

**ATTACHMENTS DISTRIBUTED UNDER SEPARATE COVER**

**CCL 26/09/23 - EXECUTIVE MONTHLY PERFORMANCE REPORT**

**8.5**                      **Attachment A:**            EXECUTIVE MONTHLY PERFORMANCE  
REPORT – AUGUST 2023

**DISTRIBUTED UNDER SEPARATE COVER**

# Monthly Performance Report

August 2023

















# Income Statement

Result for the financial period ending 31 August 2023

Full Year Budget		YTD Budget	YTD Actual Result	Variance (\$)	Variance (%)
\$'000		\$'000	\$'000	\$'000	\$'000
<b>Income from continuing operations</b>					
219,236	Rates & annual charges	36,539	36,539	-	0%
117,640	User charges & fees	18,396	19,047	651	4%
9,341	Other revenues	1,415	1,591	176	12%
21,220	Grants & contributions - operating	568	475	(93)	-16%
38,626	Grants & contributions - capital	592	592	-	0%
9,315	Interest & investment revenue	1,553	2,190	637	41%
7,089	Other income	1,270	1,204	(66)	-5%
<b>422,467</b>	<b>Total income from continuing operations</b>	<b>60,334</b>	<b>61,639</b>	<b>1,305</b>	<b>2%</b>
<b>Expenses from continuing operations</b>					
131,648	Employee benefits & on-costs	19,952	19,343	(609)	-3%
112,483	Materials & services	14,841	12,031	(2,811)	-19%
4,039	Borrowing costs	677	678	1	0%
69,601	Depreciation & amortisation	11,887	11,815	(72)	-1%
52,147	Other expenses	7,854	8,637	783	10%
7,002	Net loss from the disposal of assets	718	740	22	3%
<b>376,920</b>	<b>Total expenses from continuing operations</b>	<b>55,929</b>	<b>53,243</b>	<b>(2,685)</b>	<b>-5%</b>
<b>45,547</b>	<b>Operating result from continuing operations</b>	<b>4,405</b>	<b>8,395</b>	<b>3,990</b>	<b>91%</b>
<b>6,921</b>	<b>Net operating result before grants &amp; contributions - capital</b>	<b>3,813</b>	<b>7,803</b>	<b>3,990</b>	<b>105%</b>

## Operating Analysis as at 31 August 2023

Over budget by more than 5% Over budget by 5% or less Result within budget 

Financial Statement Line Item	Indicator	Var (\$'000)	Var(%)	Issue	Explanation
<b>Operating Revenue</b>					
Rates & annual charges		-	0%		
User charges & fees		651	4%		\$1.1m increase in revenue related to additional Commercial Tonnes from Summerhill Waste Management Centre \$0.2m decline in Regulatory Fees \$0.1m decline in revenue related to Civic related to timing of shows
Other revenues		176	12%		\$0.1m proceeds from Insurance Claims
Grants & contributions - operating		(93)	-16%		Related to timing of grant payments
Grants & contributions - capital		-	0%		
Interest & investment revenue		637	41%		Increased return from investments
Other income		(66)	-5%		\$0.2m Unfavourable Fair Value adjustment in TCorp Long Term Growth Fund partially offset by increased rental returns
<b>Operating Expenses</b>					
Employee benefits & on-costs		(609)	-3%		
Materials & services		(2,811)	-19%		\$2m saving related to timing of delivery within the Works Program \$0.2m saving in Assets & Facilities related to timing of maintenance spend \$0.2m saving in Training and Staff Costs related to delays in scheduling of projects
Borrowing costs		1	0%		
Depreciation & Amortisation		(72)	-1%		
Other expenses		783	10%		\$0.7m increase in State Waste Levy related to additional tonnes at Summerhill Waste Management Centre
Net loss from the disposal of assets		22	3%		

