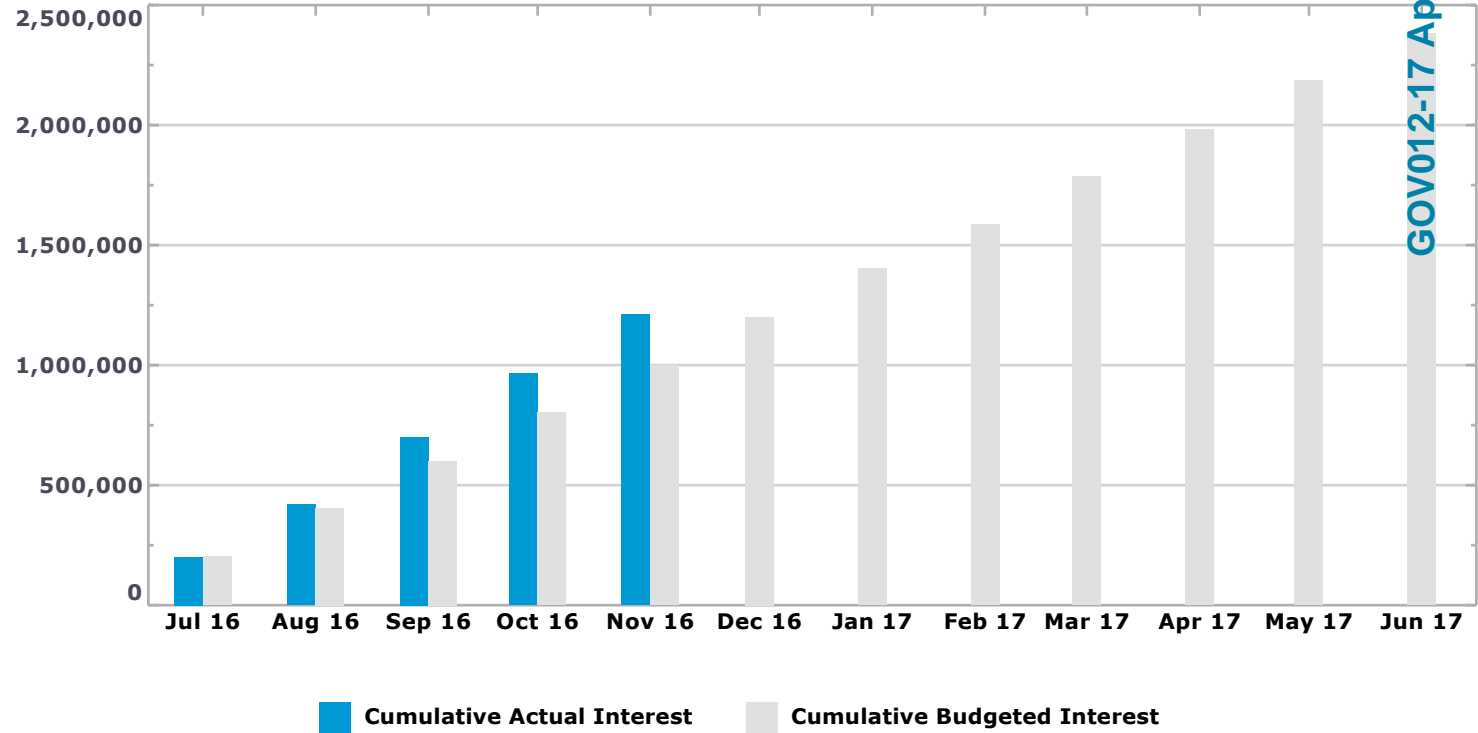
Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Next Coupon Date	Reference
3-Mar-20	2,000,000.00	2.8200%	MAC Snr FRN (Feb20) BBSW+ 1.10%	A	2,007,220.00	29-Jan-16	1,999,380.00	13,443.29	5-Dec-16	12547
7-Apr-20	2,000,000.00	3.0800%	NPBS Snr FRN (Apr20) BBSW+ 1.35%	BBB+	1,987,480.00	25-Jul-16	1,999,900.00	9,282.19	9-Jan-17	12618
18-Aug-20	3,000,000.00	2.8550%	BEN Snr FRN (Aug20) BBSW+ 1.10%	A-	3,000,000.00	18-Aug-15	2,996,760.00	3,050.55	20-Feb-17	12493
20-Oct-20	2,500,000.00	3.0000%	SUN Snr FRN (Oct20) BBSW+ 1.25%	A+	2,500,000.00	20-Oct-15	2,517,400.00	8,630.14	20-Jan-17	12518
18-Jan-21	2,000,000.00	2.9002%	CBA Snr FRN (Jan21) BBSW+ 1.15%	AA-	2,001,800.00	27-Jan-16	2,010,840.00	6,992.17	18-Jan-17	12546
3-Jun-21	1,500,000.00	2.8900%	WBC Snr FRN (Jun21) BBSW+ 1.17%	AA-	1,500,000.00	3-Jun-16	1,508,220.00	10,332.74	5-Dec-16	12588
12-Jul-21	2,000,000.00	2.9601%	CBA Snr FRN (Jul21) BBSW+ 1.21%	AA-	2,000,000.00	12-Jul-16	1,999,940.00	8,109.78	12-Jan-17	12611
22,500,000.00		3.0047%			22,496,500.00		22,532,945.00	92,984.56		

Total Investments

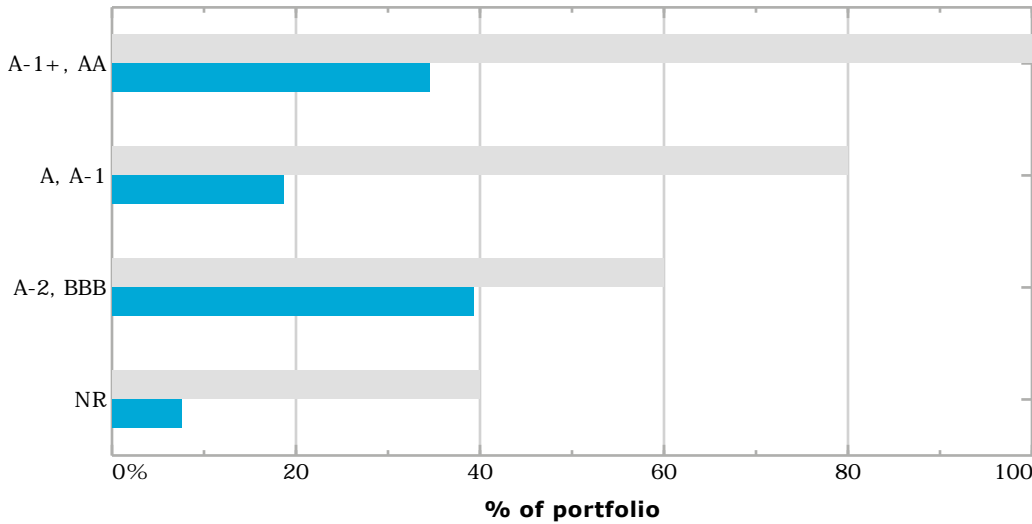
Face Value (\$)	Current Value (\$)	Accrued Interest (\$)
115,316,330.28	115,349,275.28	1,542,120.33

Budgeted vs Actual Returns

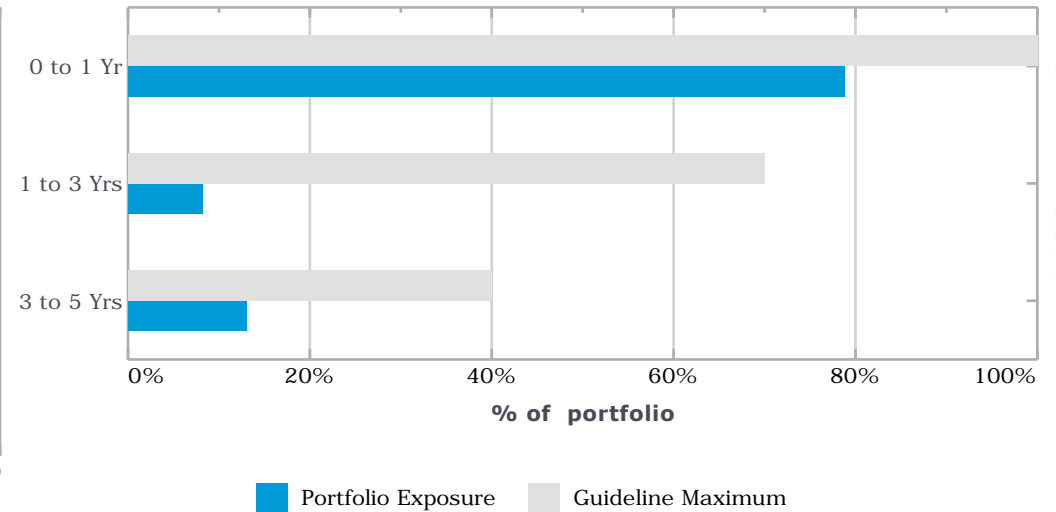
	YTD Income from Investments (\$)	Interest Earned (Progressive % of Annual Budget)
July 2016	201,428	8.46%
August 2016	419,463	17.62%
September 2016	700,544	29.43%
October 2016	963,999	40.50%
November 2016	1,210,522	50.85%
Budget Target	2,380,448	



