

## Ordinary Meeting

**Meeting Date:** Monday, 22 April, 2024

**Location:** Council Chambers, City Administrative Building, Bridge Road, Nowra

## Attachments (Under Separate Cover)

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# Councillor Expenses and Facilities Policy

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Councillor Expenses and Facilities Policy

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## Councillor Expenses and Facilities Policy

### Policy Summary

This policy enables the reasonable and appropriate reimbursement of expenses and provision of facilities to councillors to help them undertake their civic duties.

It ensures accountability and transparency and seeks to align councillor expenses and facilities with community expectations. Councillors must not obtain private or political benefit from any expense or facility provided under this policy.

The policy has been prepared in accordance with the Local Government Act 1993 (the Act) and Local Government (General) Regulation 2021 (the Regulation) and complies with the Office of Local Government's Guidelines for the payment of expenses and provision of facilities to Mayors and Councillors in NSW.

The policy sets out the maximum amounts council will pay for specific expenses and facilities. Expenses not explicitly addressed in this policy will not be paid or reimbursed.

The main expenses and facilities are summarised in the table below. All monetary amounts are exclusive of GST.

Expense or facility	Maximum Amount	Frequency
General travel expenses	As per the Local Government State Award – Kilometres Rate	Per year
Interstate, overseas and long distance intrastate travel expenses	To be approved by Council by resolution. Capped at \$10,000 per councillor for all National and State associated travel (MIN23.688)	Per year
Accommodation and meals	As per the ATO Guidelines (Determination).	Per meal/night
Professional development	\$4,000 per councillor	Per year
Conferences and seminars	\$65,000 total for all councillors \$5,000 per councillor	Per year
ICT expenses	As approved by CEO	Per year
Carer expenses	\$3,000 for Childcare per councillor \$2,000 for Carer per councillor	Per year
Home office expenses	\$1,600 per councillor	Per term
Christmas or festive cards and correspondence	Electronic only via subscription system.	Not relevant
Access to facilities in a Councillor common room [where applicable Clause 9.2]	Provided to all councillors	Not relevant
Incidentals	Provided to all councillors	Not Relevant

#### Councillor Expenses and Facilities Policy

Council vehicle and fuel card [where applicable Clause 10]	Provided to the mayor	Not relevant
Reserved parking space at Council offices	Provided to the mayor and councillors	Not relevant
Furnished office [where applicable Clause 10]	Provided to the mayor	Not relevant
Number of exclusive staff supporting Mayor and Councillors [where applicable Clause 10]	Provided to the mayor and councillors	Not relevant

Additional costs incurred by a councillor in excess of these limits are considered a personal expense that is the responsibility of the councillor.

Councillors must provide claims for reimbursement within three months of an expense being incurred. Claims made after this time cannot be approved.

Detailed reports on the provision of expenses and facilities to councillors will be publicly tabled at a council meeting every six months and published in full on council's website. These reports will include expenditure summarised by individual councillor and as a total for all councillors.

### Part A – Introduction

#### 1. Introduction

- 1.1 The provision of expenses and facilities enables councillors to fulfil their civic duties as the elected representatives of Shoalhaven City council.
- 1.2 The community is entitled to know the extent of expenses paid to councillors, as well as the facilities provided.
- 1.3 The purpose of this policy is to clearly state the facilities and support that are available to councillors to assist them in fulfilling their civic duties.
- 1.4 Council staff are empowered to question or refuse a request for payment from a councillor when it does not accord with this policy.
- 1.5 Expenses and facilities provided by this policy are in addition to fees paid to councillors. The minimum and maximum fees a council may pay each councillor are set by the Local Government Remuneration Tribunal as per Section 241 of the Act and reviewed annually. Council must adopt its annual fees within this set range.

#### 2. Policy Objectives

- 2.1. The objectives of this policy are to:
  - enable the reasonable and appropriate reimbursement of expenses incurred by councillors while undertaking their civic duties
  - enable facilities of a reasonable and appropriate standard to be provided to councillors to support them in undertaking their civic duties

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- ensure accountability and transparency in reimbursement of expenses and provision of facilities to councillors
- ensure facilities and expenses provided to councillors meet community expectations
- support a diversity of representation
- fulfil the council's statutory responsibilities.

### 3. Principles

#### 3.1. Council commits to the following principles:

- Proper conduct: councillors and staff acting lawfully and honestly, exercising care and diligence in carrying out their functions
- Reasonable expenses: providing for councillors to be reimbursed for expenses reasonably incurred as part of their role as councillor
- Participation and access: enabling people from diverse backgrounds, underrepresented groups, those in carer roles and those with special needs to serve as a Councillor
- Equity: there must be equitable access to expenses and facilities for all councillors
- Appropriate use of resources: providing clear direction on the appropriate use of council resources in accordance with legal requirements and community expectations
- Accountability and transparency: clearly stating and reporting on the expenses and facilities provided to councillors.

### 4. Private or political benefit

- 4.1. Councillors must not obtain private or political benefit from any expense or facility provided under this policy.
- 4.2. Private use of council equipment and facilities by councillors may occur from time to time. For example, telephoning home to advise that a council meeting will run later than expected.
- 4.3. Such incidental private use does not require a compensatory payment back to council.
- 4.4. Councillors should avoid obtaining any greater private benefit from Council than an incidental benefit. Where there are unavoidable circumstances and more substantial private use of council facilities does occur, councillors must reimburse the council.
- 4.5. Campaigns for re-election are considered to be a political benefit. The following are examples of what is considered to be a political interest during a re-election campaign:
  - production of election material
  - use of council resources and equipment for campaigning
  - use of official council letterhead, publications, websites or services for political benefit
  - fundraising activities of political parties or individuals, including political fundraising events.

## Part B – Expenses

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**Councillor Expenses and Facilities Policy**

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**5. General Expenses**

- 5.1. All expenses provided under this policy will be for a purpose specific to the functions of holding civic office. Allowances for general expenses are not permitted under this policy.
- 5.2. Expenses not explicitly addressed in this policy will not be paid or reimbursed.

**6. Specific Expenses****General travel arrangements and expenses**

- 6.1. All travel by councillors should be undertaken using the most direct route and the most practicable and economical mode of transport.
- 6.2. Each councillor may be reimbursed in accordance with the Local Government State Award Kilometre Rate, for travel expenses incurred while undertaking official business or professional development or attending approved conferences and seminars within NSW. This includes reimbursement:
  - for public transport fares
  - for the use of a private vehicle or hire car
  - for parking costs for Council and other meetings
  - for tolls
  - by Cab charge card or equivalent
  - for documented ride-share programs, such as Uber, where tax invoices can be issued.
- 6.3. Councillors seeking to be reimbursed for use of a private vehicle must keep a log book recording the date, distance and purpose of travel being claimed. Copies of the relevant log book contents must be provided with the claim.

**Interstate, overseas and long distance intrastate travel expenses**

- 6.4. In accordance with Section 4, Council will scrutinise the value and need for councillors to undertake overseas travel. Councils should avoid interstate, overseas and long distance intrastate trips unless direct and tangible benefits can be established for the council and the local community. This includes travel to sister and friendship cities.
- 6.5. Total interstate, overseas and long distance intrastate travel expenses for all councillors will be required to be approved by Council by resolution.
- 6.6. National and State associated travel will be capped at \$10,000 per councillor for (MIN23.688).
- 6.7. Councillors seeking approval for any interstate and long distance intrastate travel must submit a case to, and obtain the approval of, the CEO prior to travel.
- 6.8. Councillors seeking approval for any overseas travel must submit a case to, and obtain the approval of, a full council meeting prior to travel.
- 6.9. The case should include:
  - objectives to be achieved in travel, including an explanation of how the travel aligns with current council priorities and business, the community benefits which will accrue as a result, and its relevance to the exercise of the councillor's civic duties

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- who is to take part in the travel
  - duration and itinerary of travel
  - a detailed budget including a statement of any amounts expected to be reimbursed by the participant/s.
- 6.10. For interstate and long distance intrastate journeys by air of less than three hours, the class of air travel is to be economy class.
- 6.11. For interstate journeys by air of more than three hours, the class of air travel may be premium economy.
- 6.12. For international travel, the class of air travel is to be premium economy if available. Otherwise, the class of travel is to be economy.
- 6.13. Bookings for approved air travel are to be made through the **CEO's** office.
- 6.14. For air travel that is reimbursed as council business, councillors will not accrue points from the airline's frequent flyer program. This is considered a private benefit.

#### Travel expenses not paid by Council

- 6.15. Council will not pay any traffic or parking fines or administrative charges for road toll accounts.

#### Accommodation and meals

- 6.16. In circumstances where it would introduce undue risk for a councillor to travel to or from official business in the late evening or early morning, reimbursement of costs for accommodation and meals on the night before or after the meeting may be approved by the CEO. This includes where a meeting finishes later than 9.00pm or starts earlier than 7.00am and the councillor lives more than 50 kilometres from the meeting location.
- 6.17. Council will reimburse costs for accommodation and meals while councillors are undertaking prior approved travel or professional development outside **the Shoalhaven**.
- 6.18. The daily limits for accommodation and meal expenses within Australia are to be consistent with those set out in Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.

Rates as at May 2022 are as follows:

Expenses	Amount
Accommodation and meals (Sydney)	\$324.45
Accommodation and meals (Country)	Depending on location \$240.15 to \$556.45
Breakfast – one day journey (Sydney)	\$28.70
Breakfast – one day journey (Country)	\$25.75
Lunch – one day journey (Sydney)	\$32.30

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Lunch – one day journey (Country)	\$29.35
Dinner – one day journey (Sydney)	\$55.05
Dinner – one day journey (Country)	\$50.65

6.19. The daily limits for accommodation and meal expenses outside Australia are to be determined in advance by the **CEO**, being mindful of Clause **6.18**.

6.20. Councillors will not be reimbursed for alcoholic beverages.

#### Refreshments for council related meetings

6.21. Appropriate refreshments will be available for council meetings, council committee meetings, councillor briefings, approved meetings and engagements, and official council functions as approved by the **CEO**.

6.22. As an indicative guide for the standard of refreshments to be provided at council related meetings, the **CEO** must be mindful of Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.

#### Professional development

6.23. Council will set aside **\$4,000** per councillor annually in its budget to facilitate professional development of councillors through programs, training, education courses and membership of professional bodies.

6.24. In the first year of a new council term, Council will provide a comprehensive induction program for all councillors which considers any guidelines issued by the Office of Local Government (OLG). The cost of the induction program will be in addition to the ongoing professional development funding.

6.25. Annual membership of professional bodies will only be covered where the membership is relevant to the exercise of the councillor's civic duties, the councillor actively participates in the body and the cost of membership is likely to be fully offset by savings from attending events as a member.

6.26. Approval for professional development activities is subject to a prior written request to the **CEO** outlining the:

- details of the proposed professional development
- relevance to council priorities and business
- relevance to the exercise of the councillor's civic duties.

6.27. In assessing a councillor request for a professional development activity, the **CEO** must consider the factors set out in Clause 6.26, as well as the cost of the professional development in relation to the councillor's remaining budget.

#### Conferences and seminars

6.28. Council is committed to ensuring its councillors are up to date with contemporary issues facing council and the community, and local government in NSW.

6.29. Council will set aside a total amount of **\$65,000** annually (**\$5,000 per councillor**) in its budget to facilitate councillor attendance at conferences and seminars. This allocation

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is for all councillors. The **CEO** will ensure that access to expenses relating to conferences and seminars is distributed equitably.

- 6.30. Approval to attend a conference or seminar is subject to a written request to the **CEO**. In assessing a councillor request, the **CEO** must consider factors including the:
- relevance of the topics and presenters to current council priorities and business and the exercise of the councillor's civic duties
  - cost of the conference or seminar in relation to the total remaining budget.
- 6.31. Council will meet the reasonable cost of registration fees, transportation and accommodation associated with attendance at conferences approved by the CEO. Council will also meet the reasonable cost of meals when they are not included in the conference fees. Reimbursement for accommodation and meals not included in the conference fees will be subject to Clauses **6.18-6.20**.
- 6.32. After returning from a conference or seminar, councillors, or an accompanying member of council staff, shall provide a written report to council and that councillors submit that report within four weeks of attending a conference or seminars with the exception of Local Government NSW (LGNSW) and Australian Government Association (ALGA) at a Council Ordinary Meeting. MIN23.688

#### Information and communications technology (ICT) expenses

- 6.33. Suitable technology to conduct council business based on individual needs given access adequate access to geographical location as approved by the CEO.
- 6.34. Reimbursements will be made only for communications devices and services used for councillors to undertake their civic duties, such as:
- receiving and reading council business papers
  - relevant phone calls and correspondence
  - diary and appointment management.
- 6.35. Councillors may seek reimbursement for applications on their mobile electronic communication device that are directly related to their duties as a councillor, within the maximum limit.

#### Special requirement and carer expenses

- 6.36. Council encourages wide participation and interest in civic office. It will seek to ensure council premises and associated facilities are accessible, including provision for sight or hearing impaired councillors and those with other disabilities.
- 6.37. Transportation provisions outlined in this policy will also assist councillors who may be unable to drive a vehicle.
- 6.38. In addition to the provisions above, the **CEO** may authorise the provision of reasonable additional facilities and expenses in order to allow a councillor with a disability to perform their civic duties.
- 6.39. Councillors who are the principal carer of a child or other elderly, disabled and/or sick immediate family member will be entitled to reimbursement of carer's expenses up to a maximum of **\$2,000 and a maximum of \$3,000 for childcare** per annum for attendance at official business, plus reasonable travel from the principal place of residence.

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- 6.40. Child care expenses may be claimed for children up to and including the age of 16 years where the carer is not a relative.
- 6.41. In the event of caring for an adult person, councillors will need to provide suitable evidence to the **CEO** that reimbursement is applicable. This may take the form of advice from a medical practitioner.

**Home office expenses**

- 6.42. Each councillor may be reimbursed up to **\$1,600** per **term** for costs associated with the maintenance of a home office, such as minor items of consumable stationery and printer ink cartridges.

**7. Insurances**

- 7.1 In accordance with Section 382 of the Local Government Act, Council is insured against public liability and professional indemnity claims. Councillors are included as a named insured on this Policy.
- 7.2 Insurance protection is only provided if a claim arises out of or in connection with the councillor's performance of his or her civic duties, or exercise of his or her functions as a councillor. All insurances are subject to any limitations or conditions set out in the policies of insurance.
- 7.3 Council shall pay the insurance policy excess in respect of any claim accepted by council's insurers, whether defended or not.
- 7.4 Appropriate travel insurances will be provided for any councillors travelling on approved interstate and overseas travel on council business.

**8. Legal assistance**

- 8.1. Council may, if requested, indemnify or reimburse the reasonable legal expenses of:
- a councillor defending an action arising from the performance in good faith of a function under the Local Government Act provided that the outcome of the legal proceedings is favourable to the councillor
  - a councillor defending an action in defamation, provided the statements complained of were made in good faith in the course of exercising a function under the Act and the outcome of the legal proceedings is favourable to the councillor
  - a councillor for proceedings before an appropriate investigative or review body, provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the matter has proceeded past any initial assessment phase to a formal investigation or review and the investigative or review body makes a finding substantially favourable to the councillor.
- 8.2. In the case of a code of conduct complaint made against a councillor, legal costs will only be made available where the matter has been referred by the **CEO** to a conduct reviewer and the conduct reviewer has commenced a formal investigation of the matter and makes a finding substantially favourable to the councillor.
- 8.3. Legal expenses incurred in relation to proceedings arising out of the performance by a councillor of his or her functions under the Act are distinguished from expenses incurred in relation to proceedings arising merely from something that a councillor has done during his or her term in office. For example, expenses arising from an



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investigation as to whether a councillor acted corruptly would not be covered by this section.

8.4. Council will not meet the legal costs:

- of legal proceedings initiated by a councillor under any circumstances
- of a councillor seeking advice in respect of possible defamation, or in seeking a non-litigious remedy for possible defamation
- for legal proceedings that do not involve a councillor performing their role as a councillor.

8.5. Reimbursement of expenses for reasonable legal expenses must have Council approval by way of a resolution at a council meeting prior to costs being incurred.

**Part C – Facilities****9. General facilities for all councillors****Facilities**

- 9.1. Council will provide the following facilities to councillors to assist them to effectively discharge their civic duties:
- a councillor common room appropriately furnished to include: photocopier, printer, desks, computer terminals, pigeon holes and appropriate refreshments (excluding alcohol)
  - access to shared car parking spaces while attending council offices on official business
  - personal protective equipment for use during site visits
  - a name badge which may be worn at official functions, indicating that the wearer holds the office of a councillor and/or mayor or deputy mayor.
- 9.2. Councillors may book meeting rooms for official business within the Nowra Administration Building at no cost. Rooms may be booked through the Councillor Support Officer.
- 9.3. The provision of facilities will be of a standard deemed by the CEO as appropriate for the purpose.

**Stationery**

- 9.4. Council will provide the following stationery to councillors each year:
- letterhead, to be used only for correspondence associated with civic duties
  - business cards
- 9.5. As per Section 4, stamps shall only be used to support a councillor's civic duties. Councillor mail will only be posted using the stamps provided. Any stamps not used will not be carried over to the next year's allocation.