# Capital Statement

Result for the financial period ending 31 August 2023

Full Year Budget \$'000	YTD Budget \$'000	YTD Actual Result \$'000	Variance (\$) \$'000	Variance (%) \$'000
<b><u>Capital funding</u></b>				
70,107 General fund contribution to capital	13,894	17,907	4,012	29%
2,410 Stormwater Management Service Charge	402	402	-	0%
32,127 Capital Grants & Contributions	592	592	-	0%
719 Proceeds from the sale of assets	7	7	-	0%
(3,339) Net Loans Borrowings / (Repayments)	(557)	(557)	-	0%
<b>Funding available for capital</b>				
<b>102,024 expenditure</b>	<b>14,339</b>	<b>18,351</b>	<b>4,012</b>	<b>28%</b>
<b><u>Capital Expenditure</u></b>				
42,956 Asset Renewal	4,447	4,583	136	3%
41,764 New / Upgrade	5,100	4,679	(421)	-8%
<b>84,720 Total capital expenditure</b>	<b>9,547</b>	<b>9,262</b>	<b>(286)</b>	<b>-3%</b>
<b>17,304 Transfer to or (Draw down on) reserves</b>	<b>4,792</b>	<b>9,090</b>	<b>4,298</b>	<b>90%</b>

# Debtors Report as at 31 August 2023

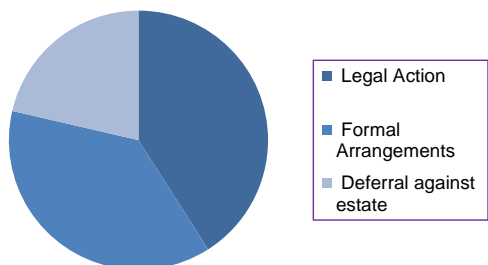
## Outstanding Rates

Debt Recovery Action	No. of Properties	\$ Amount
Legal Action	149	921,114
Formal Arrangements	202	846,865
Deferral against estate	18	480,906
<b>Total</b>	<b>369</b>	<b>2,248,885</b>

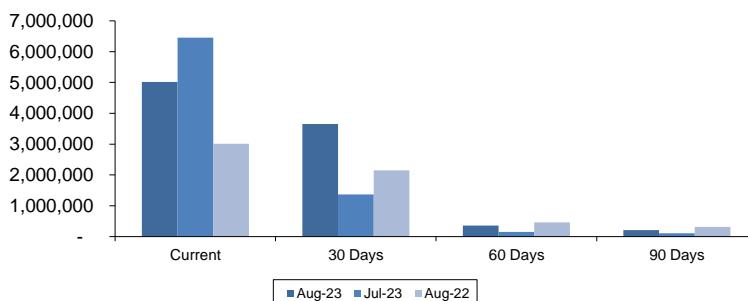
## Aged Debtors Report (Major Debtors Report)

Period	Aug-23 \$	Jul-23 \$	Aug-22 \$
Current	5,016,412	6,456,003	3,010,589
30 Days	3,655,545	1,371,476	2,151,317
60 Days	360,904	154,688	463,322
90 Days	210,333	108,175	311,145
<b>Total</b>	<b>9,243,194</b>	<b>8,090,342</b>	<b>5,936,373</b>

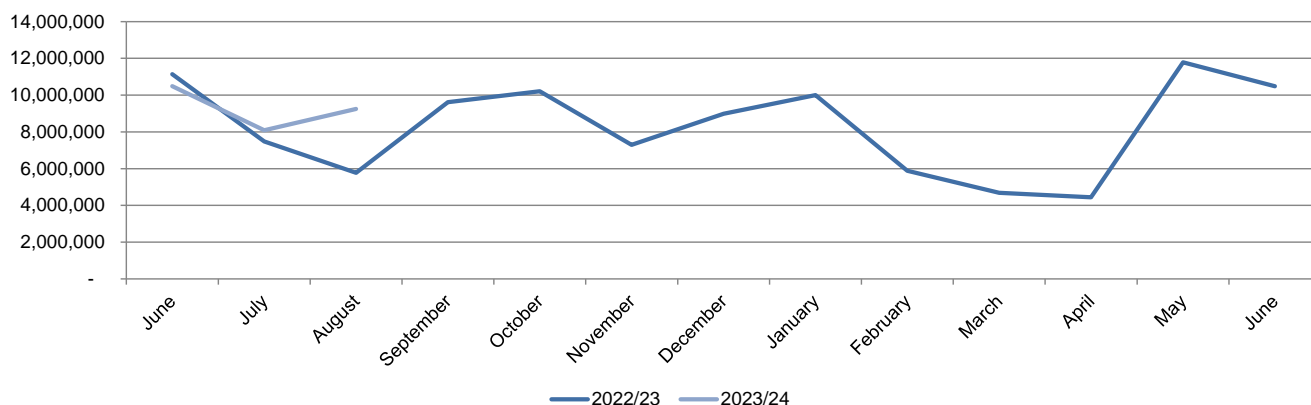
## Outstanding Rates (\$)