Total Credit Exposure



Term to Maturities



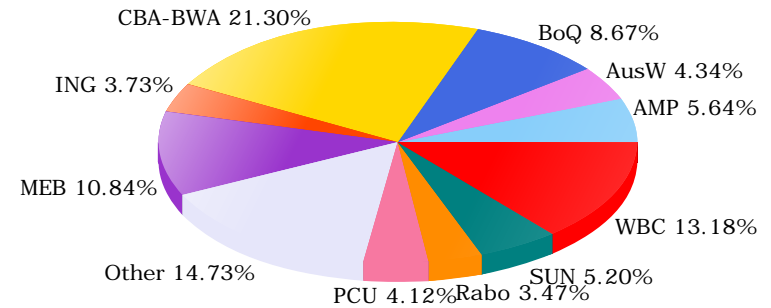
	Credit Rating	Face Value (\$)	Guideline Max	
Short Term	A-1+	32,266,330		
Long Term	AA	7,500,000		
		39,766,330	34%	100% ✓
Short Term	A-1	12,500,000		
Long Term	A	9,000,000		
		21,500,000	19%	80% ✓
Short Term	A-2	37,300,000		
Long Term	BBB	8,000,000		
		45,300,000	39%	60% ✓
No Rating	NR	8,750,000		
		8,750,000	8%	40% ✓
		115,316,330	100%	

	Face Value (\$)	Guideline Max	
Between 0 and 1 Year	90,816,330	79%	100% ✓
Between 1 and 3 Years	9,500,000	8%	70% ✓
Between 3 and 5 Years	15,000,000	13%	40% ✓
	115,316,330		
Detailed Maturity Profile		Face Value (\$)	
00. Cash + Managed Funds	20,566,330	18%	
01. Less Than 30 Days	5,000,000	4%	
02. Between 30 Days and 60 Days	7,000,000	6%	
03. Between 60 Days and 90 Days	10,300,000	9%	
04. Between 90 Days and 180 Days	27,750,000	24%	
05. Between 180 Days and 365 Days	20,200,000	18%	
06. Between 365 Days and 3 Years	9,500,000	8%	
07. Between 3 Years and 5 Years	15,000,000	13%	
	115,316,330		

Individual Institutional Exposures

Individual Institutional Exposure Charts

Parent Group	Credit Rating	Portfolio Exposure (\$)	Investment Policy Limit (\$)
AMP Bank	A-1, A+	6,500,000	46,126,532
Auswide Bank	A-2, BBB	5,000,000	23,063,266
Bank of Queensland	A-2, A-	10,000,000	23,063,266
Bendigo and Adelaide Bank	A-2, A-	3,000,000	46,126,532
Commonwealth Bank of Australia	A-1+, AA-	24,566,330	51,892,349
Credit Union Australia	A-2, BBB+	3,000,000	23,063,266
Greater Building Society	A-2, BBB+	2,500,000	23,063,266
Hunter United Employees CU	NR	2,000,000	46,126,532
ING Group	A-2, A-	4,300,000	23,063,266
Intech Credit Union	NR	2,000,000	46,126,532
Macquarie Group	A-1, A	2,000,000	46,126,532
Members Equity Bank	A-2, BBB+	12,500,000	23,063,266
MyState Bank	A-2, BBB	3,000,000	23,063,266
Newcastle Permanent Building Society	A-2, BBB+	2,000,000	23,063,266
People's Choice Credit Union	A-2, BBB+	1,500,000	23,063,266
Police Credit Union (SA)	NR	4,750,000	46,126,532
Rabobank Australia	A-1, A+	4,000,000	46,126,532
Suncorp Bank	A-1, A+	6,000,000	46,126,532
Teachers Mutual Bank	A-2, BBB+	1,500,000	23,063,266
Westpac Group	A-1+, AA-	15,200,000	51,892,349
		115,316,330	



GOV013-17 CASH PAYMENTS & INVESTMENTS REPORT - DECEMBER 2016

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CERTIFICATION BY RESPONSIBLE ACCOUNTING OFFICER

In accordance with clause 212 of the Local Government (General) Regulation 2005, I hereby certify that all investments have been made in accordance with the Act, the regulations and Council's investment policy.



Greg Hayes
Manager Finance and
Responsible Accounting Officer

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Manager Finance, Greg Hayes, who can be contacted on 9710 0334.

File Number: 2016/250910

Appendix A – Summary of Bank Balances as at 31 December 2016**SUMMARY OF BANK BALANCES**

FUND	BANK BALANCE	UNPRESENTED CHEQUES	DIRECT CREDIT	CASH ON HAND	OWED TO OTHER FUNDS	CASHBOOK BALANCE
General Fund 1	967,663.44	(161,446.81)	(305,028.70)	161,328.49	(1,786,019.90)	(1,123,503.48)
Trust Fund 1	-	-	-	-	-	1,658,151.53
Trust Fund 2	-	-	-	-	-	27,875.00
Bushfire Trust	-	-	-	-	-	14,075.18
SES Trust	-	-	-	-	-	242.80
Australand	-	-	-	-	-	85,675.39
Total	967,663.44	(161,446.81)	(305,028.70)	161,328.49	(1,786,019.90)	662,516.42

This appendix identifies cash movements throughout the month along with a summary bank reconciliation statement.



**Investment Summary Report
December 2016**

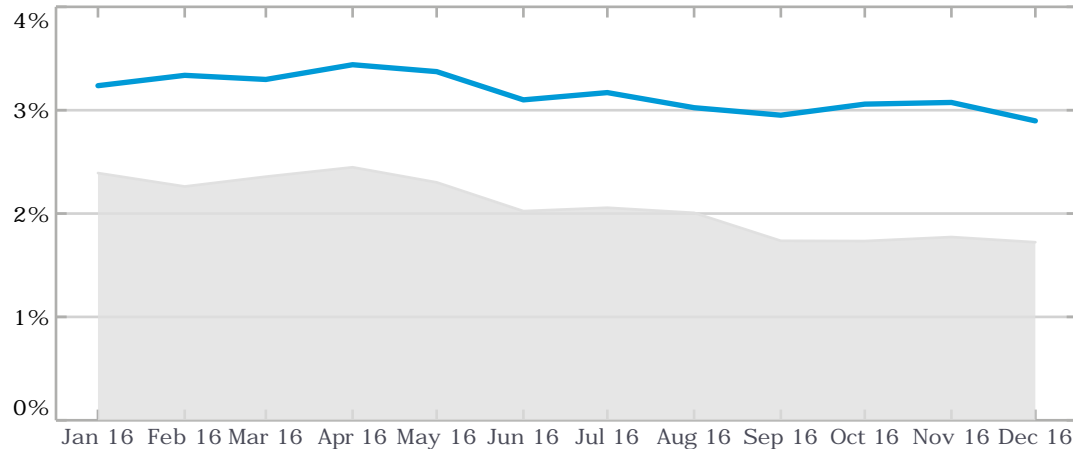
Cash and Investment Holdings

	Face Value (\$)	Current Value (\$)	Current Yield (%)
Cash	16,917,663.44	16,917,663.44	1.0943
Floating Rate Note	22,500,000.00	22,521,320.00	3.0178
Term Deposit	72,250,000.00	72,250,000.00	3.2920
	111,667,663.44	111,688,983.44	2.9038

Application of Funds

	Face Value (\$)
General Fund 1	71,425,294.56
Trust Fund - Section 94	37,942,368.88
Custodial Funds	2,300,000.00
Total	111,667,663.44

Investment Performance



■ Portfolio Annualised Return ■ AusBond BB Index Annualised Return

Investment Performance

	Performance	AusBond BB Index	Outperformance
December 2016	2.90%	1.72%	1.17%
Last 3 Months	3.01%	1.74%	1.27%
Last 6 Months	3.03%	1.84%	1.19%
Financial Year to Date	3.03%	1.84%	1.19%
Last 12 Months	3.17%	2.07%	1.10%

Cash Accounts										
	Face Value (\$)	Current Yield	Institution	Credit Rating			Current Value (\$)	Accrued Interest (\$)		Reference
	15,950,000.00	1.1000%	Commonwealth Bank of Australia	A-1+			15,950,000.00	16,073.56		BOS
	967,663.44	1.0000%	Commonwealth Bank of Australia	A-1+			967,663.44	997.49		Cash at Bank
	16,917,663.44	1.0943%					16,917,663.44	17,071.05		