**Administration support**

- 9.6. Council will provide administrative support to councillors to assist them with their civic duties only. Administrative support may be provided by staff in the mayor's office or by a member of council's administrative staff as arranged by the CEO or their delegate.

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- 9.7. As per Section 4, council staff are expected to assist councillors with civic duties only, and not assist with matters of personal or political interest, including campaigning.

#### 10. Additional facilities for the mayor

- 10.1 Council will provide to the mayor a maintained vehicle to a similar standard of other council vehicles, with a fuel card. The vehicle will be supplied for use on business, professional development and attendance at the mayor's office.
- 10.2 The mayor must keep a log book setting out the date, distance and purpose of all travel. This must include any travel for private benefit. The log book must be submitted to council on a monthly basis.
- 10.3 The mayoral allowance will be reduced to cover the cost of any private travel recorded in the log book, calculated on a per kilometre basis by the rate set by the Local Government (State) Award.
- 10.4 A parking space at council's offices will be reserved for the mayor's council-issued vehicle for use on official business, professional development and attendance at the mayor's office.
- 10.5 Council will provide the mayor with a furnished office incorporating a computer configured to council's standard operating environment, telephone and meeting space.
- 10.6 In performing his or her civic duties, the mayor will be assisted by a staff member to provide administrative and secretarial support, as determined by the CEO.
- 10.7 The number of exclusive staff provided to support the mayor and councillors will not exceed one full time equivalent.
- 10.8 As per Section 4, staff in the mayor's office are expected to work on official business only, and not for matters of personal or political interest, including campaigning.

#### Part D – Processes

#### 11. Approval, payment and reimbursement arrangements

- 11.1. Expenses should only be incurred by councillors in accordance with the provisions of this policy.
- 11.2. Approval for incurring expenses, or for the reimbursement of such expenses, should be obtained before the expense is incurred.
- 11.3. Up to the maximum limits specified in this policy, approval for the following may be sought after the expense is incurred:
- local travel relating to the conduct of official business
  - carer costs
- 11.4. Final approval for payments made under this policy will be granted by the CEO or their delegate.

#### Direct payment

- 11.5. Council may approve and directly pay expenses. Requests for direct payment must be submitted to the Governance Coordinator for assessment against this policy using the prescribed form, with sufficient information and time to allow for the claim to be assessed and processed.

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**Reimbursement**

- 11.6. All claims for reimbursement of expenses incurred must be made on the prescribed form, supported by appropriate receipts and/or tax invoices and be submitted to the **Governance Coordinator**.

**Advance payment**

- 11.7. No cash advance payments in advance are payable to Councillors in the course of their civic duties except in exceptional circumstances, as determined by the CEO.

**Notification**

- 11.8. If a claim is approved, council will make payment directly or reimburse the councillor through accounts payable.
- 11.9. If a claim is refused, council will inform the councillor in writing that the claim has been refused and the reason for the refusal.

**Reimbursement to Council**

- 11.10. If council has incurred an expense on behalf of a councillor that exceeds a maximum limit, exceeds reasonable incidental private use or is not provided for in this policy:
- council will invoice the councillor for the expense
  - the councillor will reimburse council for that expense within 14 days of the invoice date.
- 11.11. If the councillor cannot reimburse council within 14 days of the invoice date, they are to submit a written explanation to the **CEO**. The **CEO** may elect to deduct the amount from the councillor's allowance.

**Timeframe for reimbursement**

- 11.12. Unless otherwise specified in this policy, councillors must provide all claims for reimbursement within three months of an expense being incurred. Claims made after this time cannot be approved.

**12. Disputes**

- 12.1 If a councillor disputes a determination under this policy, the councillor should discuss the matter with the **CEO**.
- 12.2 If the councillor and the **CEO** cannot resolve the dispute, the councillor may submit a notice of motion to a council meeting seeking to have the dispute resolved.

**13. Return or retention of facilities**

- 13.1 All unexpended facilities or equipment supplied under this policy are to be relinquished immediately upon a councillor or mayor ceasing to hold office or at the cessation of their civic duties.
- 13.2 Should a councillor desire to keep any **home office equipment (excluding ICT equipment provided)** allocated by council, then this policy enables the councillor to make application to the **CEO** to purchase any such equipment. The **CEO** will determine an agreed fair market price or written down value for the item of equipment.
- 13.3 The prices for all equipment purchased by councillors under Clause 13.2 will be recorded in Council's annual report.

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**14. Publication**

- 14.1 This policy will be published on council's website.

**15. Reporting**

- 15.1. Council will report on the provision of expenses and facilities to councillors as required in the Act and Regulations.
- 15.2. Council at its meeting on 28 June 2011 (MIN11.674) resolved to disclose the following additional information to that prescribed in the Local Government (General) Regulation in the Annual Report.
- Legal Costs
  - Subsistence and out of pocket expenses
  - Travelling Expenses
  - Mayoral Vehicle
  - Printing and Stationary/Office Expenses
  - Council & Committee Meetings, Briefings, Meals & Sustenance
  - Secretarial Support
- 15.3. Detailed reports on the provision of expenses and facilities to councillors will be publicly tabled at a council meeting every six months and published in full on council's website. These reports will include expenditure summarised by individual councillor and as a total for all councillors.

**16. Auditing**

- 1.6 The operation of this policy, including claims made under the policy, will be included in council's audit program and an audit undertaken at least every two years.

**17. Breaches**

- 1.7 Suspected breaches of this policy are to be reported to the CEO.
- 1.8 Alleged breaches of this policy shall be dealt with by following the processes outlined for breaches of the Code of Conduct, as detailed in the Code and in the Procedures for the Administration of the Code.

**Part E – Appendices****18. Appendix I: Related legislation, guidance and policies****Relevant legislation and guidance:**

- Local Government Act 1993, Sections 252 and 253
- Local Government (General) Regulation 2021, Sections 217 and 403
- Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors in NSW, 2009

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- Local Government Circular 09-36 Guidelines for Payment of Expenses and Facilities
- Local Government Circular 05-08 legal assistance for Councillors and Council Employees.
- Ongoing Professional Development and Induction

#### Related Council policies:

- Code of Conduct
- Public Access to Council Information
- Councillor Interaction with Staff and Access to Information Policy
- Code of Meeting Practice

#### 19. Appendix II: Definitions

The following definitions apply throughout this policy.

Term	Definition
accompanying person	Means a spouse, partner or de facto or other person who has a close personal relationship with or provides carer support to a councillor
appropriate refreshments	Means food and beverages, excluding alcohol, provided by council to support councillors undertaking official business
Act	Means the <i>Local Government Act 1993</i> (NSW)
clause	Unless stated otherwise, a reference to a clause is a reference to a clause of this policy
Code of Conduct	Means the Code of Conduct adopted by Council or the Model Code if none is adopted
Councillor	Means a person elected or appointed to civic office as a member of the governing body of council who is not suspended, including the mayor
CEO	Means the <b>Chief Executive Officer (general manager)</b> of Council and includes their delegate or authorised representative
incidental personal use	Means use that is infrequent and brief and use that does not breach this policy or the Code of Conduct
long distance intrastate travel	Means travel to other parts of NSW of more than three hours duration by private vehicle
maximum limit	Means the maximum limit for an expense or facility provided in the text and summarised in Appendix 1
NSW	New South Wales
official business	Means functions that the mayor or councillors are required or invited to attend to fulfil their legislated role

**Councillor Expenses and Facilities Policy**

	<p>and responsibilities for council or result in a direct benefit for council and/or for the local government area, and includes:</p> <ul style="list-style-type: none"> <li>meetings of council and committees of the whole</li> <li>meetings of committees facilitated by council</li> <li>civic receptions hosted or sponsored by council</li> </ul> <p>meetings, functions, workshops and other events to which attendance by a councillor has been requested or approved by council</p>
professional development	Means a seminar, conference, training course or other development opportunity relevant to the role of a councillor or the mayor
Regulation	Means the Local Government (General) Regulation 2021 (NSW)
year	Means the financial year, that is the 12 month period commencing on 1 July each year
<b>Term</b>	Means a four-year Council term, commencing on the day of the first declaration of ordinary elections and ending on the day appointed for the next ordinary elections, in accordance with the Local Government Act 1993
<b>Home Office Equipment</b>	Items required to work remotely such as desk, ergonomic chair, etc
<b>ICT Equipment</b>	Information and communications equipment such as Mobile communication device, notebook and/or Tablet device (iPad)

**20. Ownership and Approval**

**20.1 Public Policy**

Responsibility	role
Directorate	City Performance
Endorser	EMT or Director
Approver	Council

## Councillor Expenses and Facilities Policy

### Suggested template

#### Notes for users

This template for a Councillor Expenses and Facilities Policy is provided as a suggested format for councils in response to requests for guidance on better practice. The template has been prepared to be consistent with the Local Government Act 1993 and Local Government (General) Regulations 2021. If there are any inconsistencies, the Act and Regulations take precedence.

The template has been designed to be amended to suit local needs and circumstances. It is recognised that the provisions in the policy template will not all be appropriate for every council.

Areas where councils will need to incorporate specific direction are highlighted and indicated in [square brackets]. This note to users and all highlighted sections should be deleted during preparation of the draft policy.

Councils using this template will need to include maximum expenditure limits for specific expenses and facilities. Councils will tailor these limits to their own context and community expectations. Councils may wish to benchmark against similar councils to determine these limits.

Once exhibited and adopted, the policy should be made publicly available on the council website.

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## Policy summary

This policy enables the reasonable and appropriate reimbursement of expenses and provision of facilities to councillors to help them undertake their civic duties.

It ensures accountability and transparency, and seeks to align councillor expenses and facilities with community expectations. Councillors must not obtain private or political benefit from any expense or facility provided under this policy.

The policy has been prepared in accordance with the *Local Government Act 1993* (the Act) and *Local Government (General) Regulation 2021* (the Regulation), and complies with the Office of Local Government's Guidelines for the payment of expenses and provision of facilities to Mayors and Councillors in NSW.

The policy sets out the maximum amounts council will pay for specific expenses and facilities. Expenses not explicitly addressed in this policy will not be paid or reimbursed.

The main expenses and facilities are summarised in the table below. All monetary amounts are exclusive of GST.

Expense or facility	Maximum amount	Frequency
General travel expenses	<p>\$(insert) per councillor</p> <p>\$(insert) for the Mayor</p>	Per year
Interstate, overseas and long distance intrastate travel expenses	\$(insert) total for all councillors	Per year
Accommodation and meals	As per the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, adjusted annually	Per meal/night
Professional development	\$(insert) per councillor	Per year
Conferences and seminars	\$(insert) total for all councillors	Per year
ICT expenses	\$(insert) per councillor	Per year
Carer expenses	\$(insert) per councillor	Per year
Home office expenses	\$(insert) per councillor	Per year
Postage stamps	(insert)	Per year
Christmas or festive cards	<p>(insert) per councillor</p> <p>(insert) for the mayor</p>	Per year
Access to facilities in a Councillor common room [where applicable Clause 9.1]	Provided to all councillors	Not relevant
Council vehicle and fuel card [where applicable Clause 10]	Provided to the mayor	Not relevant
Reserved parking space at Council offices	Provided to the mayor	Not relevant
Furnished office [where applicable Clause 10]	Provided to the mayor	Not relevant
Number of exclusive staff supporting Mayor and Councillors [where applicable Clause 10]	Provided to the mayor and councillors	Not relevant

Additional costs incurred by a councillor in excess of these limits are considered a personal expense that is the responsibility of the councillor.

Councillors must provide claims for reimbursement within three months of an expense being incurred. Claims made after this time cannot be approved.

Detailed reports on the provision of expenses and facilities to councillors will be publicly tabled at a council meeting every six months and published in full on council's website. These reports will include expenditure summarised by individual councillor and as a total for all councillors.

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## Part A – Introduction

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### 1. Introduction

- 1.1. The provision of expenses and facilities enables councillors to fulfil their civic duties as the elected representatives of [insert name] council.
- 1.2. The community is entitled to know the extent of expenses paid to councillors, as well as the facilities provided.
- 1.3. The purpose of this policy is to clearly state the facilities and support that are available to councillors to assist them in fulfilling their civic duties.
- 1.4. Council staff are empowered to question or refuse a request for payment from a councillor when it does not accord with this policy.
- 1.5. Expenses and facilities provided by this policy are in addition to fees paid to councillors. The minimum and maximum fees a council may pay each councillor are set by the Local Government Remuneration Tribunal as per Section 241 of the Act and reviewed annually. Council must adopt its annual fees within this set range.

### 2. Policy objectives

- 2.1. The objectives of this policy are to:
  - enable the reasonable and appropriate reimbursement of expenses incurred by councillors while undertaking their civic duties
  - enable facilities of a reasonable and appropriate standard to be provided to councillors to support them in undertaking their civic duties
  - ensure accountability and transparency in reimbursement of expenses and provision of facilities to councillors
  - ensure facilities and expenses provided to councillors meet community expectations
  - support a diversity of representation
  - fulfil the council's statutory responsibilities.

### 3. Principles

- 3.1. Council commits to the following principles:
  - **Proper conduct:** councillors and staff acting lawfully and honestly, exercising care and diligence in carrying out their functions
  - **Reasonable expenses:** providing for councillors to be reimbursed for expenses reasonably incurred as part of their role as councillor
  - **Participation and access:** enabling people from diverse backgrounds, underrepresented groups, those in carer roles and those with special needs to serve as acCouncillor
  - **Equity:** there must be equitable access to expenses and facilities for all councillors
  - **Appropriate use of resources:** providing clear direction on the appropriate use of council resources in accordance with legal requirements and community expectations
  - **Accountability and transparency:** clearly stating and reporting on the expenses and facilities provided to councillors.

## 4. Private or political benefit

- 4.1. Councillors must not obtain private or political benefit from any expense or facility provided under this policy.
- 4.2. Private use of council equipment and facilities by councillors may occur from time to time. For example, telephoning home to advise that a council meeting will run later than expected.
- 4.3. Such incidental private use does not require a compensatory payment back to council.
- 4.4. Councillors should avoid obtaining any greater private benefit from Council than an incidental benefit. Where there are unavoidable circumstances and more substantial private use of council facilities does occur, councillors must reimburse the council.
- 4.5. Campaigns for re-election are considered to be a political benefit. The following are examples of what is considered to be a political interest during a re-election campaign:
  - production of election material
  - use of council resources and equipment for campaigning
  - use of official council letterhead, publications, websites or services for political benefit
  - fundraising activities of political parties or individuals, including political fundraising events.

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## Part B – Expenses

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### 5. General expenses

- 5.1. All expenses provided under this policy will be for a purpose specific to the functions of holding civic office. Allowances for general expenses are not permitted under this policy.
- 5.2. Expenses not explicitly addressed in this policy will not be paid or reimbursed.

### 6. Specific expenses

#### General travel arrangements and expenses

- 6.1. All travel by councillors should be undertaken using the most direct route and the most practicable and economical mode of transport.
- 6.2. Each councillor may be reimbursed up to a total of **\$[insert]** per year, and the mayor may be reimbursed up to a total of **\$[insert]** per year, for travel expenses incurred while undertaking official business or professional development or attending approved conferences and seminars within NSW. This includes reimbursement:
  - for public transport fares
  - for the use of a private vehicle or hire car
  - for parking costs for Council and other meetings
  - for tolls
  - by Cabcharge card or equivalent
  - for documented ride-share programs, such as Uber, where tax invoices can be issued.
- 6.3. Allowances for the use of a private vehicle will be reimbursed by kilometre at the rate contained in the Local Government (State) Award.
- 6.4. Councillors seeking to be reimbursed for use of a private vehicle must keep a log book recording the date, distance and purpose of travel being claimed. Copies of the relevant log book contents must be provided with the claim.

### Interstate, overseas and long distance intrastate travel expenses

[For councils in metropolitan areas, this section includes reference to long distance intrastate travel. Councils in regional, rural and remote areas may wish to delete these references].

- 6.5. [Councils located on state borders may wish to include the following clause: Given Council's location [on or near] an interstate border, travel to [insert state name] will be considered as general travel. Arrangements and expenses for this travel will be governed by Clauses 6.1-6.4].
- 6.6. In accordance with Section 4, Council will scrutinise the value and need for councillors to undertake overseas travel. Councils should avoid interstate, overseas and long distance intrastate trips unless direct and tangible benefits can be established for the council and the local community. This includes travel to sister and friendship cities.
- 6.7. Total interstate, overseas and long distance intrastate travel expenses for all councillors will be capped at a maximum of \$[insert] per year. This amount will be set aside in Council's annual budget.
- 6.8. Councillors seeking approval for any interstate and long distance intrastate travel must submit a case to, and obtain the approval of, the general manager prior to travel.
- 6.9. Councillors seeking approval for any overseas travel must submit a case to, and obtain the approval of, a full council meeting prior to travel.
- 6.10. The case should include:
- objectives to be achieved in travel, including an explanation of how the travel aligns with current council priorities and business, the community benefits which will accrue as a result, and its relevance to the exercise of the councillor's civic duties
  - who is to take part in the travel
  - duration and itinerary of travel
  - a detailed budget including a statement of any amounts expected to be reimbursed by the participant/s.
- 6.11. For interstate and long distance intrastate journeys by air of less than three hours, the class of air travel is to be economy class.
- 6.12. For interstate journeys by air of more than three hours, the class of air travel may be premium economy.
- 6.13. For international travel, the class of air travel is to be premium economy if available. Otherwise, the class of travel is to be economy.
- 6.14. Bookings for approved air travel are to be made through the general manager's office.
- 6.15. For air travel that is reimbursed as council business, councillors will not accrue points from the airline's frequent flyer program. This is considered a private benefit.