## Debtors balances



## Trend of Debtors Balance (\$)



# Works Program Summary

Result for the financial period ending 31 August 2023

Full Year Budget \$'000	Portfolio/Program	YTD Budget \$'000	YTD Actual Result \$'000	Variance to YTD budget (%) \$'000	% of FY Budget Spent \$'000
<b>35,313</b>	<b>City Infrastructure - Assets &amp; Facilities</b>	<b>4,120</b>	<b>2,898</b>	<b>-30%</b>	<b>8%</b>
260	Buildings - Council Support Services	27	55	103%	21%
150	Public Toilets	16	-	-100%	0%
140	Retaining walls	10	70	584%	50%
7,780	Bridges	74	51	-31%	1%
1,160	Footpaths	122	193	58%	17%
1,983	Roadside Furniture	102	94	-8%	5%
7,240	Road Rehabilitation	2,136	236	-89%	3%
7,500	Road Resurfacing	901	1,740	93%	23%
300	Parking Infrastructure	32	4	-86%	1%
4,975	Stormwater System	465	413	-11%	8%
3,825	Fleet Replacement	236	41	-83%	1%
<b>5,000</b>	<b>Planning &amp; Environment - Transport</b>	<b>1,030</b>	<b>652</b>	<b>-37%</b>	<b>13%</b>
3,610	Cycleways	836	103	-88%	3%
250	Pedestrian Access and Mobility Plan (PAMP)	20	411	1977%	165%
1,140	Local Area Traffic Management (LATM)	175	138	-21%	12%
<b>13,458</b>	<b>Planning &amp; Environment - Environment &amp; Sustainability</b>	<b>1,249</b>	<b>612</b>	<b>-51%</b>	<b>5%</b>
1,050	Blackbutt Reserve	110	16	-86%	2%
254	Flood Planning	27	18	-33%	7%
8,009	Coast, Estuary and Wetlands	646	209	-68%	3%
1,810	Bushland and Watercourses	260	52	-80%	3%
1,660	Street and Park Trees	181	145	-20%	9%
675	Sustainability & Climate	25	173	592%	26%
<b>6,400</b>	<b>Corporate Services</b>	<b>559</b>	<b>501</b>	<b>-10%</b>	<b>8%</b>
800	Digital Enablement	63	0	-100%	0%
5,600	Core Systems Development & Maintenance	496	501	1%	9%
<b>41,160</b>	<b>City Shaping</b>	<b>3,735</b>	<b>2,867</b>	<b>-23%</b>	<b>7%</b>
36,500	Citywide	3,362	2,550	-24%	7%
4,660	Summerhill	373	318	-15%	7%
<b>22,334</b>	<b>Creative &amp; Community Services</b>	<b>1,514</b>	<b>1,895</b>	<b>25%</b>	<b>8%</b>
7,450	Aquatics	423	818	93%	11%
349	Community Buildings	37	77	109%	22%
920	Civic Venues / Civic Services	97	141	46%	15%
12,245	Recreation & Sport	844	748	-11%	6%
475	Economic Development	20	4	-80%	1%
150	Art Gallery	16	1	-94%	1%
745	Museum / Libraries / Historic Fort Scratchley	78	106	35%	14%
<b>4,375</b>	<b>Waste Services</b>	<b>1,557</b>	<b>2,587</b>	<b>66%</b>	<b>59%</b>
4,375	Waste Management	1,557	2,587	66%	59%
<b>9,216</b>	<b>City Infrastructure - Revitalisation</b>	<b>1,661</b>	<b>1,116</b>	<b>-33%</b>	<b>12%</b>
5,620	City Centre	1,141	317	-72%	6%
2,300	Coastal	222	455	105%	20%
1,296	Urban Centres	298	344	15%	27%
<b>137,255</b>	<b>Total Works Program</b>	<b>15,426</b>	<b>13,128</b>	<b>-15%</b>	<b>10%</b>