Term Deposits										
Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Coupon Frequency	Reference
4-Jan-17	1,500,000.00	2.9700%	MyState Bank	A-2	1,500,000.00	7-Jul-16	1,500,000.00	21,725.75	AtMaturity	12614
11-Jan-17	3,000,000.00	2.7000%	ME Bank	A-2	3,000,000.00	8-Sep-16	3,000,000.00	25,520.55	AtMaturity	12643
17-Jan-17	2,500,000.00	2.7000%	ME Bank	A-2	2,500,000.00	23-Aug-16	2,500,000.00	24,226.03	AtMaturity	12630
31-Jan-17	3,000,000.00	2.7000%	ME Bank	A-2	3,000,000.00	1-Sep-16	3,000,000.00	27,073.97	AtMaturity	12636
14-Feb-17	2,000,000.00	3.0500%	Police Credit Union (SA)	NR	2,000,000.00	24-May-16	2,000,000.00	37,101.37	AtMaturity	12585
22-Feb-17	3,000,000.00	2.7500%	Bank of Queensland	A-2	3,000,000.00	26-Aug-16	3,000,000.00	28,931.51	AtMaturity	12632
14-Mar-17	3,000,000.00	2.8000%	Bank of Queensland	A-2	3,000,000.00	18-Aug-16	3,000,000.00	31,298.63	AtMaturity	12628
27-Mar-17	2,000,000.00	6.6400%	ING Bank (Australia)	A-2	2,000,000.00	27-Mar-12	2,000,000.00	101,146.30	Annually	11567
27-Mar-17	2,750,000.00	3.0000%	Police Credit Union (SA)	NR	2,750,000.00	28-Jun-16	2,750,000.00	42,267.12	AtMaturity	12609
28-Mar-17	2,000,000.00	2.8000%	Bank of Queensland	A-2	2,000,000.00	19-Aug-16	2,000,000.00	20,712.33	AtMaturity	12629
5-Apr-17	2,000,000.00	2.9000%	Hunter United Employees CU	NR	2,000,000.00	6-Oct-16	2,000,000.00	13,824.66	AtMaturity	12648
11-Apr-17	3,000,000.00	2.8000%	Credit Union Australia	A-2	3,000,000.00	30-Aug-16	3,000,000.00	28,536.99	AtMaturity	12633
19-Apr-17	2,000,000.00	2.8000%	ME Bank	A-2	2,000,000.00	18-Nov-16	2,000,000.00	6,750.68	AtMaturity	12655
4-May-17	1,000,000.00	6.2000%	RaboDirect	A-1	1,000,000.00	4-May-12	1,000,000.00	41,106.85	Annually	11594
4-May-17	3,000,000.00	6.1000%	RaboDirect	A-1	3,000,000.00	4-May-12	3,000,000.00	121,331.51	Annually	11595
12-May-17	2,000,000.00	2.8100%	Suncorp Bank	A-1	2,000,000.00	16-Nov-16	2,000,000.00	7,082.74	AtMaturity	12653
16-May-17	3,000,000.00	3.0000%	AMP Bank	A-1	3,000,000.00	16-May-16	3,000,000.00	56,712.33	AtMaturity	12580
25-May-17	2,000,000.00	3.0000%	AMP Bank	A-1	2,000,000.00	25-May-16	2,000,000.00	36,328.77	AtMaturity	12586
6-Jun-17	3,000,000.00	2.7000%	Auswide Bank	A-2	3,000,000.00	8-Sep-16	3,000,000.00	25,520.55	AtMaturity	12642
20-Jun-17	1,500,000.00	2.8000%	Suncorp Bank	A-1	1,500,000.00	16-Nov-16	1,500,000.00	5,293.15	AtMaturity	12654

Term Deposits

Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Coupon Frequency	Reference
6-Jul-17	2,000,000.00	3.1500%	Intech Credit Credit Union	NR	2,000,000.00	6-Jul-16	2,000,000.00	30,895.89	AtMaturity	12602
11-Jul-17	3,000,000.00	2.8500%	Auswide Bank	A-2	3,000,000.00	1-Dec-16	3,000,000.00	7,261.64	AtMaturity	12659
8-Aug-17	4,000,000.00	3.0000%	Westpac Group	A-1+	4,000,000.00	8-Aug-16	4,000,000.00	48,000.00	AtMaturity	12626
9-Aug-17	2,000,000.00	7.0800%	Bank of Queensland	A-2	2,000,000.00	9-Aug-12	2,000,000.00	623,040.00	AtMaturity	12683
26-Sep-17	2,700,000.00	3.0000%	Westpac Group	A-1+	2,700,000.00	2-Sep-16	2,700,000.00	26,852.05	Annually	12638
10-Oct-17	3,000,000.00	3.0000%	Westpac Group	A-1+	3,000,000.00	1-Sep-16	3,000,000.00	30,082.19	Annually	12637
24-Oct-17	2,000,000.00	3.0000%	Westpac Group	A-1+	2,000,000.00	22-Sep-16	2,000,000.00	16,602.74	Annually	12646
5-Dec-17	2,000,000.00	2.9500%	Defence Bank	A-2	2,000,000.00	8-Dec-16	2,000,000.00	3,879.45	AtMaturity	12664
22-Feb-19	2,000,000.00	3.1000%	Westpac Group	AA-	2,000,000.00	22-Sep-16	2,000,000.00	17,156.16	Annually	12645
69,950,000.00		3.2983%			69,950,000.00		69,950,000.00	1,506,261.91		

Term Deposits - Custodial

Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Coupon Frequency	Reference
24-Feb-17	2,300,000.00	3.1000%	ING Bank (Australia)	A-2	2,300,000.00	25-Feb-16	2,300,000.00	60,751.51	AtMaturity	Bushfire
2,300,000.00		3.1000%			2,300,000.00		2,300,000.00	60,751.51		

Floating Rate Notes

Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Next Coupon Date	Reference
7-Jun-19	1,500,000.00	3.3700%	GBS Snr FRN (Jun19) BBSW+ 1.60%	BBB+	1,500,000.00	7-Jun-16	1,498,785.00	3,462.33	7-Mar-17	12593
11-Jun-19	1,500,000.00	2.8700%	AMP Snr FRN (Jun19) BBSW+ 1.10%	A+	1,500,000.00	11-Dec-15	1,501,590.00	2,358.90	13-Mar-17	12537
18-Jul-19	2,000,000.00	3.2000%	ME Bank Snr FRN (Jul19) BBSW+ 1.45%	BBB+	2,000,000.00	18-Jul-16	1,999,940.00	13,150.68	18-Jan-17	12612
30-Aug-19	1,000,000.00	3.3200%	GBS Snr FRN (Aug19) BBSW+ 1.55%	BBB+	1,000,000.00	30-Aug-16	999,850.00	2,910.68	28-Feb-17	12631
28-Oct-19	1,500,000.00	3.1500%	TMB Snr FRN (Oct19) BBSW+ 1.40%	BBB+	1,500,000.00	28-Oct-16	1,499,925.00	8,414.38	30-Jan-17	12649
3-Mar-20	2,000,000.00	2.8700%	MAC Snr FRN (Feb20) BBSW+ 1.10%	A	2,007,220.00	29-Jan-16	1,998,640.00	4,246.03	3-Mar-17	12547

GOV013-17 Appendix B

Floating Rate Notes

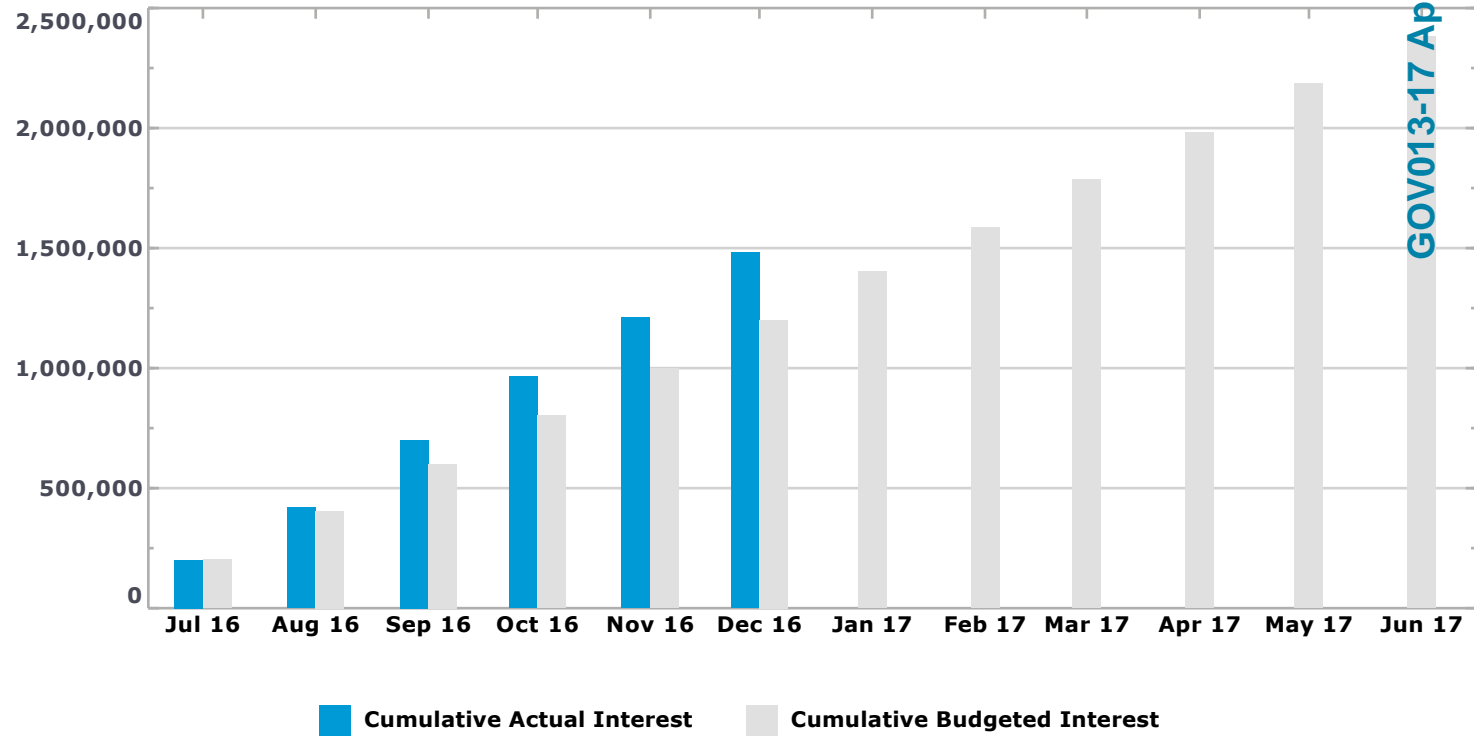
Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Accrued Interest (\$)	Next Coupon Date	Reference
7-Apr-20	2,000,000.00	3.0800%	NPBS Snr FRN (Apr20) BBSW+ 1.35%	BBB+	1,987,480.00	25-Jul-16	1,999,980.00	14,513.97	9-Jan-17	12618
18-Aug-20	3,000,000.00	2.8550%	BEN Snr FRN (Aug20) BBSW+ 1.10%	A-	3,000,000.00	18-Aug-15	2,993,580.00	10,324.93	20-Feb-17	12493
20-Oct-20	2,500,000.00	3.0000%	SUN Snr FRN (Oct20) BBSW+ 1.25%	A+	2,500,000.00	20-Oct-15	2,516,050.00	15,000.00	20-Jan-17	12518
18-Jan-21	2,000,000.00	2.9002%	CBA Snr FRN (Jan21) BBSW+ 1.15%	AA-	2,001,800.00	27-Jan-16	2,007,540.00	11,918.48	18-Jan-17	12546
3-Jun-21	1,500,000.00	2.9400%	WBC Snr FRN (Jun21) BBSW+ 1.17%	AA-	1,500,000.00	3-Jun-16	1,505,460.00	3,262.19	3-Mar-17	12588
12-Jul-21	2,000,000.00	2.9601%	CBA Snr FRN (Jul21) BBSW+ 1.21%	AA-	2,000,000.00	12-Jul-16	1,999,980.00	13,137.85	12-Jan-17	12611
22,500,000.00		3.0178%			22,496,500.00		22,521,320.00	102,700.42		