### Travel expenses not paid by Council

- 6.16. Council will not pay any traffic or parking fines or administrative charges for road toll accounts.

### Accommodation and meals

- 6.17. [Rural and regional councils may wish to include the following clause:] In circumstances where it would introduce undue risk for a councillor to travel to or from official business in the late evening or early morning, reimbursement of costs for accommodation and meals on the night before or after the meeting may be approved by the general manager. This includes where a meeting finishes later than 9.00pm or starts earlier than 7.00am and the councillor lives more than 50 kilometres from the meeting location.
- 6.18. Council will reimburse costs for accommodation and meals while councillors are undertaking prior approved travel or professional development outside [insert relevant region e.g. metropolitan Sydney/the Hunter/the Murray].

- 6.19. The daily limits for accommodation and meal expenses within Australia are to be consistent with those set out in Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.
- 6.20. The daily limits for accommodation and meal expenses outside Australia are to be determined in advance by the general manager, being mindful of Clause 6.19.
- 6.21. Councillors will not be reimbursed for alcoholic beverages.

#### **Refreshments for council related meetings**

- 6.22. Appropriate refreshments will be available for council meetings, council committee meetings, councillor briefings, approved meetings and engagements, and official council functions as approved by the general manager.
- 6.23. As an indicative guide for the standard of refreshments to be provided at council related meetings, the general manager must be mindful of Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.

#### **Professional development**

- 6.24. Council will set aside \$[insert] per councillor annually in its budget to facilitate professional development of councillors through programs, training, education courses and membership of professional bodies.
- 6.25. In the first year of a new council term, Council will provide a comprehensive induction program for all councillors which considers any guidelines issued by the Office of Local Government (OLG). The cost of the induction program will be in addition to the ongoing professional development funding.
- 6.26. Annual membership of professional bodies will only be covered where the membership is relevant to the exercise of the councillor's civic duties, the councillor actively participates in the body and the cost of membership is likely to be fully offset by savings from attending events as a member.
- 6.27. Approval for professional development activities is subject to a prior written request to the general manager outlining the:
  - details of the proposed professional development
  - relevance to council priorities and business
  - relevance to the exercise of the councillor's civic duties.
- 6.28. In assessing a councillor request for a professional development activity, the general manager must consider the factors set out in Clause 6.27, as well as the cost of the professional development in relation to the councillor's remaining budget.

#### **Conferences and seminars**

- 6.29. Council is committed to ensuring its councillors are up to date with contemporary issues facing council and the community, and local government in NSW.
- 6.30. Council will set aside a total amount of \$[insert] annually in its budget to facilitate councillor attendance at conferences and seminars. This allocation is for all councillors. The general manager will ensure that access to expenses relating to conferences and seminars is distributed equitably.
- 6.31. Approval to attend a conference or seminar is subject to a written request to the general manager. In assessing a councillor request, the general manager must consider factors including the:
  - relevance of the topics and presenters to current council priorities and business and the exercise of the councillor's civic duties
  - cost of the conference or seminar in relation to the total remaining budget.
- 6.32. Council will meet the reasonable cost of registration fees, transportation and accommodation associated with attendance at conferences approved by the general manager. Council will also meet the reasonable cost of meals when they are not included in the conference fees.

Reimbursement for accommodation and meals not included in the conference fees will be subject to Clauses 6.18-6.21.

### Information and communications technology (ICT) expenses

[Clauses 6.35-6.37 relate to the contemporary practice of providing a total expenses cap which each councillor can use flexibly to meet the ICT needs associated with his or her civic duties. Where a council prefers to provide ICT devices directly to councillors, alternative clauses can be substituted.]

- 6.33. Council will provide or reimburse councillors for expenses associated with appropriate ICT devices and services up to a limit of \$[insert] per annum for each councillor. This may include mobile phones and tablets, mobile phone and tablet services and data, and home internet costs.
- 6.34. Reimbursements will be made only for communications devices and services used for councillors to undertake their civic duties, such as:
  - receiving and reading council business papers
  - relevant phone calls and correspondence
  - diary and appointment management.
- 6.35. Councillors may seek reimbursement for applications on their mobile electronic communication device that are directly related to their duties as a councillor, within the maximum limit.

### Special requirement and carer expenses

- 6.36. Council encourages wide participation and interest in civic office. It will seek to ensure council premises and associated facilities are accessible, including provision for sight or hearing impaired councillors and those with other disabilities.
- 6.37. Transportation provisions outlined in this policy will also assist councillors who may be unable to drive a vehicle.
- 6.38. In addition to the provisions above, the general manager may authorise the provision of reasonable additional facilities and expenses in order to allow a councillor with a disability to perform their civic duties.
- 6.39. Councillors who are the principal carer of a child or other elderly, disabled and/or sick immediate family member will be entitled to reimbursement of carer's expenses up to a maximum of \$[insert] per annum for attendance at official business, plus reasonable travel from the principal place of residence.
- 6.40. Child care expenses may be claimed for children up to and including the age of 16 years where the carer is not a relative.
- 6.41. In the event of caring for an adult person, councillors will need to provide suitable evidence to the general manager that reimbursement is applicable. This may take the form of advice from a medical practitioner.

### Home office expenses

- 6.42. Each councillor may be reimbursed up to \$[insert] per year for costs associated with the maintenance of a home office, such as minor items of consumable stationery and printer ink cartridges.

## 7. Insurances

[Council to insert relevant and accurate text reflecting their own policy. Some wording is suggested below and may be used if it fits with council's policy]

- 7.1. In accordance with Section 382 of the Local Government Act, Council is insured against public liability and professional indemnity claims. Councillors are included as a named insured on this Policy.

- 7.2. Insurance protection is only provided if a claim arises out of or in connection with the councillor's performance of his or her civic duties, or exercise of his or her functions as a councillor. All insurances are subject to any limitations or conditions set out in the policies of insurance.
- 7.3. Council shall pay the insurance policy excess in respect of any claim accepted by council's insurers, whether defended or not.
- 7.4. Appropriate travel insurances will be provided for any councillors travelling on approved interstate and overseas travel on council business.

## 8. Legal assistance

- 8.1. Council may, if requested, indemnify or reimburse the reasonable legal expenses of:
  - a councillor defending an action arising from the performance in good faith of a function under the Local Government Act provided that the outcome of the legal proceedings is favourable to the councillor
  - a councillor defending an action in defamation, provided the statements complained of were made in good faith in the course of exercising a function under the Act and the outcome of the legal proceedings is favourable to the councillor
  - a councillor for proceedings before an appropriate investigative or review body, provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the matter has proceeded past any initial assessment phase to a formal investigation or review and the investigative or review body makes a finding substantially favourable to the councillor.
- 8.2. In the case of a code of conduct complaint made against a councillor, legal costs will only be made available where the matter has been referred by the general manager to a conduct reviewer and the conduct reviewer has commenced a formal investigation of the matter and makes a finding substantially favourable to the councillor.
- 8.3. Legal expenses incurred in relation to proceedings arising out of the performance by a councillor of his or her functions under the Act are distinguished from expenses incurred in relation to proceedings arising merely from something that a councillor has done during his or her term in office. For example, expenses arising from an investigation as to whether a councillor acted corruptly would not be covered by this section.
- 8.4. Council will not meet the legal costs:
  - of legal proceedings initiated by a councillor under any circumstances
  - of a councillor seeking advice in respect of possible defamation, or in seeking a non-litigious remedy for possible defamation
  - for legal proceedings that do not involve a councillor performing their role as a councillor.
- 8.5. Reimbursement of expenses for reasonable legal expenses must have Council approval by way of a resolution at a council meeting prior to costs being incurred.

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## Part C – Facilities

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### 9. General facilities for all councillors

#### Facilities

- 9.1. Council will provide the following facilities to councillors to assist them to effectively discharge their civic duties:

- [where relevant, include the following point:] a councillor common room appropriately furnished to include telephone, photocopier, printer, desks, computer terminals, pigeon holes and appropriate refreshments (excluding alcohol)
  - access to shared car parking spaces while attending council offices on official business
  - personal protective equipment for use during site visits
  - a name badge which may be worn at official functions, indicating that the wearer holds the office of a councillor and/or mayor or deputy mayor.
- 9.2. Councillors may book meeting rooms for official business in a specified council building at no cost. Rooms may be booked through a specified officer in the mayor's office or other specified staff member.
- 9.3. The provision of facilities will be of a standard deemed by the general manager as appropriate for the purpose.

#### Stationery

- 9.4. Council will provide the following stationery to councillors each year:
- letterhead, to be used only for correspondence associated with civic duties
  - business cards
  - up to [insert] ordinary postage stamps
  - up to [insert] Christmas or festive cards per year for councillors and [insert] for the mayor.
- 9.5. As per Section 4, stamps shall only be used to support a councillor's civic duties. Councillor mail will only be posted using the stamps provided. Any stamps not used will not be carried over to the next year's allocation.

#### Administrative support

- 9.6. Council will provide administrative support to councillors to assist them with their civic duties only. Administrative support may be provided by staff in the mayor's office or by a member of council's administrative staff as arranged by the general manager or their delegate.
- 9.7. As per Section 4, council staff are expected to assist councillors with civic duties only, and not assist with matters of personal or political interest, including campaigning.

### 10. Additional facilities for the mayor

- 10.1. [Where a vehicle is provided to the mayor, include Clauses 10.1-10.4] Council will provide to the mayor a maintained vehicle to a similar standard of other council vehicles, with a fuel card. The vehicle will be supplied for use on business, professional development and attendance at the mayor's office.
- 10.2. The mayor must keep a log book setting out the date, distance and purpose of all travel. This must include any travel for private benefit. The log book must be submitted to council on a monthly basis.
- 10.3. The mayoral allowance will be reduced to cover the cost of any private travel recorded in the log book, calculated on a per kilometre basis by the rate set by the Local Government (State) Award.
- 10.4. A parking space at council's offices will be reserved for the mayor's council-issued vehicle for use on official business, professional development and attendance at the mayor's office.
- 10.5. [Where relevant, include the following clause] Council will provide the mayor with a furnished office incorporating a computer configured to council's standard operating environment, telephone and meeting space.
- 10.6. In performing his or her civic duties, the mayor will be assisted by a small number of staff providing administrative and secretarial support, as determined by the general manager.
- 10.7. The number of exclusive staff provided to support the mayor and councillors will not exceed [insert number] full time equivalents.



- 10.8. As per Section 4, staff in the mayor's office are expected to work on official business only, and not for matters of personal or political interest, including campaigning.

## Part D – Processes

### 11. Approval, payment and reimbursement arrangements

- 11.1. Expenses should only be incurred by councillors in accordance with the provisions of this policy.
- 11.2. Approval for incurring expenses, or for the reimbursement of such expenses, should be obtained before the expense is incurred.
- 11.3. Up to the maximum limits specified in this policy, approval for the following may be sought after the expense is incurred:
- local travel relating to the conduct of official business
  - carer costs
  - [where councils have a total expenses cap for ICT devices and services, insert the following point:] ICT expenditure.
- 11.4. Final approval for payments made under this policy will be granted by the general manager or their delegate.

#### Direct payment

- 11.5. Council may approve and directly pay expenses. Requests for direct payment must be submitted to the manager [insert relevant council division] for assessment against this policy using the prescribed form, with sufficient information and time to allow for the claim to be assessed and processed.

#### Reimbursement

- 11.6. All claims for reimbursement of expenses incurred must be made on the prescribed form, supported by appropriate receipts and/or tax invoices and be submitted to the manager [insert relevant council division].

#### Advance payment

- 11.7. Council may pay a cash advance for councillors attending approved conferences, seminars or professional development.
- 11.8. The maximum value of a cash advance is \$[insert] per day of the conference, seminar or professional development to a maximum of \$[insert].
- 11.9. Requests for advance payment must be submitted to the manager [insert relevant council division] for assessment against this policy using the prescribed form with sufficient information and time to allow for the claim to be assessed and processed.
- 11.10. Councillors must fully reconcile all expenses against the cost of the advance within one month of incurring the cost and/or returning home. This includes providing to council:
- a full reconciliation of all expenses including appropriate receipts and/or tax invoices
  - reimbursement of any amount of the advance payment not spent in attending to official business or professional development.

#### Notification

- 11.11. If a claim is approved, council will make payment directly or reimburse the councillor through accounts payable.
- 11.12. If a claim is refused, council will inform the councillor in writing that the claim has been refused and the reason for the refusal.

**Reimbursement to council**

11.13. If council has incurred an expense on behalf of a councillor that exceeds a maximum limit, exceeds reasonable incidental private use or is not provided for in this policy:

- council will invoice the councillor for the expense
- the councillor will reimburse council for that expense within 14 days of the invoice date.

11.14. If the councillor cannot reimburse council within 14 days of the invoice date, they are to submit a written explanation to the general manager. The general manager may elect to deduct the amount from the councillor's allowance.

**Timeframe for reimbursement**

11.15. Unless otherwise specified in this policy, councillors must provide all claims for reimbursement within three months of an expense being incurred. Claims made after this time cannot be approved.

**12. Disputes**

- 12.1. If a councillor disputes a determination under this policy, the councillor should discuss the matter with the general manager.
- 12.2. If the councillor and the general manager cannot resolve the dispute, the councillor may submit a notice of motion to a council meeting seeking to have the dispute resolved.

**13. Return or retention of facilities**

- 13.1. All unexpended facilities or equipment supplied under this policy are to be relinquished immediately upon a councillor or mayor ceasing to hold office or at the cessation of their civic duties.
- 13.2. Should a councillor desire to keep any equipment allocated by council, then this policy enables the councillor to make application to the general manager to purchase any such equipment. The general manager will determine an agreed fair market price or written down value for the item of equipment.
- 13.3. The prices for all equipment purchased by councillors under Clause 13.2 will be recorded in Council's annual report.

**14. Publication**

- 14.1. This policy will be published on council's website.

**15. Reporting**

- 15.1. Council will report on the provision of expenses and facilities to councillors as required in the Act and Regulations.
- 15.2. Detailed reports on the provision of expenses and facilities to councillors will be publicly tabled at a council meeting every six months and published in full on council's website. These reports will include expenditure summarised by individual councillor and as a total for all councillors.

**16. Auditing**

- 16.1. The operation of this policy, including claims made under the policy, will be included in council's audit program and an audit undertaken at least every two years.

## 17. Breaches

- 17.1. Suspected breaches of this policy are to be reported to the general manager.
- 17.2. Alleged breaches of this policy shall be dealt with by following the processes outlined for breaches of the Code of Conduct, as detailed in the Code and in the Procedures for the Administration of the Code.

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## PART E – Appendices

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### Appendix I: Related legislation, guidance and policies

**Relevant legislation and guidance:**

- Local Government Act 1993, Sections 252 and 253
- Local Government (General) Regulation 2021, Sections 217 and 403
- Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors in NSW, 2009
- Local Government Circular 09-36 Guidelines for Payment of Expenses and Facilities
- Local Government Circular 05-08 legal assistance for Councillors and Council Employees.

**Related Council policies:**

- Code of Conduct
- [insert others as relevant]

## Appendix II: Definitions

The following definitions apply throughout this policy.