Note: The Budget above is inclusive of operational and capital works

Councillors' Expense Register 2023/2024

	Annual Budget Allotments									Council Term Budget Allotments		
	EVENTS	ACCOMPANYING PERSON (Official Business)	OVERSEAS TRAVEL	PROFESSIONAL DEVELOPMENT	LGNSW / NGA ANNUAL CONFERENCE	COMMUNICATION EXPENSES	SPECIAL REQUIREMENTS & CARER EXPENSES	HOME OFFICE EXPENSES	TOTAL ANNUAL EXPENDITURE	AICD COURSE FEES	COMMUNICATION DEVICES	TOTAL TERM EXPENDITURE
<b>LORD MAYOR</b>												
Policy Provision	\$4,000	\$1,000	Paid in accordance with a specific resolution of Council	\$5,000	\$20,000 (shared among elected representatives inclusive of both events)	\$3,000	\$6,000	\$2,000		\$4,000 (may be combined with Professional Development expenses in the year undertaken)	\$4,000	
NELMES Nuatali	-	-	-	-	-	121.82	-	-	121.82	563.64	4,378.21	4,941.85
<b>ALL COUNCILLORS</b>												
Policy Provision	\$2,000	\$500	See Above	\$5,000	See Above	\$3,000	\$6,000	\$500		\$4,000	\$4,000	
CLAUSEN, Declan	363.27	-	-	-	-	101.82	-	-	465.09	-	2,537.85	2,537.85
CHURCH, John	-	-	-	-	-	41.82	-	-	41.82	-	2,428.59	2,428.59
MACKENZIE, John	-	-	-	-	-	147.28	-	-	147.28	-	3,219.67	3,219.67
DUNCAN, Carol	-	-	-	-	-	147.28	-	-	147.28	563.64	3,392.58	3,956.22
BARRIE, Jenny	-	-	-	-	-	147.28	-	-	147.28	-	3,219.67	3,219.67
McCABE, Charlotte	-	-	-	-	-	147.28	-	-	147.28	-	3,047.73	3,047.73
WINNEY-BAARTZ, Peta	-	-	-	420.00	-	147.28	-	-	567.28	-	3,219.67	3,219.67
WOOD, Margaret	-	-	-	-	-	147.28	-	-	147.28	-	3,219.67	3,219.67
WARK, Katrina	-	-	-	1,171.99	-	147.28	-	-	1,319.27	-	3,219.67	3,219.67
RICHARDSON, Deahhna	-	-	-	-	-	147.28	-	-	147.28	4,000.00	3,646.94	7,646.94
ADAMCZYK, Elizabeth	-	-	-	-	-	147.28	-	-	147.28	-	3,646.03	3,646.03
PULL, Callum	-	-	-	-	-	147.28	-	-	147.28	-	3,219.67	3,219.67
<b>TOTAL (exc LM)</b>	<b>363.27</b>	<b>-</b>	<b>-</b>	<b>1,591.99</b>	<b>-</b>	<b>1,616.44</b>	<b>-</b>	<b>-</b>	<b>3,571.70</b>	<b>4,563.64</b>	<b>38,017.74</b>	<b>42,581.38</b>
<b>TOTAL (inc LM)</b>	<b>363.27</b>	<b>-</b>	<b>-</b>	<b>1,591.99</b>	<b>-</b>	<b>1,738.26</b>	<b>-</b>	<b>-</b>	<b>3,693.52</b>	<b>5,127.28</b>	<b>42,395.95</b>	<b>47,523.23</b>