Total Investments

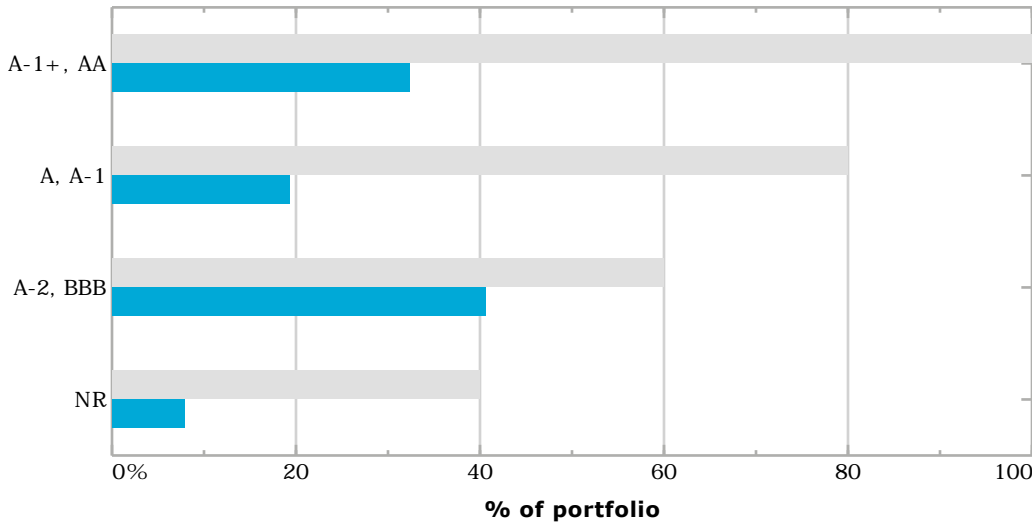
Face Value (\$)	Current Value (\$)	Accrued Interest (\$)
111,667,663.44	111,688,983.44	1,686,784.89

Budgeted vs Actual Returns

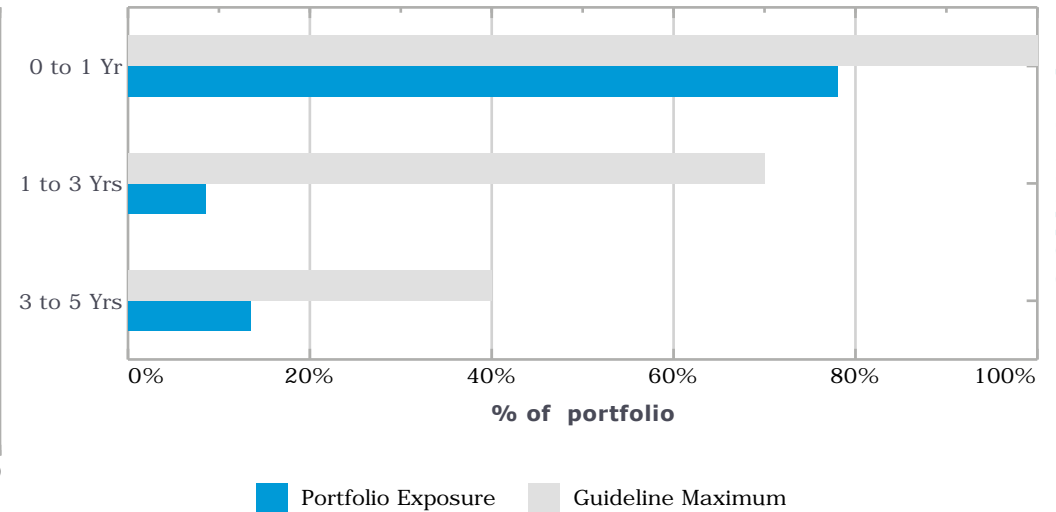
	YTD Income from Investments (\$)	Interest Earned (Progressive % of Annual Budget)
July 2016	201,428	8.46%
August 2016	419,463	17.62%
September 2016	700,544	29.43%
October 2016	963,999	40.50%
November 2016	1,210,522	50.85%
December 2016	1,480,830	62.21%
Budget Target	2,380,448	



Total Credit Exposure



Term to Maturities



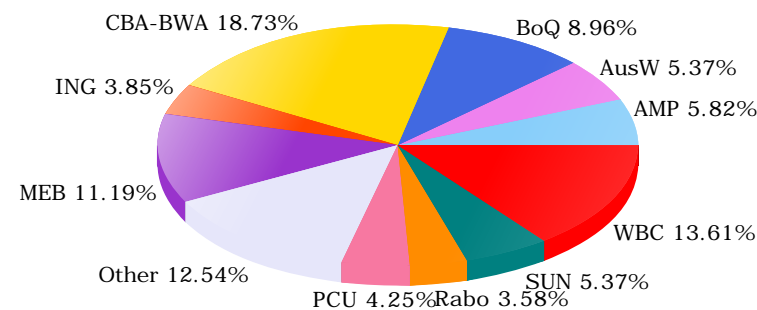
	Credit Rating	Face Value (\$)		Guideline Max	
Short Term	A-1+	28,617,663			
Long Term	AA	7,500,000			
		36,117,663	32%	100%	✓
Short Term	A-1	12,500,000			
Long Term	A	9,000,000			
		21,500,000	19%	80%	✓
Short Term	A-2	37,300,000			
Long Term	BBB	8,000,000			
		45,300,000	41%	60%	✓
No Rating	NR	8,750,000			
		8,750,000	8%	40%	✓
		111,667,663	100%		

	Face Value (\$)		Guideline Max	
Between 0 and 1 Year	87,167,663	78%	100%	✓
Between 1 and 3 Years	9,500,000	9%	70%	✓
Between 3 and 5 Years	15,000,000	13%	40%	✓
	111,667,663			

Detailed Maturity Profile	Face Value (\$)	
00. Cash + Managed Funds	16,917,663	15%
01. Less Than 30 Days	7,000,000	6%
02. Between 30 Days and 60 Days	10,300,000	9%
03. Between 60 Days and 90 Days	9,750,000	9%
04. Between 90 Days and 180 Days	22,500,000	20%
05. Between 180 Days and 365 Days	20,700,000	19%
06. Between 365 Days and 3 Years	9,500,000	9%
07. Between 3 Years and 5 Years	15,000,000	13%
	111,667,663	