Term	Definition
accompanying person	Means a spouse, partner or de facto or other person who has a close personal relationship with or provides carer support to a councillor
appropriate refreshments	Means food and beverages, excluding alcohol, provided by council to support councillors undertaking official business
Act	Means the <i>Local Government Act 1993</i> (NSW)
clause	Unless stated otherwise, a reference to a clause is a reference to a clause of this policy
Code of Conduct	Means the Code of Conduct adopted by Council or the Model Code if none is adopted
Councillor	Means a person elected or appointed to civic office as a member of the governing body of council who is not suspended, including the mayor
General Manager	Means the general manager of Council and includes their delegate or authorised representative
incidental personal use	Means use that is infrequent and brief and use that does not breach this policy or the Code of Conduct
long distance intrastate travel	Means travel to other parts of NSW of more than three hours duration by private vehicle
maximum limit	Means the maximum limit for an expense or facility provided in the text and summarised in Appendix 1
NSW	New South Wales
official business	Means functions that the mayor or councillors are required or invited to attend to fulfil their legislated role and responsibilities for council or result in a direct benefit for council and/or for the local government area, and includes: <ul style="list-style-type: none"> <li>meetings of council and committees of the whole</li> <li>meetings of committees facilitated by council</li> <li>civic receptions hosted or sponsored by council</li> <li>meetings, functions, workshops and other events to which attendance by a councillor has been requested or approved by council</li> </ul>
professional development	Means a seminar, conference, training course or other development opportunity relevant to the role of a councillor or the mayor
Regulation	Means the <i>Local Government (General) Regulation 2021</i> (NSW)
year	Means the financial year, that is the 12 month period commencing on 1 July each year



## Monthly Investment Review



March 2024

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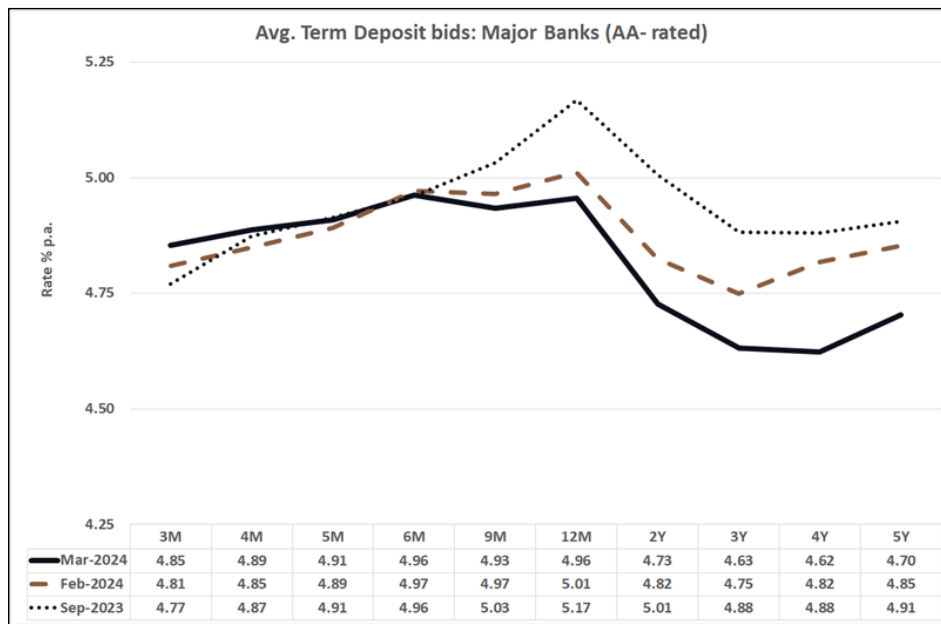
CL24.101 - Attachment 1



## Market Update Summary

Risk assets performed well in March as the narrative of economic resilience overshadowed concerns that rates may remain higher for an extended period of time.

Over March, at the very short-end (3-5 months), the average major bank deposit rates were around 2-4bp higher compared to the previous month. In contrast, major bank deposit rates at the long-end fell between 10-20bp across the 2-5 year tenors. The longer-term rates are around 20-30bp lower across the board compared to where they were 6 months ago (September 2023), with rate cut expectations now gathering pace.



Source: Imperium Markets

With a global economic downturn and multiple interest rate cuts being priced starting later this year, investors should consider taking an 'insurance policy' against a potentially lower rate environment by investing across 2-5 year fixed deposits, targeting rates above or close to 4½-5% p.a. (small allocation only).



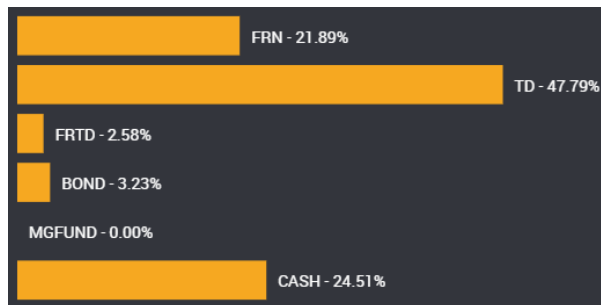
## Shoalhaven City Council 's Portfolio & Compliance

### Asset Allocation

The majority of the portfolio is directed to cash or cash notice accounts followed by fixed and floating rate term deposits. The remainder of the portfolio is directed to liquid senior FRNs and fixed bonds.

Senior FRNs remain relatively attractive as spreads have generally widened over the past 2 years. New issuances may be considered again on a case by case scenario. In the interim, staggering a mix of fixed deposits between 9-12 months to 3 years remains a more optimal strategy to maximise returns over a longer-term cycle.

With multiple rate cuts and a global economic downturn being priced in coming years, investors can choose to allocate a small proportion of longer-term funds and undertake an insurance policy against any potential future rate cuts by investing across 2-5 year fixed deposits, locking in and targeting yields close to or above 4%-5% p.a.







### Term to Maturity

All maturity limits (minimum and maximum) comply with the Investment Policy. Short-Medium Term (1-2 years) assets account for around 13% of the total investment portfolio, with capacity of ~\$88m remaining.

Once the immediate capital projects are completed, we recommend a proportion of longer-dated funds be allocated to 1-3 year fixed term deposits in combination with any attractive new FRNs (3-5 years) as they come to market (refer to respective sections below).

Compliant	Horizon	Invested (\$)	Invested (%)	Min. Limit (%)	Max. Limit (%)	Available (\$)
✓	0 - 90 days	\$66,458,293	42.92%	0%	100%	\$88,399,286
✓	91 - 365 days	\$42,100,857	27.19%	0%	100%	\$112,756,722
✓	1 - 2 years	\$20,079,737	12.97%	0%	70%	\$88,320,568
✓	2 - 5 years	\$26,218,692	16.93%	0%	50%	\$51,210,097
✓	5 - 10 years	\$0	0.00%	0%	25%	\$38,714,395
		<b>\$154,857,579</b>	<b>100.00%</b>			

CL24.101 - Attachment 1



### Counterparty

As at the end of March 2024, all counterparty exposures comply within the Policy limits. Capacity limits are also dependent on the movement in the cash balances. Overall, the portfolio is well diversified across the entire credit spectrum, including some exposure to the regional bank (lower rated) ADIs.

Compliant	Issuer	Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	DBS Cov	AAA	\$1,000,625	0.65%	100.00%	\$153,856,954
✓	Suncorp Cov	AAA	\$2,010,578	1.30%	100.00%	\$152,847,001
✓	ANZ	AA-	\$2,501,928	1.62%	100.00%	\$152,355,651
✓	CBA	AA-	\$37,263,811	24.06%	100.00%	\$117,593,767
✓	HSBC Bank	AA-	\$2,007,762	1.30%	100.00%	\$152,849,817
✓	NAB	AA-	\$38,999,732	25.18%	100.00%	\$115,857,847
✓	Northern Terr.	AA-	\$5,000,000	3.23%	100.00%	\$149,857,579
✓	NSW (SIRA)	AA+	\$4,115,000	2.66%	100.00%	\$150,742,579
✓	Westpac	AA-	\$6,000,000	3.87%	100.00%	\$148,857,579
✓	Macquarie	A+	\$3,988,572	2.58%	100.00%	\$150,869,007
✓	Rabobank	A+	\$3,998,940	2.58%	100.00%	\$150,858,639
✓	Suncorp	A+	\$16,038,309	10.36%	100.00%	\$138,819,270
✓	Bank of China	A	\$2,497,818	1.61%	100.00%	\$152,359,761
✓	ING Bank	A	\$23,000,000	14.85%	100.00%	\$131,857,579
✓	Bendigo-Adel.	BBB+	\$2,000,000	1.29%	10.00%	\$13,485,758
✓	AMP Bank	BBB	\$2,333,648	1.51%	5.00%	\$5,409,231
✓	Newcastle PBS	BBB	\$2,100,857	1.36%	5.00%	\$5,642,022
			<b>\$154,857,579</b>	<b>100.00%</b>		

In February 2024, ANZ's takeover of Suncorp was given the green light by the Australian Competition Tribunal (ACT), six months after the Australian Competition and Consumer Commission (ACCC) blocked the deal on the grounds that it could lessen competition in the mortgage market. As such, Suncorp's assets are likely to be upgraded to AA- in the near future by S&P (but also, they may be flagged as an ADI lending to the fossil fuel industry in future).



### Credit Quality

The portfolio is well diversified from a credit ratings perspective. The portfolio is predominately invested amongst the investment grade ADIs (BBB- or higher). There is no exposure to Unrated assets now following the disposal of the TCorp Long-Term Growth Fund.

All ratings categories are within the Policy limits:

Compliant	Credit Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	AAA Category	\$3,011,203	2%	100%	\$151,846,376
✓	AA Category	\$95,888,233	62%	100%	\$58,969,346
✓	A+ to A Category	\$49,523,638	32%	100%	\$105,333,941
✓	A- Category	\$0	0%	40%	\$61,943,031
✓	BBB+ to BBB Category	\$6,434,505	4%	30%	\$40,022,769
✓	BBB- & NR Category	\$0	0%	5%	\$7,742,879
✓	NSW TCorp LTGF	\$0	0%	100%	\$154,857,579
		<b>\$154,857,579</b>	<b>100.00%</b>		

CL24.101 - Attachment 1



## Performance

Council's performance for the month ending March 2024 (excluding cash) is summarised as follows:

Performance (Actual)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.36%	1.07%	2.14%	3.18%	4.15%
AusBond Bank Bill Index	0.37%	1.09%	2.15%	3.26%	4.19%
T/D Portfolio	0.44%	1.23%	2.36%	3.40%	4.21%
FRT/D Portfolio	0.45%	1.31%	2.64%	3.98%	5.31%
FRN Portfolio	0.44%	1.26%	2.54%	3.83%	5.44%
Bond Portfolio	0.09%	0.27%	0.54%	0.82%	1.08%
Council's Fixed Interest <sup>^</sup>	0.42%	1.19%	2.32%	3.40%	4.40%
TCorp LTGF	0.33%	4.39%	10.08%	9.13%	12.22%
TCorp Long-Term Target*	0.50%	1.46%	2.96%	4.49%	6.02%
Council's Total Portfolio	0.41%	1.94%	3.97%	4.78%	6.06%
Relative (to Bank Bills)	0.04%	0.86%	1.81%	1.52%	1.87%

<sup>^</sup>Council's Fixed Interest portfolio returns excludes Council's cash account holdings.

\*TCorp has a target of 3.5% above inflation of ~2.5%. The long-term target is therefore 6% p.a. on an ongoing basis.

Performance (Annualised)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	4.35%	4.35%	4.31%	4.24%	4.15%
AusBond Bank Bill Index	4.41%	4.42%	4.34%	4.35%	4.19%
T/D Portfolio	5.24%	5.02%	4.75%	4.54%	4.21%
FRT/D Portfolio	5.47%	5.36%	5.33%	5.32%	5.31%
FRN Portfolio	5.30%	5.17%	5.13%	5.11%	5.44%
Bond Portfolio	1.11%	1.09%	1.09%	1.08%	1.08%
Council's Fixed Interest <sup>^</sup>	5.08%	4.86%	4.68%	4.54%	4.39%
TCorp LTGF	3.90%	18.81%	21.12%	12.29%	12.22%
TCorp Long-Term Target*	6.00%	6.00%	6.00%	6.00%	6.02%
Council's Total Portfolio	4.90%	8.02%	8.07%	6.39%	6.06%
Relative (to Bank Bills)	0.50%	3.59%	3.73%	2.04%	1.87%

<sup>^</sup>Council's Fixed Interest portfolio returns excludes Council's cash account holdings.

\*TCorp has a target of 3.5% above inflation of ~2.5%. The long-term target is therefore 6% p.a. on an ongoing basis.

For the month of March, the total portfolio (excluding cash) provided a return of +0.41% (actual) or +4.90% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.37% (actual) or +4.41% p.a. (annualised). The longer-term positive performance continues to be anchored by the handful of deposits that were originally placed for terms greater than 12 months.

In early March 2024, Council fully disposed of the T-CorplM Growth Fund, which gained another +0.33% (net actual) for the period held before the withdrawal.



### Recommendations for Council

#### **AMP Business Saver & Notice Account**

We note the AMP Business Saver and AMP 31 Day Notice Account are now sub optimal investments given the rise in deposit yields in recent months. We recommend switching into short-dated fixed deposits with the major banks yielding a considerably higher rate of return, or simply just redeem to replenish capital reserves.

#### **Term Deposits**

As at the end of March 2024, Council's deposit portfolio was yielding 5.08% p.a. (down 6bp from the previous month), with a weighted average duration of ~250 days (~8 months).

Going forward, once immediate capital projects are completed, a more optimal strategy would be staggering deposits across 9-24 months terms – this is likely to earn up to ¼-½% p.a. higher compared to shorter tenors in a normal market environment. There is growing belief that multiple rate cuts and a global economic downturn is forthcoming and so locking in rates close to or above 4%-5% p.a. across 1-5 year tenors may provide some income protection against a lower rate environment.

Please refer to the section below for further details on the Term Deposit market.

#### **Securities**

Primary (new) Senior FRNs (with maturities between 3-5 years) continue to be appealing (particularly for those investors with portfolios skewed towards fixed assets) and should be considered on a case by case scenario. Please refer to the section below for further details on the FRN market.

#### Council's FRN Portfolio

We recommend that Council retains all its FRNs at this stage (most are marked at a slight discount to par at month-end). We will continue to monitor them individually and will advise when it is appropriate to sell to boost the overall returns of the portfolio in future.

#### Council's Senior Fixed Bonds

In September 2020, Council has invested into the following NTTC (AA-) fixed bonds:

Investment Date	Maturity Date	Principal	Rate % p.a.	Interest Paid
15/09/2021	15/12/2024	\$3,000,000	1.00%	Annually
15/09/2021	15/12/2025	\$2,000,000	1.10%	Annually
<b>Totals / Wgt. Avg.</b>		<b>\$5,000,000</b>	<b>1.04%</b>	



We believe this was prudent at the time of investment given the low rate environment and particularly after the RBA's easing decision in early November 2020 to 0.10% and their forward guidance towards official interest rates (no rate rises *"until at least 2024"*).

The NTTC bonds are a 'retail' offering and not 'wholesale' issuances. Given the lack of liquidity and high penalty costs if they were to be sold/redeemed prior to the maturity date, they are considered to be a hold-to-maturity investment and will be marked at par value (\$100.00) throughout the term of investment.

CL24.101 - Attachment 1



## NSW T-CorpIM Growth Fund

**The Growth Fund returned +0.33% (actual) for the period held prior to its full withdrawal on the close of business of 1<sup>st</sup> March 2024.** For the entire month of March, both domestic shares (S&P ASX 200 Accumulation Index +3.27%) and international shares (MSCI World ex-Australia +3.03%) continued their rally this month. Bonds also contributed to performance as yields fell (AusBond Composite Bond Index rose +1.12%).

Global inflation has seemingly eased at the beginning of 2024. Advanced economy consumer price inflation fell below 3% annually in January, its lowest level since May 2021. However, some recent high monthly inflation reads has shifted out market expectations of when central bank rate cuts will start in, and the extent of easing likely to occur, over 2024. There remain a range of uncertainties. If inflation does not fall as expected, this could delay policy rate cuts. Geopolitical tensions remain, including the potential for existing conflicts in Europe and the Middle East to widen. US-China tensions remain an issue against the backdrop of the US elections later this year.

**With shares domestically reaching their all-time highs again, and with official rates seemingly at their cyclical peak, Council has decided to fully 'de-risk' its position and withdraw its entire holding in the Fund.**

CL24.101 - Attachment 1



## Term Deposit Market Review

### Current Term Deposits Rates

As at the end of March, we see value in the following:

ADI	LT Credit Rating	Term	Rate % p.a.
ING	A	5 years	5.03%
BoQ	BBB+	5 years	5.00%
ING	A	2 years	4.96%
BoQ	BBB+	4 years	4.95%
BankVic	BBB+	2 years	4.95%
ING	A	4 years	4.90%
ING	A	3 years	4.86%
BoQ	BBB+	2 years	4.85%
BankVic	BBB+	3 years	4.85%
Westpac	AA-	1½ years	4.82%
Suncorp	A+	2 years	4.75%
Westpac	AA-	2 years	4.70%
NAB	AA-	2 years	4.70%

The above deposits are suitable for investors looking to maintain diversification and lock-in a slight premium compared to purely investing short-term.

For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (we stress that rates are indicative, dependent on daily funding requirements and different for industry segments):





ADI	LT Credit Rating	Term	Rate % p.a.
Bank of Sydney	Unrated	12 months	5.22%
Bank of Sydney	Unrated	6-9 months	5.20%
BankVic	BBB+	12 months	5.15%
ING	A	12 months	5.11%
BoQ	BBB+	6 months	5.10%
ING	A	11 months	5.06%
NAB	AA-	6-7 months	5.05%
Suncorp	A+	6 months	5.04%
Suncorp	A+	12 months	5.03%
ING	A	10 months	5.02%
Bendigo-Adelaide	BBB+	9 months	5.02%
NAB	AA-	8-12 months	5.00%
BoQ	BBB+	12 months	5.00%
Westpac	AA-	12 months	4.97%

If Council does not require high levels of liquidity and can stagger a proportion of its investments across the longer term horizons (1–5 years), it will be rewarded over a longer-term cycle. Investing a spread of 12 months to 3 year horizons is likely to yield, on average, up to ¼–½% p.a. higher compared to those investors that entirely invest in short-dated deposits (under 6–9 months).