CEO and Lord Mayor Offices Expenses

	YTD Budget \$'000	YTD Actual \$'000
Employee costs	176	176
Materials & contracts	37	14
Other operating expenses	0	0
<b>Total Operating Expenses</b>	<b>213</b>	<b>191</b>



# Ward 4

At 31 August 2023



City of  
Newcastle

## Wallsend Capital Works Update

### Wallsend Local Centre Public Domain Plan

- Phase 1 survey engagement explored the community's views on urban design themes, safety and order of priority for future revitalisation stages. The final report is available on our website at: <https://haveyoursay.newcastle.nsw.gov.au/wallsend-engagement-hub>
- Phase 2 of this engagement will include ongoing targeted community consultation and Placemaking engagement activities for individual project stages as they progress.

**Stage 3:** Detail design and construction of the intersection of Cowper and Kokera Streets, including:

**Stage 3A:** Ironbark creek widening and realignment, Cowper Street culvert bypass

**Stage 3B:** Installation of traffic signals at the intersection of Cowper and Kokera Streets

#### Stage 3A:

- Flood assessment and modelling underway. Detailed design will be amended based on flood reporting to achieve flood mitigation goals.
- Detailed design tender scheduled for release in September 2023, with the detailed design process to progress through 2023/24.

#### Stage 3B:

- Detailed design has been amended and forwarded to Transport for NSW (TfNSW) for fourth round of review. Review has commenced.

**Stage 4:** Detailed design of Boscawen Street and Nelson Street Bridge replacement works

#### Boscawen Street Bridge:

- Construction commencement scheduled for late 2023.

#### Nelson Street Bridge:

- 100% detail design submitted and reviewed by internal stakeholders.
- Construction tender scheduled for 2023/24.

**Stage 5:** Detailed design of: Traffic lights and shared path at Nelson Street and Cowper Street intersection

- Detailed design and construction of Stage 5 will follow the construction of Stages 3A and 3B.

Proposed roundabout at the intersection of Cowper Street and Newcastle Road

# Ward 4

At 31 August 2023



City of  
Newcastle

## Wallsend Capital Works Update, continued...

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### Wallsend Active Hub amenities

- Building installation complete.
  - Delay with the complex works and sewer/water connection applications with Hunter Water. Works scheduled for completion in September 2023.
- 



*Images: Wallsend Active Hub amenities*



# Investment Policy compliance report

August 2023

## Executive summary:

### 1 **Socially Responsible Investment:**

Application of the investment function has remained consistent with requirements outlined within Part E of CN's Investment Policy, "*Environmentally and Socially Responsible Investments (SRI)*".

### 2 **Portfolio holdings:**

As at the end of August 2023 CN's overall investment portfolio holdings are \$409.9million. These holdings are split between Income producing/defensive and Capital Growth asset classes.

### 3 **Performance commentary – Income producing/Defensive funds:**

As at the end of August 2023 CN's allocation to the income producing/defensive assets sat at 88%.

The 1-month annualised yield was 3.98% as at 31 August 2023. The monthly yield generated by CN's Defensive portfolio has steadily increased since a low in February 2022 of 1.03%. The continued increase is in response to upward movements in the Cash Rate set by the RBA.

The diversified nature of CN's portfolio has enabled the portfolio to participate in capturing a significant proportional share of the upward movement in interest rates.

As demonstrated by this month's returns, our expectation remains unchanged that in the short term the steep upward movement in interest rates witnessed since early in calendar year 2022 will challenge CN's ability to exceed the performance of the benchmark.

This challenge will continue until such time as existing long-term fixed investments placed prior to calendar year end 2021 begin to mature and/or the RBA Cash Rate declines.

### 4 **Performance commentary – Capital growth funds:**

For the month of August 2023, the TCorp Fund posted a fair value decrement, being a negative return of (0.28%).