Individual Institutional Exposures **Individual Institutional Exposure Charts**

Parent Group	Credit Rating	Portfolio Exposure (\$)	Investment Policy Limit (\$)
AMP Bank	A-1, A+	6,500,000	44,667,065
Auswide Bank	A-2, BBB	6,000,000	22,333,533
Bank of Queensland	A-2, A-	10,000,000	22,333,533
Bendigo and Adelaide Bank	A-2, A-	3,000,000	44,667,065
Commonwealth Bank of Australia	A-1+, AA-	20,917,663	50,250,449
Credit Union Australia	A-2, BBB+	3,000,000	22,333,533
Defence Bank	A-2, BBB+	2,000,000	22,333,533
Greater Building Society	A-2, BBB+	2,500,000	22,333,533
Hunter United Employees CU	NR	2,000,000	44,667,065
ING Group	A-2, A-	4,300,000	22,333,533
Intech Credit Union	NR	2,000,000	44,667,065
Macquarie Group	A-1, A	2,000,000	44,667,065
Members Equity Bank	A-2, BBB+	12,500,000	22,333,533
MyState Bank	A-2, BBB+	1,500,000	22,333,533
Newcastle Permanent Building Society	A-2, BBB+	2,000,000	22,333,533
Police Credit Union (SA)	NR	4,750,000	44,667,065
Rabobank Australia	A-1, A+	4,000,000	44,667,065
Suncorp Bank	A-1, A+	6,000,000	44,667,065
Teachers Mutual Bank	A-2, BBB+	1,500,000	22,333,533
Westpac Group	A-1+, AA-	15,200,000	50,250,449
		111,667,663	



**GOV014-17 QUARTERLY BUDGET REVIEW STATEMENT FOR PERIOD ENDING
DECEMBER 2016**

Attachments: Appendix A

EXECUTIVE SUMMARY

- The Local Government (General) Regulations 2005 requires the provision of a quarterly budget review statement which details Council's progress against the annual budget and provides advice in regards to variations and recommended changes.
- The December Quarterly Budget Review Statement shows an overall increase in the full year's budget surplus.
- In regards to the Operating Fund a surplus of uncommitted operating funds of \$28K has been realised.
- The December Quarterly Budget Review Statement demonstrates that Council is continuing to maintain a strong financial position.

REPORT RECOMMENDATION

That the Second Quarterly Budget Review Statement and recommendations contained within be adopted and income and expenditure adjustments be voted.

PURPOSE

The Quarterly Budget Review Statement (QBRs) presents a summary of Council's financial position at the end of the second quarter for the financial year ended 30 June 2017.

BACKGROUND

The quarterly budget review process is the mechanism through which Council and the community are informed of Council's progress against the Operational Plan (annual budget), together with recommendations for changes and reasons for any budget variations.

The quarter's QBRs appear as Appendix A, and has been produced in accordance with the guidelines and standards issued by the Office of Local Government.

DISCUSSION

Operational Budget Result

Overall, the December Quarterly Budget Review shows an increase of \$38K (before capital items) from the revised (September Budget Review) full-year budget surplus of \$4.045 million, which has resulted in a revised full year budget surplus of \$4.083 million (before capital items). This result reflects the following movements:

- An increase on budgeted income of \$1.092 million (before capital items). This relates to additional Rates and Annual Charges of \$81K, User Charges and Fees \$676K, Interest Income of \$169K, Other Revenue \$144K and Operating Grants of \$22K. This excludes any capital grants adjustments which are described in the Capital Budget Result section below.
- An increase on budgeted expenses of \$1.054 million. This additional expenditure relates to Employee Costs (salaries and wages) of \$548K and Materials and Contracts that increased \$506K. This excludes any capital expenditure adjustments which are described in the Capital Budget Result section below.

Information relating to the significant variations within the operating result is contained in Attachment 3 of Appendix A.

Operational Fund Result (Working Funds)

After taking into consideration reserve movements and capital expenditure variations, a surplus of uncommitted operating funds of \$28K has been realised and transferred into the Future Budgets Reserve to maintain Council's uncommitted operational funds of \$1 million.

Further details are available in the attached quarter's QBRs.

Capital Budget Result

Overall, following the December Quarterly Budget Review, budgeted capital expenditures are expected to increase by \$573K, from the September revised capital budget of \$63.072 million to \$63.645 million (excluding loan principal repayments).

The increase in the capital budget relates to adjustments made through the December Capital Capacity Review which amounts to an additional net \$600K of projects/works. The capacity review adjustments are detailed in Appendix A under Attachment 6. There was also an additional \$130K provided for the Kareela Flying Fox Camp Dispersal as adopted in Council report PLN002-17 whilst \$283K of capital allocations relating to reactive upgrade works have been reallocated to maintenance operations.

BUDGET AND RESOURCES

This report provides the December Quarterly Review of the 2016/17 Operational Plan (Budget).

POLICY

Council is required to perform reviews of the annual budget at least quarterly and the Responsible Accounting Officer must make a statement attesting to Council's financial position in accordance with the relevant legislation listed below:

- Clause 203(1) of the Local Government (General) Regulations 2005
- Clause 211 of the Local Government (General) Regulations 2005

CONCLUSION

The December 2016 Budget Review demonstrates that Council continues to maintain a strong financial position and adoption of the report will satisfy statutory obligations.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Manager Finance, Greg Hayes, who can be contacted on 9710 0334.

File Number: 2016/239505

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Reconciliation Working Funds Budget Position

	\$'000	\$'000	\$'000
Projected Year End Result 2016/17			
Net Operating Result from continuing operations (from attachment 2)			28,543
Expenses not involving flow of funds			
ADD Depreciation	27,383	27,383	
Income not involving flow of funds			
ADD Increase/ Decrease Employee's Leave Entitlements	(3,268)	(3,268)	
Non Operating funds employed			
ADD Carrying Amount of Assets Sold	1,500		
ADD Cost of Real Estate Assets Sold			
ADD Loan Funds Utilised			
ADD Repayments by Deferred Debtors	1	1,501	
Funds deployed for Non-operating purposes			
SUBTRACT Acquisition of Assets (Capital Expenditure) (from attachment 3)	(62,646)		
SUBTRACT Development of Real Estate	-		
SUBTRACT Advance to Deferred Debtors	-		
SUBTRACT Repayment of Loans	(1,813)		
ADD Net Movement (to)/from Restricted Cash	12,535		
SUBTRACT Land Dedications	(1,000)		
SUBTRACT Fair Value Adjustments	(1,235)	(54,159)	
Unexpended grants & contributions received during the year			
ADD Unexpended Specific Purpose Grants	-		
ADD Developer Contributions	-	-	
SUB TOTAL of ADJUSTMENTS		(28,543)	(28,543)
ESTIMATED ANNUAL WORKING FUNDS RESULT SURPLUS/ (DEFICIT)			-

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Income & Expenses

	ORIGINAL Budget 2016/17 \$'000	Approved	REVISED Budget \$'000	Recommended	Notes	PROJECTED	ACTUAL YTD \$'000
		Changes Sept Review \$'000		changes for Council Resolution \$'000		year end Result 2016/17 \$'000	
INCOME							
<i>Rates and Annual Charges</i>	149,593	-	149,593	81	1	149,674	150,059
<i>User Charges and Fees</i>	41,174	(109)	41,065	676	2	41,741	17,548
<i>Interest and Investment Revenue</i>	2,858	-	2,858	169	3	3,027	113
<i>Investment Revaluation Gains</i>	-	-	-	-	-	-	-
<i>Other Revenues</i>	12,480	(88)	12,392	144	4	12,536	8,511
<i>Grants & Contributions - Operating</i>	11,196	1,214	12,410	22	5	12,432	11,236
<i>Grants and Contributions - Capital</i>	20,928	3,258	24,186	274	6	24,460	5,034
<i>Net gain from the disposal of assets</i>	-	-	-	-	-	-	-
<i>Share of interests in joint ventures</i>	-	-	-	-	-	-	-
Total Income from continuing operations	238,229	4,275	242,504	1,366		243,870	192,501
EXPENSES							
<i>Employee costs</i>	99,104	(165)	98,939	548	7	99,487	46,734
<i>Borrowing Costs</i>	434	-	434	-	-	434	97
<i>Materials & Contracts</i>	36,309	1,482	37,791	506	8	38,297	23,787
<i>Depreciation</i>	27,383	-	27,383	-	-	27,383	13,692
<i>Other Expenses</i>	49,226	-	49,226	-	-	49,226	23,447
<i>Interest and Investment Losses</i>	-	-	-	-	-	-	-
<i>Net Loss from Disposal of Assets</i>	500	-	500	-	-	500	-
<i>Share of interests in joint ventures</i>	-	-	-	-	-	-	-
Total Expenses from continuing operations	212,956	1,317	214,273	1,054		215,327	107,757
Net Operating Result from continuing operations	25,273	2,958	28,231	312		28,543	84,744
Net Operating Result before capital items	4,345	(300)	4,045	38		4,083	79,710

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget

REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Recommended changes to revised budget

Attachment 3

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Notes to the Income & Expenses

Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1	A review of rates and annual charges has resulted in a immaterial increase of 0.05% from increased strata subdivision activity.
2	A review of other user charges and fees has resulted in a immaterial increase of 1.65%. The majority of the increase relates to development assessment, design services and compliance income (\$564K) which has been increased to offset salary increases in these areas.
3	Investment income has been increased by 5.91% to reflect the additional income anticipated from higher than originally anticipated investment funds, primarily from internally restricted assets held, and marginally higher investment rates attained during the year to date.
4	Other revenue has been increased by 1.16% to reflect current trends as well as offset increases in materials in the recovery of infrastructure clean fill disposal.
5	A review of operating grants and contributions has resulted in a immaterial increase of 0.18%.
6	Capital grants and contributions have been increased by 1.13% to reflect the proposed amendments from the Capital Capacity Review. Significant amongst the adjustments is the RMS Road Repair Grant (\$300K) for The Boulevard, GyMEA. Detail of the variations are contained in Attachment 6.
7	A review of employee costs has resulted in a immaterial increase of 0.55%. These increases primarily relate to development assessment, design services and compliance and are offset by increases in user fees and charges (see Note 2 above).
8	Materials expenditure has been increased by 1.34%. Significant contribution to this increase is in the area of tree maintenance (\$224K) and legal expenses (\$150K). Other increases have been in the main offset by increases in Other Revenues or are reallocation of capital funds to maintenance.