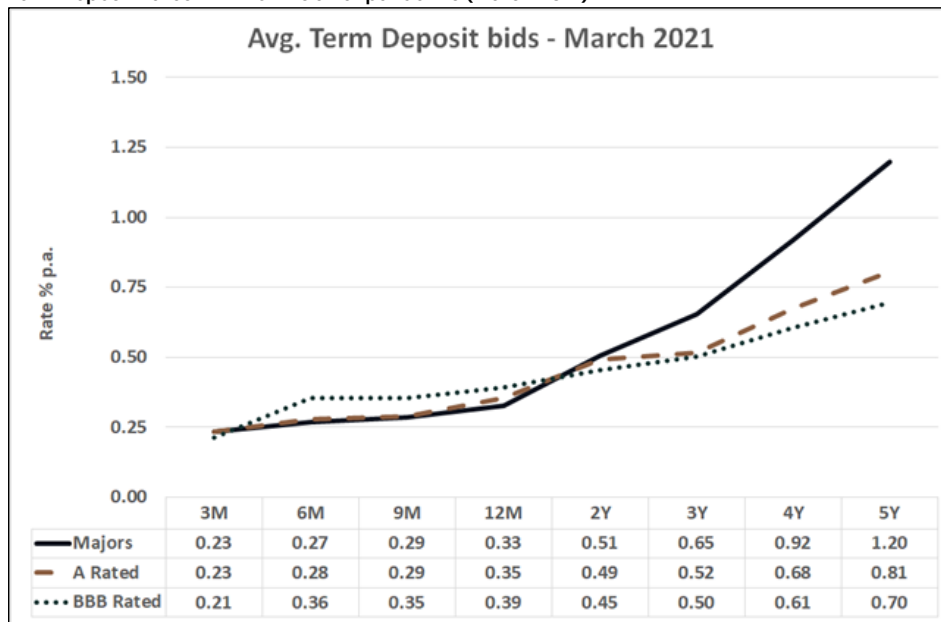
With a global economic slowdown and multiple rate cuts being priced by calendar year-end, investors should strongly consider and allocate some longer term surplus funds to undertake an insurance policy by investing across 2–5 year fixed deposits and locking in rates close to or above 4%–5% p.a. This will provide some income protection with central banks now likely to cut rates, potentially as early as mid-2024.



### Term Deposits Analysis

Pre-pandemic (March 2020), a 'normal' marketplace meant the lower rated ADIs (i.e. BBB category) were offering higher rates on term deposits compared to the higher rated ADIs (i.e. A or AA rated). But due to the cheap funding available provided by the RBA via their Term Funding Facility (TFF) during mid-2020, allowing the ADIs to borrow as low as 0.10% p.a. fixed for 3 years, those lower rated ADIs (BBB rated) did not require deposit funding from the wholesale deposit. Given the higher rated banks had more capacity to lend (as they have a greater pool of mortgage borrowers), they subsequently were offering higher deposit rates. In fact, some of the lower rated banks were not even offering deposit rates at all. As a result, most investors placed a higher proportion of their deposit investments with the higher rated (A or AA) ADIs over the past three years.

#### Term Deposit Rates – 12 months after pandemic (March 2021)



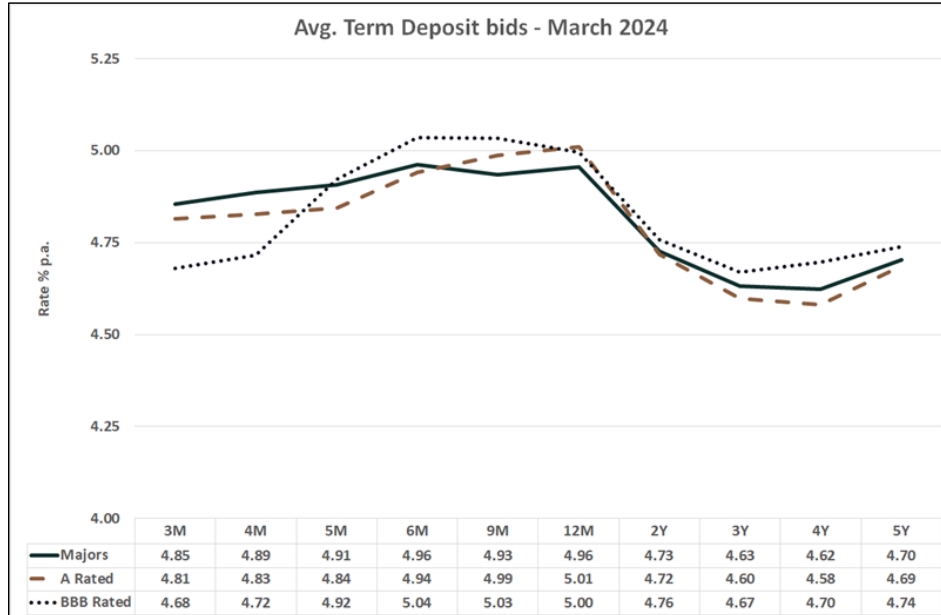
Source: Imperium Markets

The abnormal marketplace experienced during the pandemic is starting to reverse as the competition for deposits slowly increases. In recent months, we have started to periodically see some of the lower rated ADIs ("A" and "BBB" rated) offering slightly higher rates compared to the domestic major banks ("AA" rated) on different parts of the curve (i.e. pre-pandemic environment). Some of this has been attributed to lags in adjusting their deposit rates as some banks (mainly the lower rated ADIs) simply set their rates for the week.



Going forward, Council should have a larger opportunity to invest a higher proportion of its funds with the lower rated institutions (up to Policy limits), from which the majority are not lending to the Fossil Fuel industry or considered 'ethical'. We are slowly seeing this trend emerge, as was the case this month:

#### Term Deposit Rates – Currently (March 2024)



Source: Imperium Markets

#### Regional & Unrated ADI Sector

Ratings agency S&P has commented that "*mergers remain compelling for mutuals lenders*" in providing smaller lenders greater economies of scale and assisting them in being able to price competitively and will see "*the banking landscape will settle with a small number of larger mutual players*". S&P expects that consolidation to continue over the next two years.

We remain supportive of the regional and unrated ADI sector (and have been even throughout the post-GFC period). They continue to remain solid, incorporate strong balance sheets, while exhibiting high levels of capital – typically, much higher compared to the higher rated ADIs. Some unrated ADIs have up to 25-40% more capital than the domestic major banks, and well above the Basel III requirements.

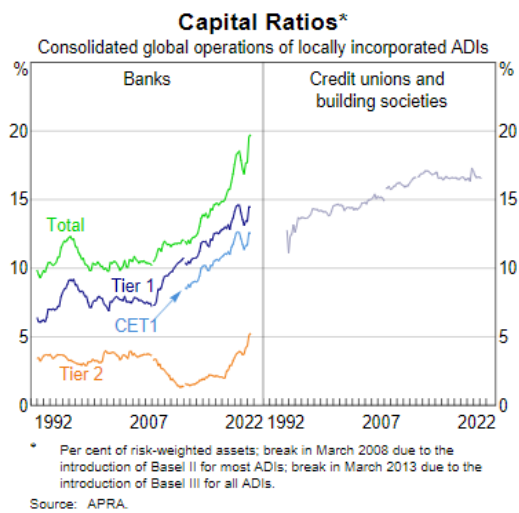
Overall, the lower rated ADIs (BBB and unrated) are generally now in a better financial position than they have been historically (see the Capital Ratio figure below). The financial regulator, APRA has noted that the Common Equity Tier 1 capital of Australian banks now exceeds a quarter of a trillion dollars. It has



increased by \$110 billion, or more than 70%, over the past decade. Over the same time, banks' assets have grown by 44%. Some of the extra capital is supporting growth in the banking system itself but clearly, there has been a strengthening in overall resilience and leverage in the system is lower.

We believe that deposit investments with the lower rated ADIs should be considered going forward, particularly when they offer 'above market' specials. Not only would it diversify the investment portfolio and reduce credit risk, it would also improve the portfolio's overall returns. The lower rated entities are generally deemed to be the more 'ethical' ADIs compared to the higher rated ADIs.

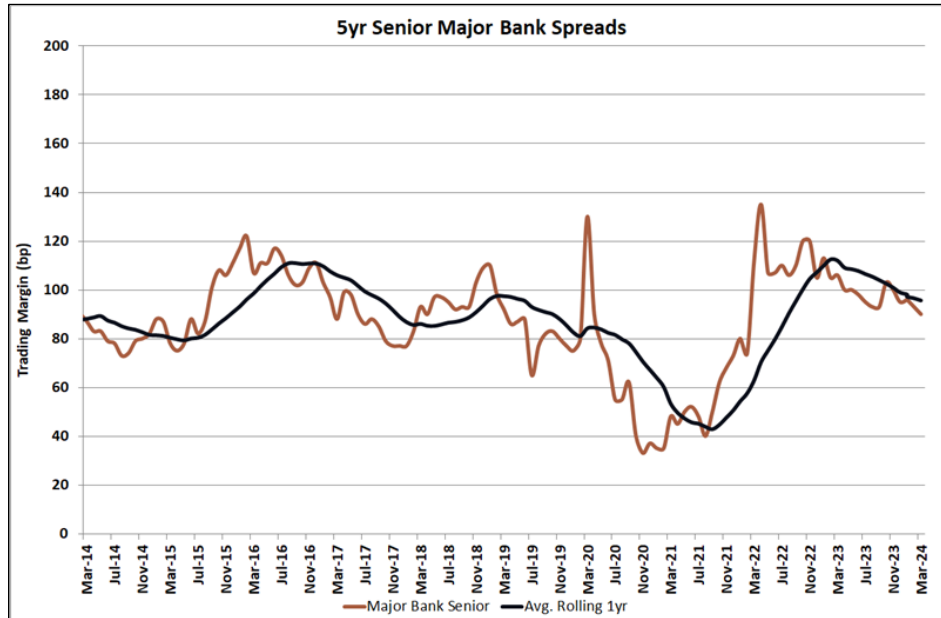
In the current environment of high regulation and scrutiny, all domestic (and international) ADIs continue to carry high levels of capital. There is minimal (if any) probability of any ADI defaulting on their deposits going forward – this was stress tested during the GFC and the pandemic period. APRA's mandate is to "protect depositors" and provide "financial stability".





## Senior FRNs Market Review

Over March, amongst the senior major bank FRNs, physical credit securities tightened by around 3-9bp at the long-end of the curve. Major bank senior securities remain at fair value on a historical basis (5yr margins around +90bp level). During the month, NAB (AA-) issued a new 5 year senior security at +90bp.



Source: IBS Capital

There other notable new (primary) senior issuances during the month included:

- Mizuho (A) 4 year senior FRN at +88bp
- Suncorp (A+) 4 year senior security at +98bp
- ING (A) 3 year senior security at +95bp
- Auswide (BBB) 3 year senior FRN at +160bp

Amongst the "A" rated sector, the securities tightened by around 4-5bp at the longer-end of the curve, whilst the "BBB" rated sector remained flat at the 3 year part of the curve (mainly driven by new issuances). Overall, credit securities are looking much more attractive given the widening of spreads over the past 2 years and as more primary issuances become available. FRNs will continue to play a role in investors' portfolios mainly on the basis of their liquidity and the ability to roll down the curve and gross up returns over ensuing years (in a relatively stable credit environment).



Senior FRNs (ADIs)	28/03/2024	29/02/2024
"AA" rated – 5yrs	+90bp	+93bp
"AA" rated – 3yrs	+64bp	+73bp
"A" rated – 5yrs	+100bp	+105bp
"A" rated – 3yrs	+83bp	+87bp
"BBB" rated – 3yrs	+160bp	+160bp

Source: IBS Capital

We now generally recommend switches ('benchmark' issues only) into new primary issues, out of the following senior FRNs that are maturing:

- On or before early 2026 for the "AA" rated ADIs (domestic major banks);
- On or before early 2025 for the "A" rated ADIs; and
- Within 6–9 months for the "BBB" rated ADIs (consider case by case).

Investors holding onto the above senior FRNs ('benchmark' issues only) in their last few years are now generally holding sub optimal investments and are not maximising returns by foregoing realised capital gains. In the current challenging economic environment, any boost in overall returns should be locked in when it is advantageous to do so, particularly as switch opportunities become available.



## Senior Fixed Bonds – ADIs (Secondary Market)

With global inflation still high by historical standards, this has seen a significant lift in longer-term bond yields over the past 2 years (valuations have fallen) as markets have reacted sharply.

This has resulted in some opportunities in the secondary market. We currently see value in the following fixed bond lines, with the majority now being marked at a significant discount to par (please note supply in the secondary market may be limited on any day):

ISIN	Issuer	Rating	Capital Structure	Maturity Date	~Remain. Term (yrs)	Fixed Coupon	Indicative Yield
AU3CB0278174	UBS	A+	Senior	26/02/2026	1.92	1.10%	4.92%
AU3CB0280030	BoQ	BBB+	Senior	06/05/2026	2.11	1.40%	5.14%
AU3CB0299337	Bendigo	BBB+	Senior	15/05/2026	2.14	4.70%	5.00%
AU3CB0296168	BoQ	BBB+	Senior	27/01/2027	2.84	4.70%	5.04%



## Economic Commentary

### International Market

Risk assets performed well in March as the narrative of economic resilience overshadowed concerns that rates may be higher for longer.

Across equity markets, the S&P 500 Index gained +3.10% over the month, whilst the NASDAQ added +1.79%. Europe's main indices also continued their gains, led by Italy's FTSE MIB (+6.66%), Germany's DAX (+4.61%), UK's FTSE (+4.23%) and France's CAC (+3.51%).

The US central bank kept the fed funds rate at the current target range of 5.25%-5.50%. The Fed still expects three rate cuts in 2024 though fewer cuts in the coming years than they had estimated in December as policymakers are now forecasting US GDP growth to strengthen than previously.

US core CPI printed at +0.4%, which was 0.1% stronger than consensus although the unrounded print was 'just' +0.36% m/m so the miss was not egregious, and the annual rate still ticked down slightly to +3.2%.

The Bank of Canada kept its policy rate on hold at 5.00% for a fifth consecutive meeting and Governor Macklem said, "it's still too early to consider lowering the policy interest rate".

The ECB kept its main refinancing rate at 4.00% as universally expected and is anticipated to be at a neutral setting for the immediate future.

The Swiss National Bank unexpectedly cut interest rates by 25bp to 1.50% at its latest meeting as their CPI fell to +1.2% y/y and core inflation to +1.1%. SNB marks as the first major developed central bank to ease monetary policy.

The Bank of Japan (BoJ) raised rates to the range of 0%-0.1%, the first hike in 17 years. The BoJ also decided to abandon its yield curve control and discontinue its purchase of assets such as exchange-traded funds (ETFs), which it began buying in 2010 as part of its stimulus programme.

China reported February CPI and PPI data, with CPI surprising to the upside at +0.7% year-on-year, its highest level since March 2023, aided by pork prices turning positive in annual terms for the first time in nine months (+0.2%).

The MSCI World ex-Aus Index rose +3.03% for the month of March:

Index	1m	3m	1yr	3yr	5yr	10yr
S&P 500 Index	+3.10%	+10.16%	+27.86%	+9.77%	+13.14%	+10.87%
MSCI World ex-AUS	+3.03%	+8.66%	+23.48%	+7.06%	+10.43%	+7.65%
S&P ASX 200 Accum. Index	+3.27%	+5.33%	+14.45%	+9.62%	+9.15%	+8.27%

Source: S&P, MSCI





### Domestic Market

The RBA kept rates on hold at 4.35% as expected in its March meeting. The central bank was perceived to now adopt a more neutral approach to monetary policy as it removed its previous phrases – “a further increase in interest rates cannot be ruled out” and “will do what is necessary to achieve that outcome”. However, the addition of “the Board is not ruling anything in or out” still provides the RBA with sufficient flexibility when upside risks emerge.

The monthly CPI indicator held at +3.4% y/y in January (consensus +3.5%). The RBA will likely wait and see the full Q1 CPI on 27 April before updating their forecasts and potentially change their future guidance on rates.

The unemployment rate fell from 4.1% in January to 3.7% in February as the economy added 116,500 new jobs compared with economists forecast of around 40,000. This strong labour data was largely due to a high number of people who had found work in December/January but whose jobs only started in February.

GDP rose by +0.2% q/q (+1.5% y/y). Private domestic demand growth remained weak, while public sector spending helped to keep overall domestic final demand growth over the last year at a reasonable level. The key story remains the weakness in household consumption, which rose just +0.1% q/q and +0.1% for 2023 as a whole – the slowest annual growth in almost 40 years outside of COVID and the GFC.

The current account widened sharply to \$11.8bn in Q4 on the back of higher commodity export values.

Building approvals fell -1% in January, partially due to a -9.9% fall in detached dwellings, which was mostly offset by a rebound in the volatile attached dwelling series in the month.

The Australian dollar marginally rose by +0.20%, finishing the month at US65.32 cents (from US65.19 cents the previous month).