Reiterating the comment made in last month's report, it is the large exposure to domestic and global equity asset class that means the fund could incur a large fair value decrement in the event of a significant equity market contraction. Since TCorp first created the Long-Term Growth Fund in 2006, the Fund has proven to be relatively resilient with the ability to recover fair value losses over time following broader global equity downturns.

CN remains confident in the long-term strategic rationale that supports this investment, and therefore our strategy as a long-term holder remains unchanged.

### 5 **Risk management compliance:**

CN's temporary surplus funds are invested consistent with its adopted Investment and Borrowing Policy and The Local Government Act and Regulations.

Actual performance against CN's Policy limits is disclosed later in this report.

### 6 **New and matured investments:**

New investments placed during August 2023 continued to focus on meeting the objectives outlined in CN's Investment and Borrowing Policy.

Further disclosure of investment portfolio composition and details of any investment placements or maturities during the reporting period are detailed later in this report.

# Investment Policy compliance report

August 2023

## 7 **Income producing/Defensive funds – Actual v Budget:**

Cumulative Net returns to August 2023 from the Income producing/Defensive funds totalled \$2.18m against a budget of \$1.51m (excluding Newcastle Airport and non-investment portfolio sources of interest). This resulted in Interest and Investment income outperforming the budget by \$0.67m for the financial year to date.

From the commencement of 2023, when the interest income budget was set, to now, the RBA Cash Rate has continued to reset higher than budget formulated assumptions. It is possible that this will result in an upward revision to the full year budget at a future quarterly review.

## 8 **Capital Growth Funds – Actual v Budget:**

Net returns to August 2023 from the Capital Growth Fund totalled an increment of \$0.22m against a budgeted increment of \$0.47m. This resulted in net returns underperforming budget by (\$0.25m) for the financial year to date.

As a result of timing differences between accounting month end and calendar month end in August, accounting month end reflected a negative return for the 1 month to August of (1.29%). However, by calendar month end the 1 month to August negative return had reduced to a decrement of (0.28%).

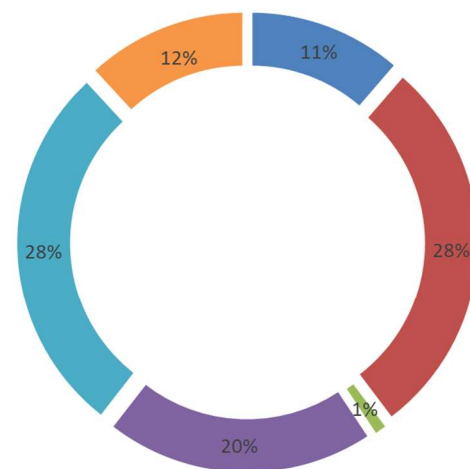
The \$value resulting from this timing difference is \$0.50m, which is not included in the \$0.22m cumulative net returns to August 2023 disclosed above. The accounting ledger will be updated for this differential in the September month end reporting.

# Investment Policy compliance report

August 2023

## Portfolio holdings:

Asset Class allocation		
Investment Category	Investment type	CN exposure (\$'000)
Income producing / Defensive	Cash At Call	46,489
	Term Deposit: Fixed rate	116,279
	Term Deposit: Floating rate	4,000
	Floating Rate Note	113,100
	Fixed Rate Bond	81,342
Capital Growth	Long Term Growth Fund	48,731
<b>Total</b>		<b>409,941</b>



■ At Call ■ Term Deposit: Fixed Rate  
 ■ Term Deposit: Floating Rate ■ Fixed Rate Bond  
 ■ Floating Rate Note ■ Long Term Growth Fund

## Performance:

### Income producing/Defensive category\*:

	3 year (% p.a.)	1 year %	3 months %	FYTD %	1 month %	1 month annualised (% p.a.)
CN's return#	1.91%	3.29%	0.96%	0.64%	0.33%	3.98%
Performance objective <sup>^</sup>	1.25%	3.37%	1.04%	0.74%	0.37%	4.47%
<b>Excess return</b>	<b>0.66%</b>	<b>(0.08%)</b>	<b>(0.08%)</b>	<b>(0.10%)</b>	<b>(0.04%)</b>	<b>(0.49%)</b>

\* Exclusive of Capital Growth (disclosed separately below).