Budget review for the quarter ended - 31 December 2016

Capital Budget

	ORIGINAL Budget 2016/17 \$'000	Approved		Recommended changes for Council Resolution \$'000	Notes	PROJECTED		
		Changes				REVISSED Budget \$'000	year end Result 2016/17 \$'000	ACTUAL YTD \$'000
		Sept Review \$'000						
CAPITAL EXPENDITURE								
<i>New Assets</i>								
- Plant and Equipment	3,331	1,165	4,496	-		4,496	753	
- Land and Buildings	3,809	427	4,236	276	1	4,512	841	
- Roads, Bridges, Footpaths, Drainage	2,929	2,875	5,804	403	2	6,207	1,700	
- Waterways & Bate Bay	-	-	-	-		-	20	
- Passive Recreation	1,158	497	1,655	359	3	2,014	283	
- Sporting Facilities	3,618	2,435	6,053	(138)	4	5,915	2,031	
<i>Renewals (Replacement)</i>								
- Plant and Equipment	-	11	11	-		11	-	
- Land and Buildings	6,246	1,933	8,179	(628)	5	7,551	1,078	
- Roads, Bridges, Footpaths, Drainage	17,794	4,132	21,926	1,021	6	22,947	3,556	
- Waterways & Bate Bay	4,103	(1,295)	2,808	(1,040)	7	1,768	778	
- Passive Recreation	3,249	1,005	4,254	320	8	4,574	1,709	
- Sporting Facilities	2,123	1,527	3,650	-		3,650	465	
<i>Loan Repayments (principal)</i>	1,813	-	1,813	-		1,813	-	
TOTAL CAPITAL EXPENDITURE	50,173	14,712	64,885	573		65,458	13,214	
CAPITAL FUNDING								
Stormwater Levy	1,930	-	1,930	-		1,930	2,029	
SITA	3,295	934	4,229	415	9	4,644	(660)	
Other Capital Grants & Contributions	9,719	2,324	12,043	274	10	12,317	1,506	
<i>Internal Restrictions</i>								
- Works In Progress Reserve	-	4,088	4,088	-		4,088	-	
- Other	2,280	2,059	4,339	(204)	11	4,135	4	
<i>External Restrictions</i>								
- Developer Contributions	5,641	4,935	10,576	479	12	11,055	3,527	
- Stormwater Levy	-	651	651	-		651	-	
- Domestic Waste	350	112	462	(350)	13	112	-	
<i>Other Capital Funding Sources e.g.</i>								
- loans	-	-	-	-		-	-	
<i>Income from sale of assets</i>								
- plant and equipment	1,000	-	1,000	-		1,000	219	
- land and buildings	-	-	-	-		-	-	
TOTAL CAPITAL FUNDING	24,215	15,103	39,318	614		39,932	6,625	
NET CAPITAL FUNDING	25,958	(391)	25,567	(41)		25,526	6,589	

Carry over funding from the previous year has been identified in the September Budget Review.

Recommended changes to revised budget

Recommended/proposed changes to the capital budget are contained in Attachments 5 and 6.

Actual Year to Date Capital Expenditure

It should be noted that the actual capital expenditure figure above does not include numerous known contracted commitments valued currently at \$9.642 million, including the following major items:

Greenhill Sports Complex	2,128,045	Stormwater Maintenance	414,363
Roads to Recovery	1,281,360	Preventative Roads Maintenance	333,800
Heavy Vehicles	1,204,884	Parks Capital	239,854
Pavement Rehabilitation	988,900	Community Halls	142,021
Bridges Maintenance	583,701	Long Day Care	123,349
Playground Equipment	539,870	Footpaths	117,727
Sporting Facilities	530,158	Shopping Centre Upgrades	113,946

Attachment 5

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Notes to the Capital Budget

Recommended changes to revised budget

The majority of additional works included below relate to the December Capital Capacity Review (see Attachment 6). Significant additional works are identified in the commentary.

Notes	Details		
1	New Land & Buildings		
	December Capital Capacity Review (Attachment 6)	\$	306,875
	Transfer to other categories		(12,000)
	Program Works Reduction (in Operating Budget)		(19,000)
2	New Roads, Bridges, Footpaths, Drainage		
	December Capital Capacity Review (Attachment 6)	\$	332,000
	Transfer from other categories		70,998
3	New Passive Recreation		
	December Capital Capacity Review (Attachment 6)	\$	97,252
	Authorised Variation - PLN002-17 Kareela Flying Fox Camp Dispersal		130,000
	Increased Street Tree Planting (in Operating Budget) from additional income		131,475
4	New Sporting Facilities		
	December Capital Capacity Review (Attachment 6)	\$	(138,000)
5	Renew Land & Buildings		
	December Capital Capacity Review (Attachment 6)	\$	(348,914)
	Transfer from other categories (primarily to maintenance allocations)	\$	(279,275)
6	Renewal Roads, Bridges, Footpaths, Drainage		
	December Capital Capacity Review (Attachment 6)	\$	1,060,000
	Transfer to other categories	\$	(38,991)
7	Renewal Waterways and Bate Bay		
	December Capital Capacity Review (Attachment 6)	\$	(1,039,570)
8	Renewal Passive Recreation		
	December Capital Capacity Review (Attachment 6)	\$	330,231
	Transfer to other categories	\$	(10,000)
9	SITA Funding		
	December Capital Capacity Review (Attachment 6)	\$	415,000
10	Capital Grants & Contributions		
	December Capital Capacity Review (Attachment 6)	\$	274,489
11	Internal Restrictions/Reserves - December Capital Capacity Review (Attachment 6)		
	Long Day Care Operations	\$	40,000
	Community Facilities Fund	\$	14,000
	Capital Works Reserve	\$	(167,749)
	Property Fund	\$	(105,000)
	Retentions funds - Footpath Program	\$	14,507
12	Developer Contributions		
	December Capital Capacity Review (Attachment 6)	\$	478,700
13	Domestic Waste Reserve		
	December Capital Capacity Review (Attachment 6)	\$	(349,566)