### Credit Market

The global credit indices remained relatively flat as risk markets continued their modest rally. They are now back to their levels in early 2022 (prior to the rate hike cycle from most central banks):

Index	March 2024	February 2024
CDX North American 5yr CDS	52bp	52bp
iTraxx Europe 5yr CDS	55bp	55bp
iTraxx Australia 5yr CDS	66bp	64bp

Source: Markit



## Fixed Interest Review

### Benchmark Index Returns

Index	March 2024	February 2024
Bloomberg AusBond Bank Bill Index (0+YR)	+0.37%	+0.34%
Bloomberg AusBond Composite Bond Index (0+YR)	+1.12%	-0.30%
Bloomberg AusBond Credit FRN Index (0+YR)	+0.50%	+0.53%
Bloomberg AusBond Credit Index (0+YR)	+0.90%	+0.05%
Bloomberg AusBond Treasury Index (0+YR)	+1.15%	-0.36%
Bloomberg AusBond Inflation Gov't Index (0+YR)	+1.34%	-0.48%

Source: Bloomberg

### Other Key Rates

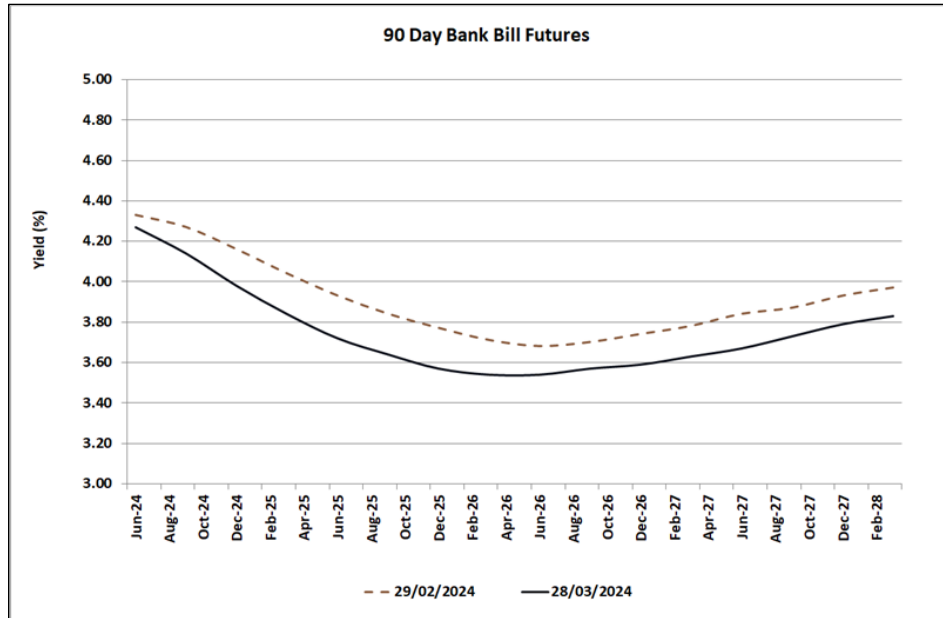
Index	March 2024	February 2024
RBA Official Cash Rate	4.35%	4.35%
90 Day (3 month) BBSW Rate	4.34%	4.34%
3yr Australian Government Bonds	3.59%	3.71%
10yr Australian Government Bonds	3.97%	4.14%
US Fed Funds Rate	5.25%-5.50%	5.25%-5.50%
2yr US Treasury Bonds	4.59%	4.64%
10yr US Treasury Bonds	4.20%	4.25%

Source: RBA, ASX, US Department of Treasury



### 90 Day Bill Futures

Bill futures fell across the board this month, following the movement in the domestic bond market. The focus from the market remains on when the first rate cut will be delivered:



Source: ASX

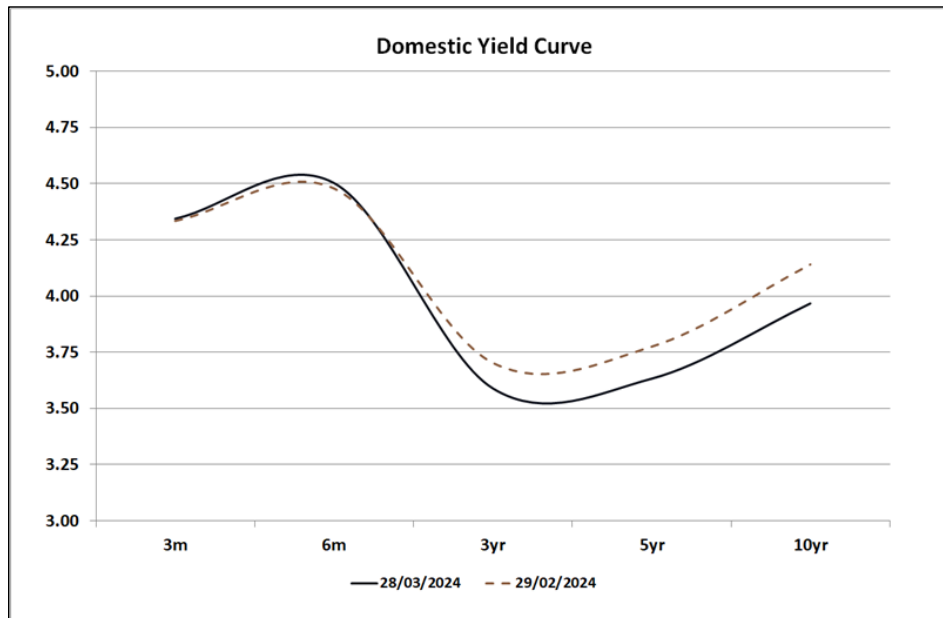


## Fixed Interest Outlook

In the latest FOMC statement, the US central bank reiterated from previous months that *"the Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%"*. The Federal Reserve therefore continues to be in the wait-and-see approach as it assesses incoming data when it would likely be appropriate to dial back policy restraint (cut rates). The 'dot plots' continues to show 75bp of US Fed rate cuts in 2024 and another 75bp in 2025.

Domestically, Australian inflation is lagging, but expectations is that the RBA is likely to join by year end. Following its March meeting, the RBA is now perceived to adopt a more neutral approach to monetary policy; however, the addition of *"the Board is not ruling anything in or out"* in its latest policy statement suggests the Board wants to keep the optionality in the event of future shocks.

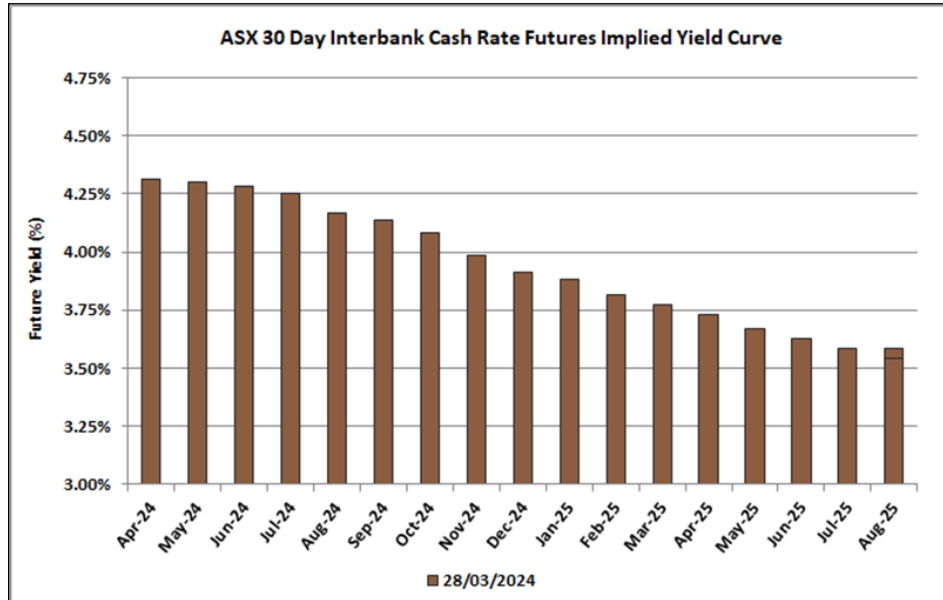
Over the month, longer-term yields fell up to 17bp at the very long end of the curve (remains an inverse yield curve):



Source: ASX, RBA



The consensus from the broader market is that we have reached the peak of the interest rate cycle. Financial markets are currently fully pricing in the first rate cut in Australia by October 2024, lagging behind the US market (largely pricing in a rate cut by June 2024).



Source: ASX

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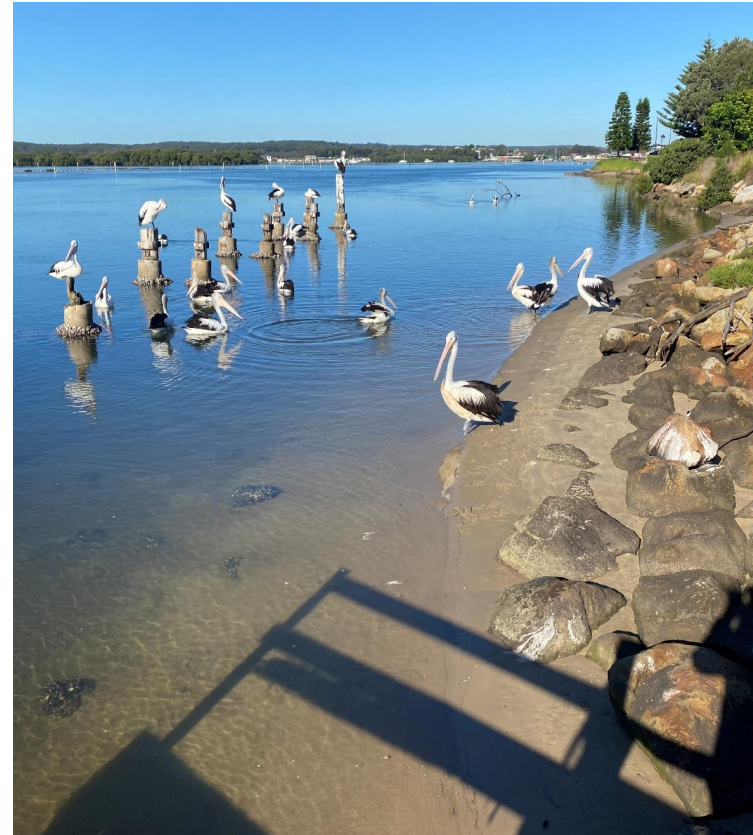
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# Shoalhaven LGA Sea Level Rise Update: Progress Summary

Chris Beadle – Principal Coastal Engineer  
Water Technology  
7/12/2023

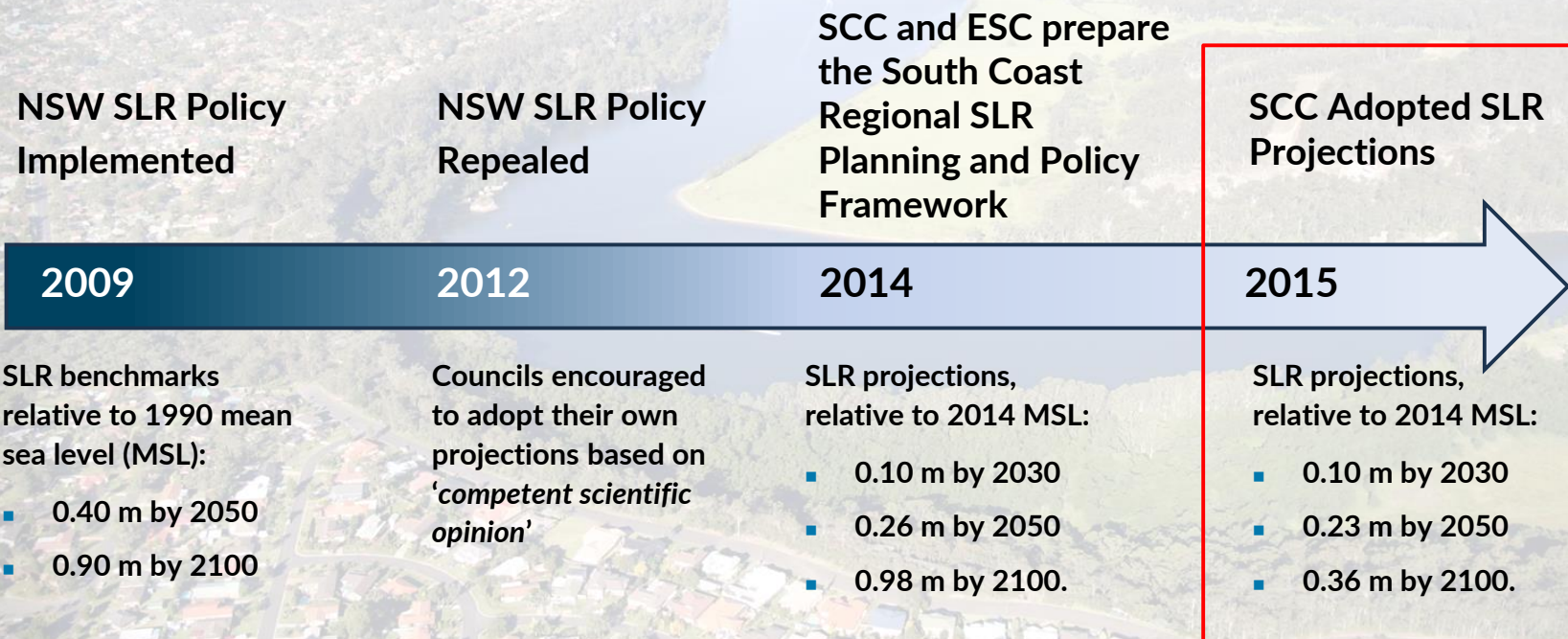


# Overview

1. Background into Shoalhaven Sea Level Rise (SLR) Projections
2. Review of the latest sea level measurements
3. The latest global SLR projections
4. Review of SLR Policies around NSW & Australia
5. Recommendations



# Background into SLR policy





# Rationale for this update

Policy and Resources Committee meeting on 10 February 2015  
(File 30596E) - Council also resolved to:

**Resolution 1(b)** *“Review the projection based on real data every 7 years, with tidal gauges at HMAS Creswell and Ulladulla being included in the calculations along with other NSW gauges, modelled or corrected altimeter data be excluded unless new satellites overcome the present measurement error ”*

**Resolution 1(e)** *“Continue to monitor State and Federal Government advice including Stage 2 Coastal Reform and future Intergovernmental Panel on Climate Change (IPCC) reports and review its sea level rise projections in accordance with Part B”*

MINUTES OF THE POLICY & RESOURCES COMMITTEE MEETING HELD ON TUESDAY,  
10 FEBRUARY, 2015 IN THE COUNCIL CHAMBERS, CITY ADMINISTRATIVE CENTRE,  
BRIDGE ROAD, NOWRA COMMENCING AT 4.11 PM.

1. South Coast Regional Sea Level Rise Planning and Policy Response Framework

Council engaged Water Technology to undertake a review of the projections adopted in 2015 – in consideration of:

- The latest available sea level measurements
- The latest available SLR projections from the Intergovernmental Panel on Climate Change (IPCC)
- Review of SLR policies adopted around NSW and Australia

basis of 7 year reviews primarily using real long term data from the Fort Denison Tidal Gauge as well as the consideration of trends from local tidal stations.

The seven year reviews means Council's plans can quickly respond to any significant change in the rate of sea level increase or decrease and on this basis Council believes it is reasonable to use the above methodology to

# Sea Level Measurements 2023 Update

# Sea Level Measurements – 2023 Update



**Global Mean  
Sea Level**



**Regional  
Mean Sea  
Level**



# Sea Level Measurements – 2023 Update



Global Mean Sea Level



Regional Mean  
Sea Level

# Sea Level Measurements – 2023 Update



Global Mean Sea Level



Regional Mean  
Sea Level

Info  
Sources

Available  
Data

# Sea Level Measurements – 2023 Update



Global Mean Sea Level



Regional Mean  
Sea Level

Info  
Sources



Available  
Data











Satellite Measurements



Tide gauges measurements  
from around the world



# Sea Level Measurements – 2023 Update

	 <b>Global Mean Sea Level</b>	 <b>Regional Mean Sea Level</b>
<b>Info Sources</b>		 
<b>Available Data</b>	 <b>Satellite Measurements</b>   <b>Tide gauges measurements from around the world</b>	 <b>Tide gauges measurements from local NSW stations</b>

# Measurements Global Mean Sea Level

- The Intergovernmental Panel on Climate Change (IPCC) is the international body for assessing the science related to climate change.
- The IPCC was set up in 1988 (by the World Meteorological Organisation and the United Nations) to provide policymakers with the latest scientific information about the Earth's climate.
- Sixth Assessment Report (AR6) was released in 2023.
- Includes ongoing updates of global sea level rise in every report