<sup>^</sup> CN's Performance objective is set at the Ausbond Bank Bill Index.

# Cash at Call funds have been included in the calculation of CN's reported investment portfolio performance from January 2021. This change has not been applied retrospectively to historical months.

### Capital Growth category\*:

	3 year (% p.a.)	1 year %	3 months %	FYTD %	1 month %
CN's return <sup>~</sup>	5.92%	9.17%	3.42%	1.48%	(0.28%)
Performance objective <sup>^</sup>	7.91%	8.83%	1.85%	1.17%	0.58%
<b>Excess return</b>	<b>(1.99%)</b>	<b>0.34%</b>	<b>1.57%</b>	<b>0.31%</b>	<b>(0.86%)</b>

	Return since Inception#
<b>CN's return</b>	<b>14.49%</b>

\* Capital Growth category consists solely of CN's exposure to TCorp Individually Managed Growth Funds.

<sup>~</sup> As a result of timing differences between accounting month end and calendar month end, accounting month end reflected a negative return for the 1 month to August of (1.29%). The accounting ledger will be updated for this differential in the September month end reporting.

<sup>^</sup> CN's Performance objective is set at CPI + 3.5% p.a. (over a rolling 10yrs).

# Return since inception considers the month end dollar value of the investment against CN's capital contributions since inception. Initial investment into the Capital Growth category occurred in February 2019 with incremental contributions thereafter.

# Investment Policy compliance report

August 2023

## Risk Management compliance:

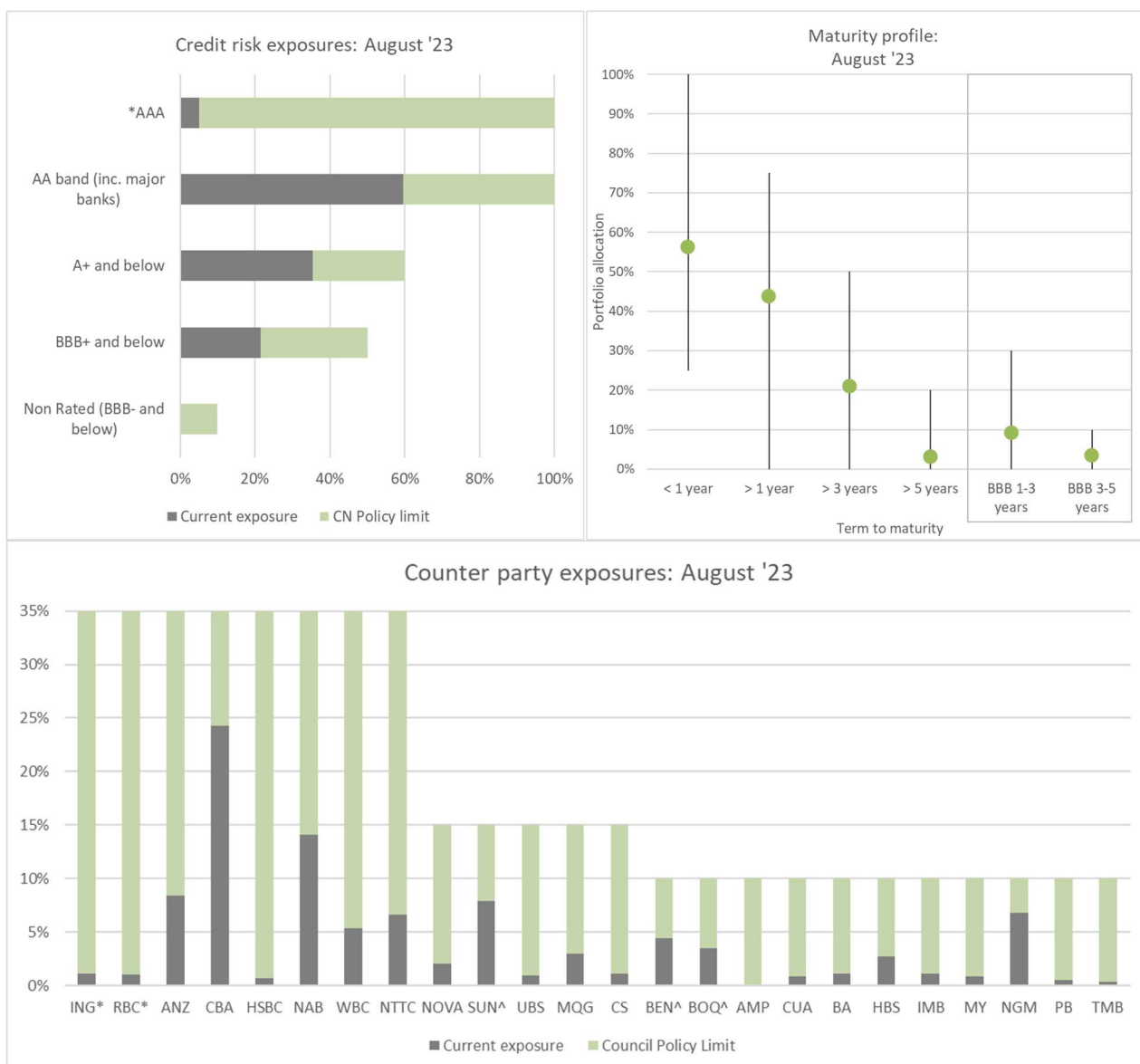
### Portfolio exposure:

Investment category	Minimum exposure	Maximum exposure	CN exposure
Income producing / Defensive	80%	100%	88%
Capital Growth <sup>^</sup>	0%	30%	12%

<sup>^</sup> Capital Growth category consists solely of CN's exposure to TCorp Individually Managed Growth Funds.

### Income producing/Defensive risk limits:

The below risk limits apply only to the Income producing/Defensive category of CN's investment portfolio.



\*Where there is an Asterisk marked in the above graphs all of CN's investments in this category are assigned a AAA rating due to additional credit support of the investment class.

<sup>^</sup> = Total exposures to Suncorp Bank, Bank of Queensland, and Bendigo Adelaide Bank include a component of AAA rated individual investments.

# Investment Policy compliance report

August 2023

## New and matured Investments:

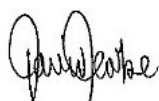
### New Investments:

Contract date	Settlement date	Institution	Long Term Credit rating (S&P)	Asset Class	Face value	Rate of Return	Term	Maturity date
10 Aug '23	10 Aug '23	CBA	AA-	Term Deposit: Fixed rate	\$7,000,000	5.54%	365days	9 Aug '24
10 Aug '23	17 Aug '23	CBA	AA-	Floating rate note	\$3,000,000	90d bbsw + 0.95%	5years	17 Aug '28
10 Aug '23	17 Aug '23	CBA	AA-	Fixed rate bond	\$3,750,000	5.00%	5years	17 Aug '28
15 Aug '23	15 Aug '23	CBA	AA-	Term Deposit: Fixed rate	\$7,500,000	5.58%	329days	9 Jul '24
31 Aug '23	11 Sep '23	ANZ	AA-	Floating rate note	\$7,000,000	90d bbsw + 0.93%	5years	11 Sep '28
31 Aug '23	11 Sep '23	ANZ	AA-	Fixed rate bond	\$2,400,000	4.961%	5years	11 Sep '28

### Matured Investments:

Date matured	Institution	Asset Class	Face value	Rate of Return	Original Term	Original date invested
16 Aug '23	CBA	Floating rate note	\$3,500,000	90d bbsw + 0.93%	5years	10 Aug '18
29 Aug '23	Westpac	Term Deposit: Floating rate	\$4,000,000	90d bbsw + 1.00%	5years	29 Aug '18

I certify that the new investments detailed above have been made in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005, and Council's adopted Investment Policy.



David Clarke  
Responsible Accounting Officer