Budget review for the quarter ended - 31 December 2016

Capital Capacity Review

Program - Job / Asset			2016/17 Dec Budget Review \$'000	Total Adjustment \$'000	Source of Funding						Comments
					General Fund / Capital Reserve	Contributions	Grants	Section 94	Transfer from Reserve	Property Fund	
New Land and Buildings											
GH0003	Greenhills Hockey Amenities Building Stage 1B	Additional Works	775,000	306,875				306,875			Funds required to deliver facility scoped by VPA
				306,875	-	-	-	306,875	-	-	
New Roads, Bridges, Footpaths and Drainage											
156051	Don Lucas Reserve Upper Shared Pathway Link	New Project	175,000	175,000				175,000			Stage 1 of the cycleway link - AC 80, PD17
162320	Beatrice Road Pedestrian Crossing, Jannali	New Project	97,000	97,000			97,000				Federal Black Spot funding received
162430	Sutherland Shire Way Finding Strategy	New Project	50,000	50,000	12,500		37,500				Grant details to be provided.
170220	Pinnacle Street street lighting design	New Project	10,000	10,000				10,000			Street Lighting design - Activity Code 75
				332,000	12,500	-	134,500	185,000	-	-	
New Passive Recreation											
PK0162	Como Pool Path	Additional Works	550,000	257,252				257,252			As per tender
161270	Cronulla coastal walkway extension (Don Lucas Reserve)	Rephased Works	40,000	(160,000)	(80,000)		(80,000)				Reflect expected cashflow of delivery
				97,252	(80,000)	-	(80,000)	257,252	-	-	
New Sporting Facilities											
154291	Waratah AFL/cricket field (Lincoln oval) - Development to Regional AFL facility	Additional Works	1,125,821	200,000	135,000					65,000	Transfer \$135k from Capital Works Reserve and \$65k from SITA
154290	Waratah Park Sports Complex masterplan	Program Reduction	-	(18,000)	(18,000)						Masterplan to be prepared based on service needs following Shire Life Strategy
162870	Jenola Park Playing Fields Concept Design	Rephased Works	30,000	(70,000)			(70,000)				Consideration of design & co-located works by RMS
SP0126	The Ridge Off Road Bike Park (BMX Park)	Rephased Works	697,000	(250,000)						(250,000)	Reflect expected cashflow of delivery
				(138,000)	117,000	-	-	(70,000)	-	-	(185,000)
Renew Land and Buildings											
161471	Sandy Point RFS - Building Replacement Construction phase	New Project	350,000	350,000		350,000					Works to begin in May 2016 and complete 2017/18 budget
174320	Libraries - Supply and installation of Book Chutes	Additional Works	58,000	14,000					14,000		Transfer from Community Facilities Fund
164220	Moore St LDCC Cabinetry Replacement	New Project	40,000	40,000					40,000		Transfer from Childrens Services
155230	Scylla Bay - Como Jannali RLFC Replacement and amenities building	Rephased Works	1,250,000	(273,184)	(150,000)		(123,184)				Reflect cashflow of expected July completion
155790	Design for Internal Refurbishment of Central Library - Sutherland	Program Reduction	2,526	(97,474)			(97,474)				Site under consideration. Will be relisted
155910	Cronulla Plaza Mall Kiosks - Structural Steel Replacement	Program Reduction	-	(30,000)						(30,000)	Works not proceeding due to Cronulla Plaza Masterplan
162890	Bath Road Depot - Perimeter Fencing and Gate Renewal	Rephased Works	434	(349,566)					(349,566)		Works on hold until the Accommodation Plan is finalised
163520	Glen Magrath Oval Public Toilet Sewer Relining/replacement works	Project Saving	12,310	(2,690)	(2,690)						Project Saving
				(348,914)	(152,690)	350,000	-	(220,658)	(295,566)	(30,000)	-
Renew Roads, Bridges, Footpaths and Drainage											
143191	Sylvania Shopping Centre Upgrade - Investigation and Design	Additional Works	1,540,626	600,000						600,000	As per tender
153290	The Boulevardde, Gynea - Regional Road	Additional Works	661,000	300,000			300,000				Road Repair RMS grants
154860	Program: RMS Traffic Facilities Linemarking and Signposting Unplanned Renewals	Additional Works	420,000	10,000			10,000				Additional grant funds received
156460	Drainage Investigation - 231-237 Prices Circuit, Worongora	Additional Works	530,000	75,000	75,000						Transfer from Capital Works Reserve
170830	Program - Tree Pruning and Branch Lopping - Pavement Rehabilitation	Additional Works	50,000	50,000	50,000						Urgent for rehabilitation program.
174180	Flora Street Sutherland Stage 5 - Mc Cubbins Lane to Muston Lane	Additional Works	25,000	25,000				25,000			Transfer from Capital Works Reserve Design drawings + PM fees -Activity code 80 - PD15
				1,060,000	125,000	-	310,000	25,000	-	-	600,000

Capital Capacity Review

Program - Job / Asset	2016/17 Dec Budget Review \$'000	Total Adjustment \$'000	Source of Funding							Comments
			General Fund / Capital Reserve	Contributions	Grants	Section 94	Transfer from Reserve	Property Fund	SITA	

Renew Waterways and Bate Bay

164780	Bonna Point pontoon storm damage repair	Additional Works	326,101	139,139	19,441			119,698					Additional funds to repair Pontoon following June 2016 storm damage
164790	Bundeena Wharf storm damage repair	Program Reduction	103,419	(7,699)				(7,699)					Grant claim for repairs reduced
151221	Old Ferry Road Reserve upgrade stage 2	Program Reduction	88,089	(75,000)						(75,000)			Funding removed by Mot009-17
151221	Old Ferry Road Reserve upgrade stage 2	Rephased Works	88,089	(145,000)				(145,000)					Tender and budget review required
152860	Holts Point Place boat ramp	Program Reduction	6,000	(41,010)	(19,000)			(22,010)					Project has been cancelled
152670	Sylvania wharf upgrade	Rephased Works	76,060	(250,000)	(200,000)			(50,000)					Reflect cashflow of expected July completion
152190	Scylla Bay boat ramp and pontoon upgrade	Rephased Works	50,000	(300,000)				(150,000)	(150,000)				Reflect expected cashflow of delivery
152230	Tonkin Oval boat ramp and wharf upgrade	Rephased Works	124,911	(320,000)				(160,000)	(160,000)				Reflect expected cashflow of delivery
152830	Bonnet Bay pontoon and car park upgrade	Rephased Works	10,000	(40,000)	(15,000)			(25,000)					Reflect expected cashflow of delivery
				(1,039,570)	(214,559)	-		(440,011)	(310,000)	-	(75,000)	-	

Renew Passive Recreation

174310	Oak Park Barbecue renewal	Additional Works	25,000	25,000	25,000								Transfer from Capital Works Reserve
PE0064	Roger Summers Playground Stage II - Bundeena	Additional Works	1,805,000	132,258					132,258				Funds for Approved Variations and planned recoveries. Report has been sent to Shire Infrastructure Committee
152250	Joseph Banks Native Reserve Stage 2 - Picnic area & Pond	Additional Works	800,000	297,973					297,973				As per tender
152530	Como Heritage Environment Trail - CHET	Rephased Works	116,000	(125,000)					(125,000)				Reflect Delivery roll out
				330,231	25,000	-		-	305,231	-	-	-	

TOTAL	599,874	(167,749)	350,000	(75,511)	478,700	(295,566)	(105,000)	415,000
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Additional Works and New Projects	3,154,497	316,941	350,000	564,198	1,204,358	54,000	-	665,000
Write Backs/Savings/Project Reductions	(271,873)	(39,690)	-	(29,709)	(97,474)	-	(105,000)	-
Proposed Re-Phasing of Works	(2,282,750)	(445,000)	-	(610,000)	(628,184)	(349,566)	-	(250,000)

TOTAL	599,874	(167,749)	350,000	(75,511)	478,700	(295,566)	(105,000)	415,000
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SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Cash & Investments

	Opening Balance 1.7.16 \$'000	2016/17 Budget Movements	ORIGINAL Budget 2016/17 \$'000	Approved	REVISSED Budget \$'000	Recommended changes for Council Resolution \$'000	PROJECTED	ACTUAL YTD \$'000
				Changes Sept Review \$'000			year end Result 2016/17 \$'000	
UNRESTRICTED	1,000	-	1,000	-	1,000	-	1,000	30,768
EXTERNALLY RESTRICTED								
<i>Developer contributions</i>	33,109	4,234	37,343	(4,935)	32,408	(479)	31,929	37,942
<i>Special purpose grants</i>	30	-	30	-	30	-	30	30
<i>Domestic waste management</i>	10,544	(350)	10,194	(112)	10,082	350	10,432	10,432
<i>Stormwater Management</i>	716	-	716	(651)	65	-	65	65
TOTAL EXTERNALLY RESTRICTED	44,399	3,884	48,283	(5,698)	42,585	(129)	42,456	48,469
INTERNALLY RESTRICTED								
<i>Anzac Youth & Recreation</i>	50	-	50	-	50	-	50	50
<i>Before & After School Care</i>	239	-	239	-	239	-	239	239
<i>Building Damage Deposits</i>	9,800	-	9,800	-	9,800	-	9,800	9,800
<i>Business Accelerator IT & Furniture</i>	189	-	189	(119)	70	-	70	70
<i>Capital Works Reserve</i>	4,068	(1,195)	2,873	(774)	2,099	167	2,266	2,266
<i>Child Care Centre</i>	1,798	(270)	1,528	(613)	915	(40)	875	875
<i>Community Facilities</i>	594	-	594	(482)	112	(14)	98	98
<i>Cronulla Plaza Refurbishment</i>	104	-	104	(39)	65	-	65	65
<i>Cronulla Waste Water Reuse Scheme</i>	90	20	110	-	110	-	110	110
<i>Elections</i>	702	(702)	-	-	-	-	-	-
<i>Emergency Services Infrastructure</i>	301	-	301	(145)	156	-	156	156
<i>Employee Leave Entitlements</i>	4,552	(209)	4,343	-	4,343	-	4,343	4,343
<i>Energy Audit Upgrade</i>	2,150	-	2,150	(160)	1,990	-	1,990	1,990
<i>Entertainment Audio Visual System</i>	72	-	72	(11)	61	-	61	61
<i>Family Day Care</i>	7	-	7	-	7	-	7	7
<i>Future Budgets Reserve</i>	2,601	(2,309)	292	139	431	28	459	459
<i>Hazelhurst Gallery Upgrade</i>	55	-	55	-	55	-	55	55
<i>Kareela Oval Upgrade Works</i>	2	-	2	-	2	-	2	2
<i>Kindergarten Upgrades</i>	166	-	166	-	166	-	166	166
<i>Land Acquisitions/ Easements</i>	100	-	100	(15)	85	-	85	85
<i>Leisure Centres</i>	892	(120)	772	66	838	-	838	838
<i>Library Improvement</i>	945	-	945	-	945	-	945	945
<i>Long Day Care Maternity Leave</i>	383	-	383	-	383	-	383	383
<i>Office Automation</i>	1,364	-	1,364	-	1,364	-	1,364	1,364
<i>Parks Capital Reserve</i>	44	-	44	(44)	-	-	-	-
<i>Plant Replacement Reserve</i>	765	-	765	-	765	-	765	765
<i>Property Development</i>	1,730	698	2,428	550	2,978	105	3,083	3,083
<i>SITA Funding</i>	-	4,030	4,030	(934)	3,096	(415)	2,681	2,681
<i>Sporting Facilities Development Fund</i>	1,000	-	1,000	-	1,000	-	1,000	1,000
<i>Surf Club Infrastructure Works</i>	65	-	65	-	65	-	65	65
<i>Sutherland Entertainment Redevelopment</i>	257	-	257	-	257	-	257	257
<i>Tennis Facilities</i>	170	-	170	-	170	-	170	170
<i>Vacation Care</i>	4	-	4	-	4	-	4	4
<i>Works In Progress</i>	2,462	-	2,462	(2,462)	-	-	-	-
TOTAL INTERNALLY RESTRICTED	37,721	(57)	37,664	(5,043)	32,621	(169)	32,452	32,452
TOTAL RESTRICTED	82,120	3,827	85,947	(10,741)	75,206	(298)	74,908	80,921
TOTAL CASH & INVESTMENTS	83,120	3,827	86,947	(10,741)	76,206	(298)	75,908	111,689
AVAILABLE CASH	1,000	-	1,000	-	1,000	-	1,000	30,768

Notes:

The available cash position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by council for general operations. Internal restrictions are funds that council has determined will be used for a specific future purpose.