**1990s onwards: Satellite Measurements**

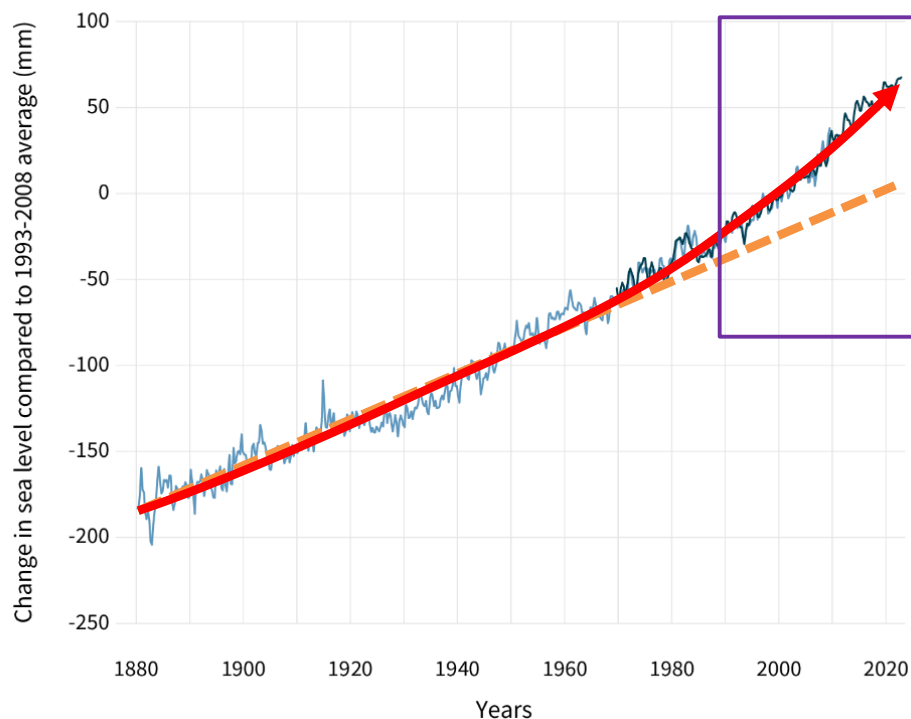


**Going back to 1800s: Tide gauges measurements from around the world**



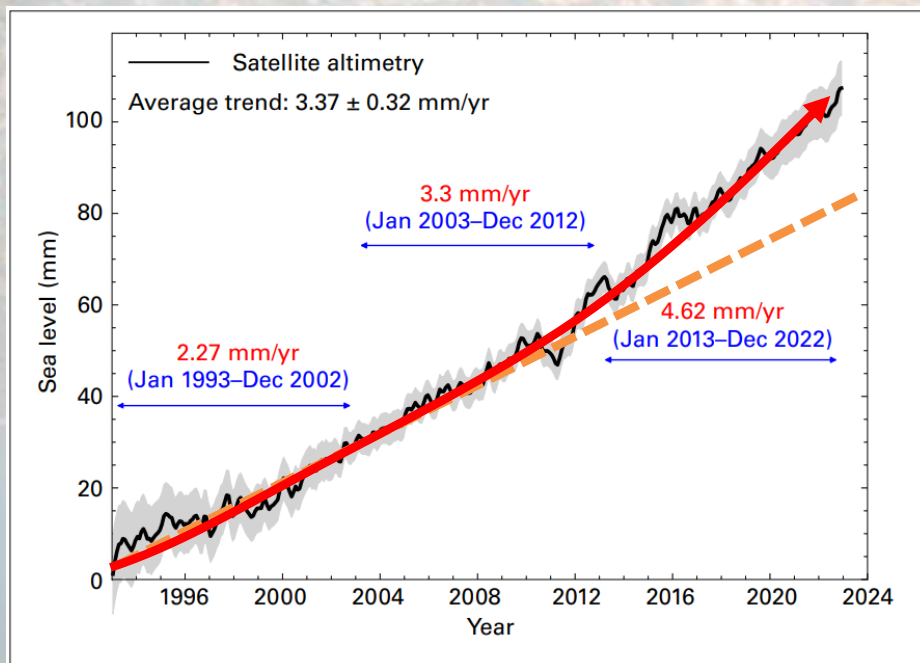
# Measurements Global Mean Sea Level

## GLOBAL SEA LEVEL



- Sea levels have risen approx. 30 cm since the 1800s
- The rate of global sea level rise is accelerating
- 1880s to 1980s = 1.4 mm/yr
- 1990s to present = 3.4 mm/yr
- In 2022, global average sea level set a new record high

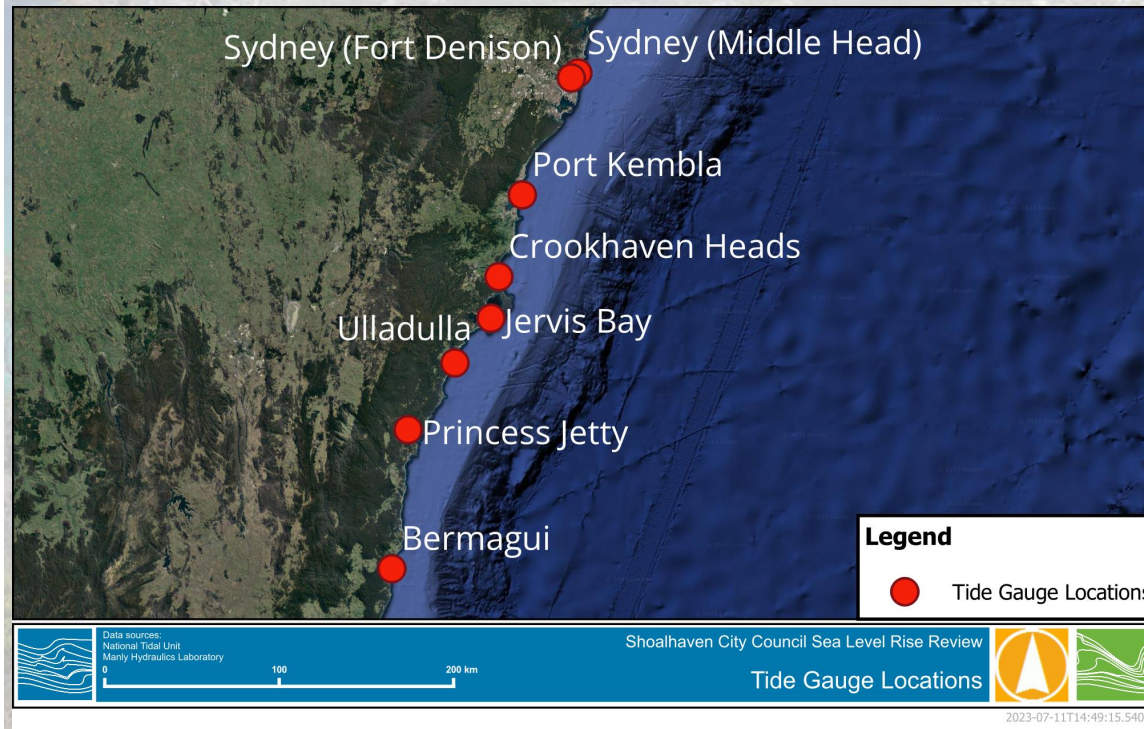
# Measurements Global Mean Sea Level



- Global sea levels rising around 3.5 mm/yr over the last 35 years – **High confidence**
- Observed acceleration over the last 10 to 15 years (>4mm/yr) – **High confidence**



# Regional Sea Levels (NSW)



Tide gauge at Ulladulla



Tide gauge at HMAS Creswell, Jervis Bay

# Regional Sea Levels (NSW)

Measured rate of SLR (mm/yr)	Whitehead & Associates (2014)	2023 Update	Change
Station location	Period 1996-2013, (± SE)	Period 1996-2022, (± SE)	Rate of rise accelerating?
Sydney (Middle Head)	3.6 (1.3)	4.0 (0.6)	↑
Sydney (Fort Denison)	3.3 (1.1)	3.6 (0.6)	↑
Port Kembla	3.6 (0.7)	3.7 (0.5)	-
Crookhaven Heads	N/A*	4.1 (0.6)	N/A
Jervis Bay	4.2 (1.4)	4.7 (0.6)	↑
Ulladulla	N/A*	4.0 (0.3)	N/A
Princess Jetty <sup>^^</sup>	4.2 (1.8)	2.7 (0.8)	↓
Bermagui	3.4 (0.9)	3.5 (0.5)	-

Rate of rise generally consistent across tide gauge sites – typically between 3.5 and 4.0 mm/yr

The average across all sites between 1996-2022 is 3.7 mm/yr



# Regional Sea Levels (NSW)



- Average rate of rise on south coast of NSW , 1990s to present = 3.7 mm/yr



- Rate of SLR very similar to global average (3.4 mm/yr) during the same period.



- Pattern of acceleration observed over the last decade. Also consistent with global sea levels.



- There is no evidence to suggest that future long term SLR across the south coast is likely to vary significantly from the global values.

# IPCC Projections

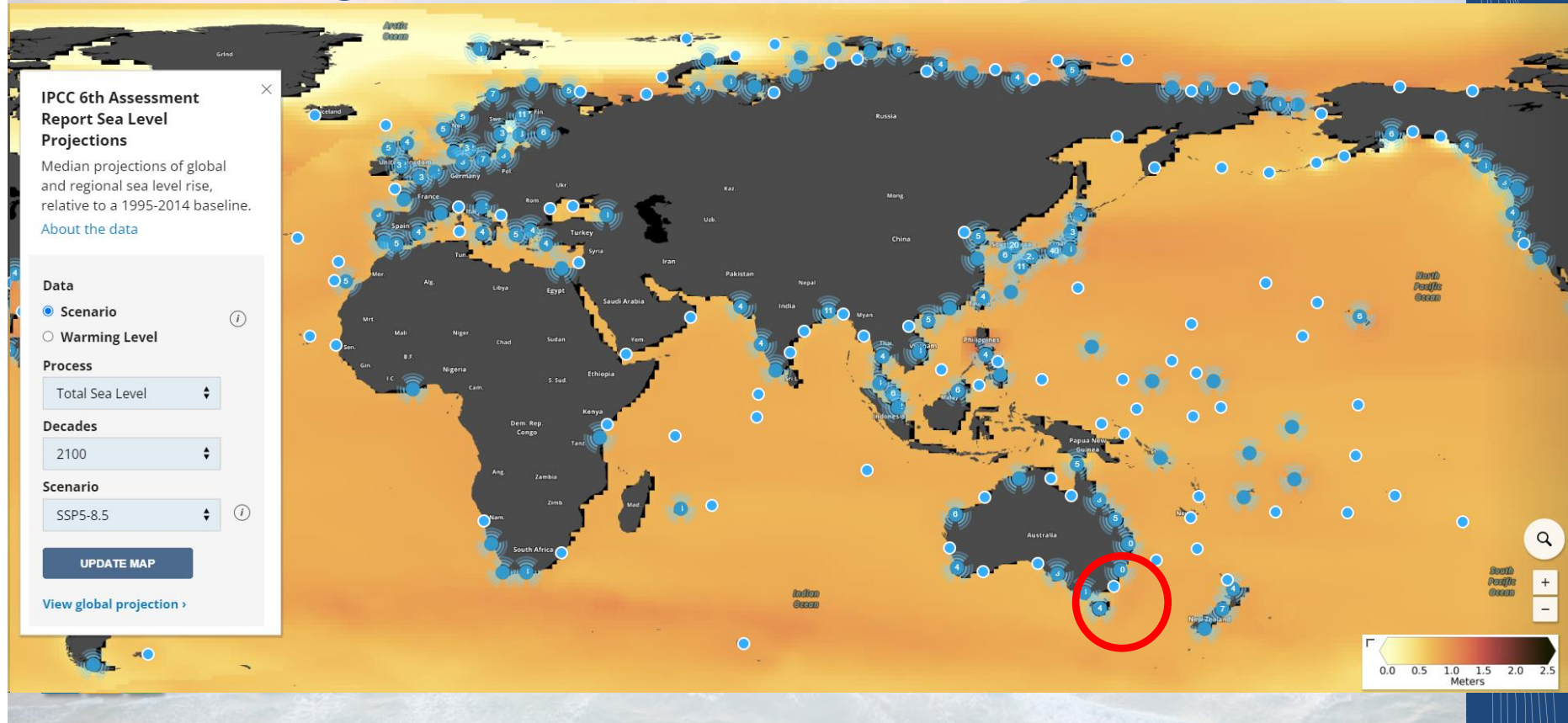
IPCC model the future climate impacts for a series of future emissions scenarios called:

“Shared Socioeconomic Pathways (SSPs)”

- **SSP1-1.9: Very low GHG emissions**
- **SSP1-2.6: Low GHG emissions**
- **SSP2-4.5 Intermediate GHG emissions**
- **SSP3-7.0 High GHG emissions**
- **SSP5-8.5: Very high GHG emissions**