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget

REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Comment on cash and investments position

Comments as per monthly Cash & Investments Report to Council.

Recommended changes to revised budget

No major impacts on original budgets at September review.

Statements:Investments

Restricted funds are invested in accordance with adopted budget and current cash investment policy.

Cash

The reconciliation of cash with the bank statement is monitored daily and is completed and signed off at the end of each month and reported to Council as part of the monthly Cash & Investments report. The last completed bank reconciliation was 31 December 2016.

Attachment 8

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Contracts

Contractor	Contract detail & purpose	Contract value \$	Commencement date	Duration of contract	Budgeted (Y/N)
Polytan Asia Pacific Pty Ltd	T641/16 Sylvania Waters Athletics Track Resurfacing	896,766	13/02/2017	3 months	Y
Antoun Civil Engineers (Aust) Pty Ltd	T667/16 Design and Construction of the Woollooware Bay Shared Pathway, Stage 6	4,974,604	16/01/2017	7 months	Y
Glenn Simpson Landscapes Pty Ltd	T649/16 Como Pool Path Stage 2 - Detail Design and Construction	244,333	6/02/2017	2 months	Y
Quality Management & Constructions Pty Ltd	T669/16 Sylvania Shopping Centre Upgrade	1,302,762	16/01/2017	4 months	Y
CRS Industrial Water Treatment Pty Ltd ATF Kelly Family Trust	T670/16 Design and Install a Water Filtration System at The Ridge Golf Course	149,160	6/02/2017	2 months	Y
Glenn Simpson Landscapes Pty Ltd	T650/16 Joseph Banks Native Plants Reserve Stages 2 & 3 - Picnic Areas and Ponds	498,256	6/02/2017	4 months	Y

Notes

1. Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.
2. Contracts to be listed are those entered into during the quarter and have yet to be fully performed, excluding contractors that are on Council's preferred supplier list).
3. Contracts for employment are not required to be included.
4. Where a contract for services etc was not included in the budget, an explanation is to be given (or reference made to an explanation in another Budget Review Statement).
5. The above Contract Values are inclusive of GST.

This document forms part of Sutherland Council's Quarterly Budget Review Statement for the quarter ended 31/12/16 and should be read in conjunction with other documents in the QBRS.

Attachment 9

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Consultancy and Legal expenses

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	<u>825,030</u>	<u>Y</u>
Legal Fees	<u>91,448</u>	<u>Y</u>

Definition of consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

NOTES:

Where any expenses for Consultancy or Legal fees (including Code of Conduct expenses) have not been budgeted for, an explanation is to be given. Report is based on external expenses only (not internal expenses).

Attachment 10

SUTHERLAND SHIRE COUNCIL

Budget review for the quarter ended - 31 December 2016

Budget Review Key Performance Indicators

Council has identified two key financial performance indicators that provides an indication of its current financial position and long term financial sustainability.

The indicators are:

<u>Unrestricted Current Ratio</u>		<u>Debt Service Ratio</u>	
Estimated as at 30 June 2017	1.69	Estimated as at 30 June 2017	14.30%
Actual as at 30 June 2016	1.86	Actual as at 30 June 2016	10.65%

Note: Unrestricted Current Ratio is projected for the year end result.
The figure is an unrealistic ratio at any other point in time due to many factors.

GOV015-17 COUNCILLORS STRATEGIC PLANNING WORKSHOP

Attachments: Nil

EXECUTIVE SUMMARY

- Councillors participated in a Strategic Planning Workshop on 4 - 6 November 2016.
- The purpose of the workshop was for Councillors to articulate their vision for the 2016 - 2020 term of Council in preparation of the new Community Strategic Plan.
- The workshop was moderated by an independent facilitator to manage both the process and the interactions, and to create a favourable environment to optimise the time and ensure all views were given consideration.
- The workshop identified the importance of Council maintaining strategic focus, strategic asset management and financial sustainability in the delivery of services and infrastructure.
- The workshop forms an important component of Council's preparation of delivery strategies under the Integrated Planning and Reporting Framework.

REPORT RECOMMENDATION

That the outcomes from the 2016 Strategic Planning Workshop be endorsed and incorporated in the preparation of the Community Strategic Plan and various delivery strategies under the Integrated Planning and Reporting Framework.

PURPOSE

The purpose of this report is to provide details regarding the outcomes of the Councillors Strategic Planning Workshop which was held from Friday 4 November to Sunday 6 November 2016 and to draw on the weekend's discussions to inform areas for further focus.

BACKGROUND

During their elected term, Councillors attend Strategic Planning Workshops so that they can exercise both creativity and rationality in articulating their vision for the future. As many Councillors have daytime commitments, weekday workshops are not a viable option for such a process. Evening workshops are also not conducive to intense examination of issues and do not allow sufficient time for thorough discussion, therefore the workshop was held on a weekend.

DISCUSSION

The Strategic Planning workshop provided Councillors and senior management the appropriate time and space to reflect on strategic future directions of Council. The workshop was moderated by an independent facilitator who could manage both the process and the interactions, and create a favourable environment to optimise the time and ensure all views were given consideration. In this regard, Council engaged the services of Elizabeth Darlison of The Miller Group. Ms Darlison has 20 years working experience as the Director of the Miller Group who are Social, Policy and Management Consultants. Ms Darlison has extensive experience in high-level specialised governance and strategic planning work with boards. The agenda and format for the workshop was developed by Ms Darlison following discussions with Councillors.

The workshop sessions were used for discussion and the provision of information regarding:

- Council's core services and purpose;
- Community expectations;
- The Integrated Planning and Reporting framework;
- The implications of the existing and projected demographic profile of the Sutherland Shire on Council's delivery of services and infrastructure;
- Planning for growth;
- Identification and effectiveness of services at the right level;
- Evidence based decision making and engagement with the community;
- Innovation and opportunity for infrastructure within a 'digital city';
- Council's current asset management and future needs;
- Financial principles within local government;
- Reflections on international city growth and development;
- Council's preferred risk profile; and
- Key risks and mitigation strategies for the Council and the community.

From the sessions, Councillors agreed that the following strategic risk areas are important:

- Strategic focus;
- Strategic asset management;
- Financial sustainability;
- Business intelligence;
- Innovation;
- Market developments;
- Project execution; and
- Environment and brand reputation.

Particular emphasis was placed on a strategic focus, which must guide Council's decisions. It was identified that the why question should always be asked before embarking on a project, service or new facility/infrastructure. Further, the range and level of services Council provides and the assets supporting these services need to be financially sustainable. Council's Long Term Financial Plan must underpin all decisions.

Meaningful community engagement was identified as a key driver for the future success of the Shire and ongoing focus needs to be given to ensure Council remains in touch with the expectations of the community it serves.

The sessions provided an opportunity to reflect on ways to engage with the community to understand where we want the Shire to be, what the Council should start doing, stop doing and keep doing. This included the preparation of a detailed SWOT analysis that identified natural environment, tourism, lifestyle and employment opportunities, housing affordability and the capacity of infrastructure to accommodate necessary growth.

In respect of the future actions for each matter discussed, the relevant Division will undertake initial investigations prior to providing information to Council through reports, briefings, etc. about what opportunities may exist for their achievement over the Council term.

BUDGET AND RESOURCES

The hosting of the Councillors Strategic Planning Workshop is funded from within existing resources and does not have an impact on the current budget. There may be future budgetary implications as and when Council moves forward with its key priorities.

POLICY

The Councillor workshop is a discussion forum only. There is no policy implications associated with this report.

CONCLUSION

The time and effort devoted to the Strategic Planning Workshop was valuable and worthwhile. The workshop led to Councillors determining the way forward for the preparation of the new Community Strategic Plan and related delivery strategies to fulfil Council's requirements under the Integrated Planning and Reporting framework. The sessions identified the need for further research and reports in order to move ahead with Councillor priorities for the term of Council.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the General Manager, Scott Phillips, who can be contacted on 9710 0359.

File Number: 2016/252460