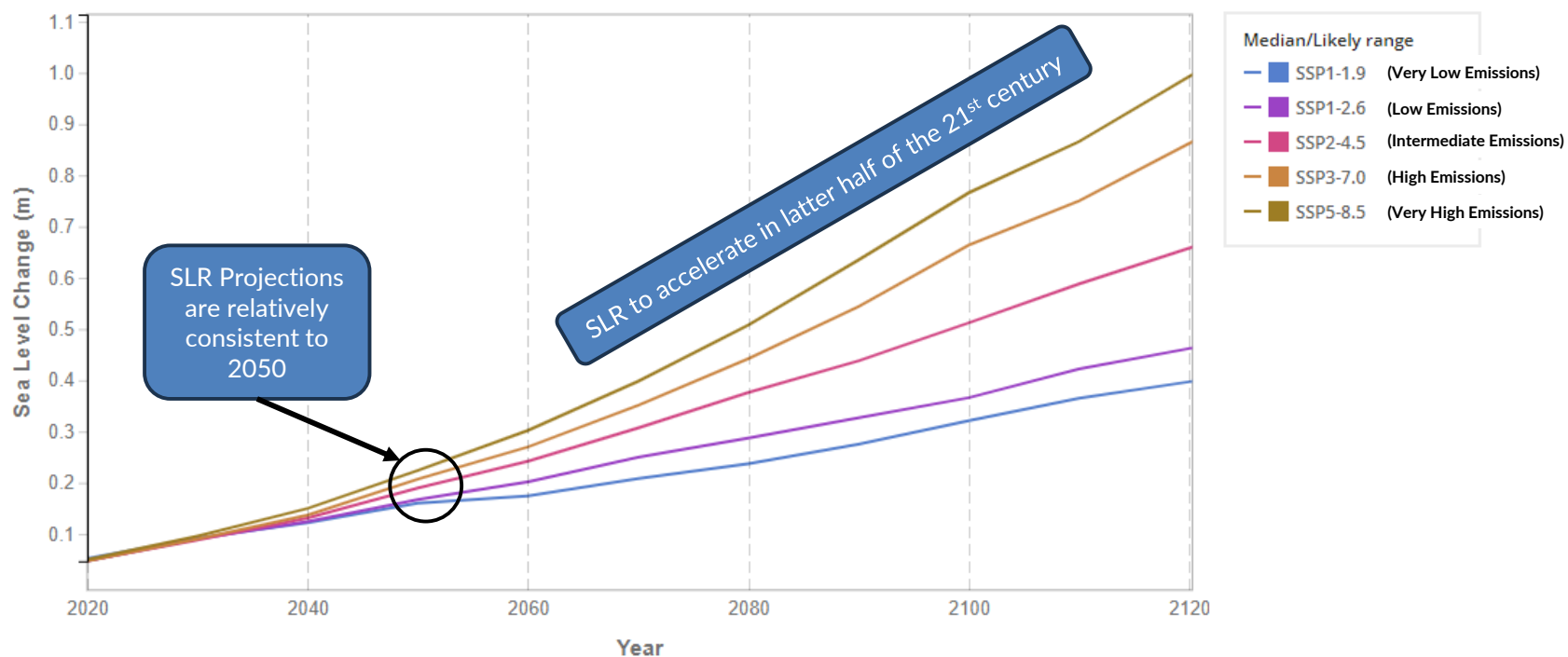


# IPCC Projections



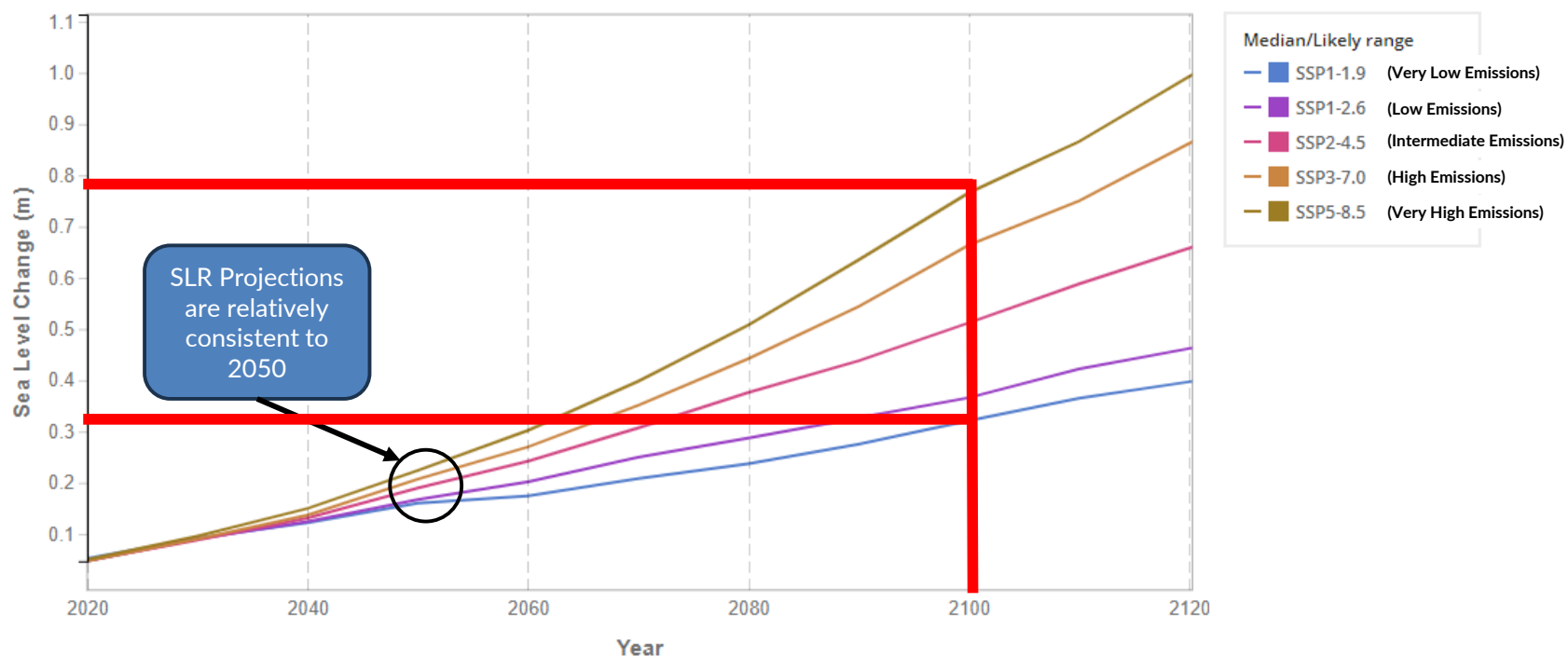


# SLR Projections for emissions scenarios

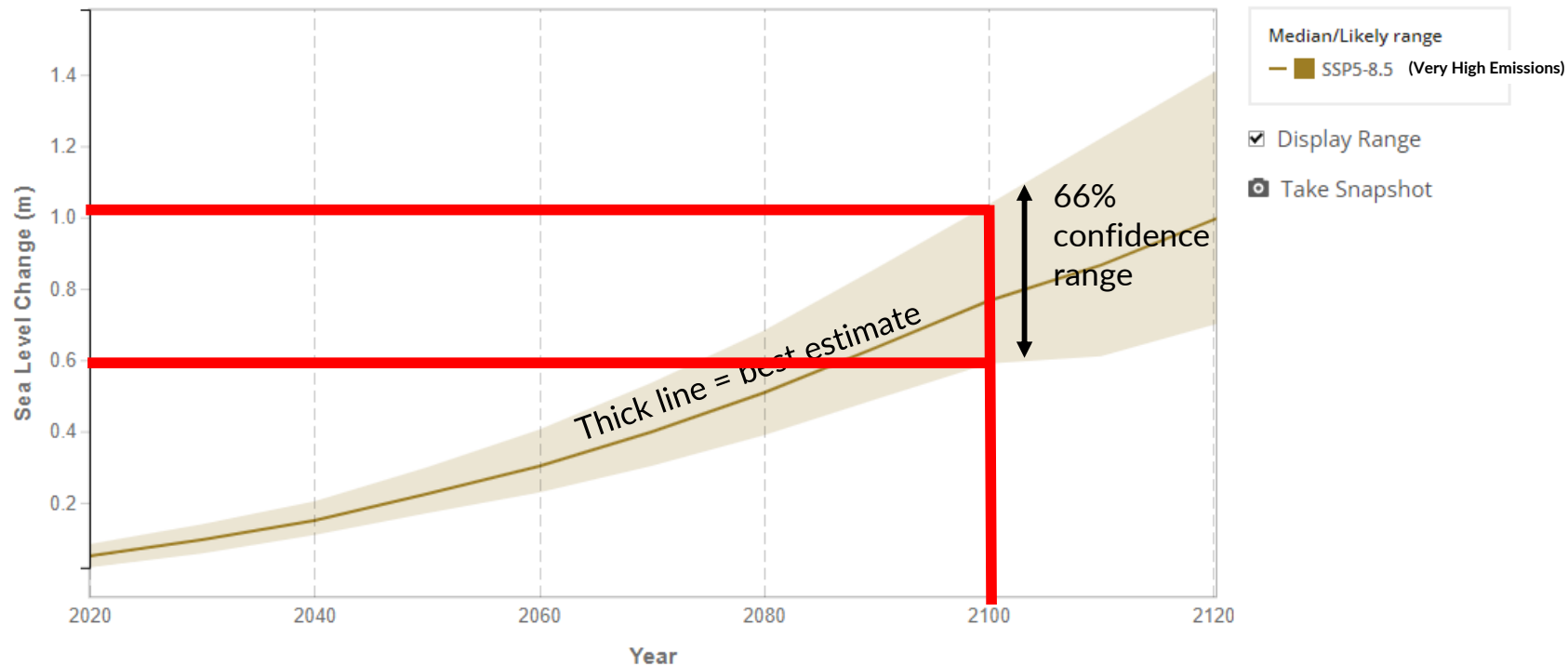




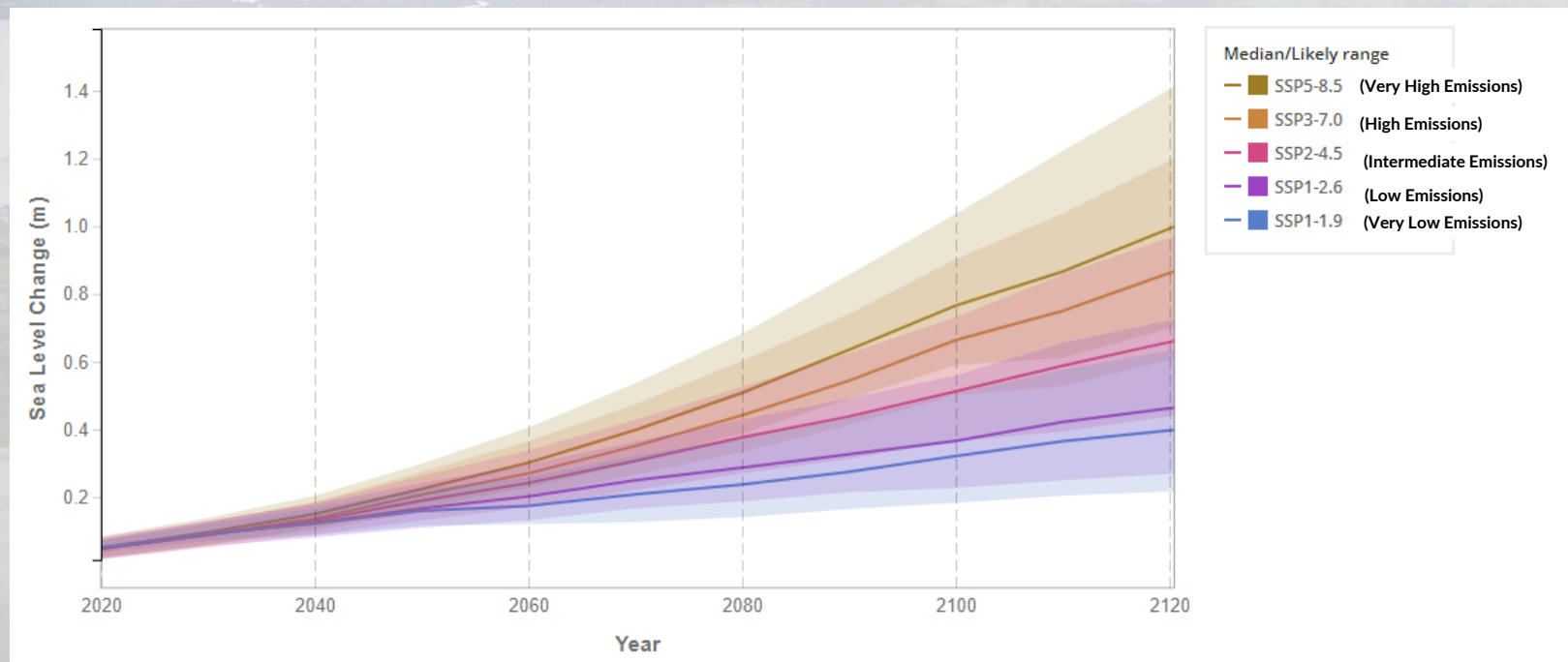
# SLR Projections for emissions scenarios



# SLR Projections for emissions scenarios



# SLR Projections for emissions scenarios



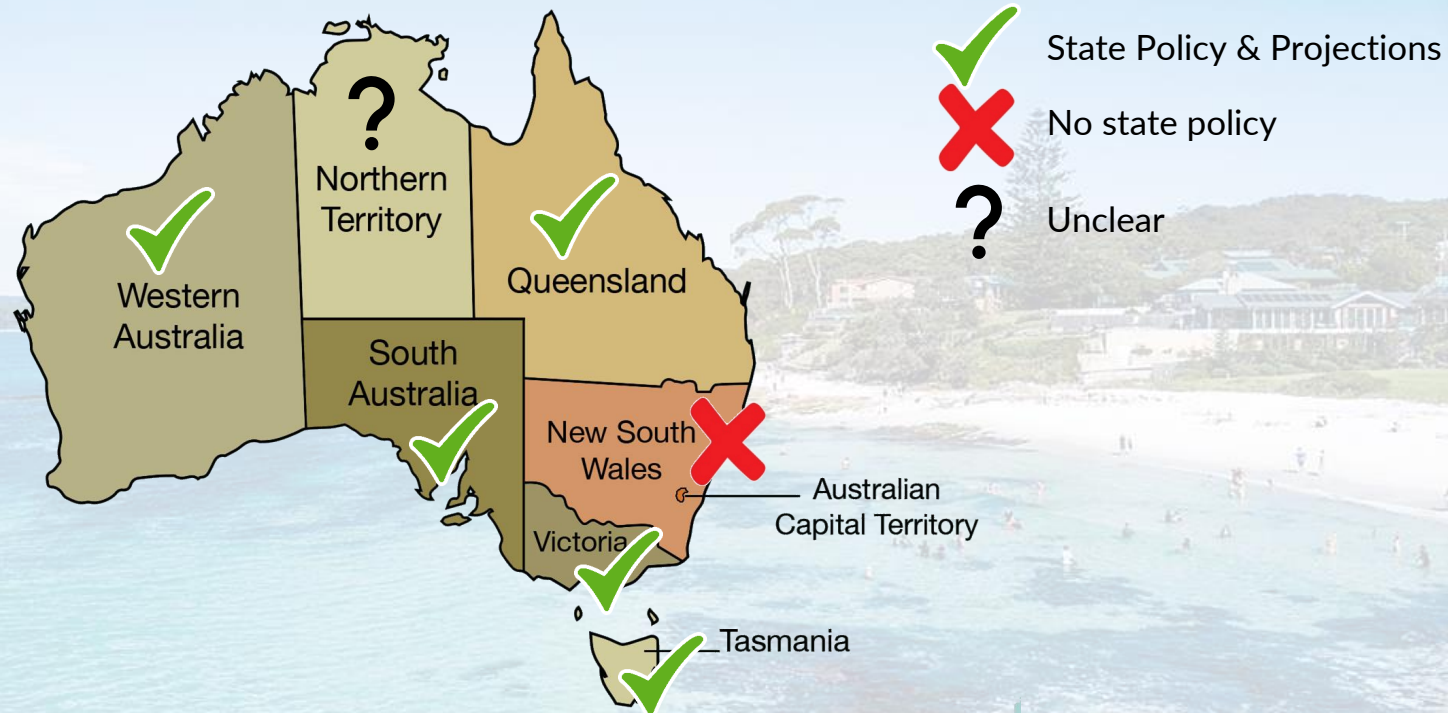
# Which projection(s) are being used by Governments?

- Uncertainty about how fast our climate will change, and by how much, necessitates a precautionary approach to the selection of future SLR projections - based on the most widely accepted international scientific opinion.
- Greenhouse gas emissions, global temperature, and sea level rise are currently tracking at, or above, the IPCC projections consistent with the IPCC Very High Emissions (SSP5-8.5) scenario.
- Current research indicates that IPCC projections are more likely to be an underestimation of SLR than an overestimation.
- Most Local & State Governments across Australia have adopted a Very High Emissions (SSP5-8.5) scenario... or its equivalent predecessor from previous IPCC reports



Let's look at what other Local and State Governments are doing

# Sea Level Rise Policies Around Australia





# Sea Level Rise Policies Around Australia

State	2050 (m)	2100 (m)	Policy Ref
Queensland	-	0.8	State Planning Policy's State Interest for Natural Hazards
Victoria	-	0.8	Melbourne Water's 'Planning for Sea Level Rise Guidelines' (2017)
Tasmania* (local allowances for each municipality)	0.23	0.85	Tasmanian Local Council Sea Level Rise Planning Allowances – Numbers provided are a state average
South Australia	0.3	1.0	Policy on Coast Protection and New Coastal Development
Western Australia	-	0.9	** by 2110, as per SPP No 26

^relative to 1990 sea levels

# SLR Projections Adopted by NSW Councils

Region	Council	2050 (m)	2100 (m)	Ref Period
Greater Sydney	Woollahra Municipal Council	0.4	0.9	1990
	Bayside Council	0.4	0.9	1990
	Botany Bay Council	0.4	0.9	1990
	Sutherland Shire Council	0.23	0.72	2014
Illawarra	Wollongong City Council	0.4	0.9	1990
	Kiama Municipal Council	0.4	0.9	1990
South Coast	<b>Shoalhaven City Council</b>	<b>0.23</b>	<b>0.35</b>	<b>2014</b>
	Eurobodalla Shire Council	0.23	0.72	2014
	Bega Valley Shire Council	0.4	0.9	1990

Note:  
Different  
reference  
periods can  
make this a  
bit confusing!

# SLR Projections Adopted by NSW Councils

Region	Council	2050 (m)	2100 (m)	Ref Period
Greater Sydney	Woollahra Municipal Council	0.35	0.85	2014
	Bayside Council	0.35	0.85	2014
	Botany Bay Council	0.35	0.85	2014
	Sutherland Shire Council	0.23	0.72	2014
Illawarra	Wollongong City Council	0.35	0.85	2014
	Kiama Municipal Council	0.35	0.85	2014
South Coast	<b>Shoalhaven City Council</b>	<b>0.23</b>	<b>0.35</b>	<b>2014</b>
	Eurobodalla Shire Council	0.23	0.72	2014
	Bega Valley Shire Council	0.35	0.85	2014



# Recommendations

## Recommendation

- To adopt a SLR projections consistent with the IPCC SSP5-8.5 (High Emissions) scenario.
- Existing 2030 and 2050 scenarios already generally consistent with SSP5-8.5.

## Basis

- Greenhouse gas emissions, global temperature, and SLR are currently tracking at, or above, the IPCC SSP5-8.5 projections.
- Scientifically appropriate to adopt the precautionary principle in the face of future uncertainty.
- Most Local & State Governments across Australia have adopted this scenario... or its equivalent predecessor from previous IPCC reports.



Planning Horizon	Current 2015 SLR Policy (m)	Adopting IPCC SSP5-8.5 (m)
2030	0.10	0.10
2050	0.23	0.23
2100	0.36	0.85
2120	N/A	0.99

# Recommendations

## Considerations of Higher Projections

- SCC have used a range of potential future projections for risk analyses in CMP projects and flooding studies
- +0.6m
- +0.9m } 50-100 Years
- +1.2m - 100+ years

Planning Horizon	Current 2015 SLR Policy (m)	Adopting IPCC SSP5-8.5 (m)
2030	0.10	0.10
2050	0.23	0.23
2100	0.36	0.85
2120	N/A	0.99



# Questions?



# Supplementary Charts



## 2023 shatters climate records, with major impacts

● PRESS RELEASE

30 November 2023

Geneva/Dubai (WMO) - 2023 has shattered climate records, accompanied by extreme weather which has left a trail of devastation and despair, according to the World Meteorological Organization (WMO).

<https://wmo.int/news/media-centre/2023-shatters-climate-records-major-impacts>

### Press Release: 30 November 2023

- Greenhouse gas levels continue to increase – and reached record high levels in 2022
- Based on data from Jan-Dec: It is virtually certain that 2023 will be the warmest year in the 174-year observational record.
- 2023 set record sea surface temperatures, with widespread marine heatwaves.
- In 2023, global mean sea level reached a record high in the 150 yr observational record
- Antarctic sea-ice extent reached an absolute record low for the satellite era



SSP	Scenario	Estimated warming (2041–2060)	Estimated warming (2081–2100)	Very likely range in °C (2081–2100)
SSP1-1.9	<u>Very low GHG emissions:</u> CO <sub>2</sub> emissions cut to net zero around 2050. Holds warming to approximately 1.5°C above 1850-1900 in 2100.	1.6 °C	1.4 °C	1.0 – 1.8
SSP1-2.6	<u>Low GHG emissions:</u> CO <sub>2</sub> emissions cut to net zero around 2075. Stays below 2.0°C warming relative to 1850-1900.	1.7 °C	1.8 °C	1.3 – 2.4
SSP2-4.5	<u>Intermediate GHG emissions:</u> CO <sub>2</sub> emissions around current levels until 2050, then falling but not reaching net zero by 2100. Deviates mildly from a 'no-additional- climate-policy' reference scenario, resulting in a best-estimate warming around 2.7°C by the end of the 21st century relative to 1850-1900.	2.0 °C	2.7 °C	2.1 – 3.5
SSP3-7.0	<u>High GHG emissions:</u> CO <sub>2</sub> emissions double by 2100. No additional climate policy under the SSP3 socioeconomic development narrative. SSP3-7.0 has particularly high non-CO <sub>2</sub> emissions, including high aerosols emissions.	2.1 °C	3.6 °C	2.8 – 4.6
SSP5-8.5	<u>Very high GHG emissions:</u> CO <sub>2</sub> emissions triple by 2075. High reference scenario with no additional climate policy. Emission levels as high as SSP5-8.5 are not obtained by Integrated Assessment Models under any of the SSPs other than the fossil fuelled SSP5 socioeconomic development pathway	2.4 °C	4.4 °C	3.3 – 5.7

