1. INVESTMENT REPORT AS AT 31 MAY, 2018

Introduction

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

Background

The report is submitted monthly to Council.

Issues

- Investments are in accordance with Office of Local Government Guidelines and Council's Investment Policy.
- Councillors' roles as resource allocators and policy directors are satisfied.
- Funds are invested in accordance with identified cash flow requirements.

Assessment

a) *Legal Implications Including Directives and Guidelines*
Local Government Act, 1993
Local Government (General) Regulation, 2005

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

b) *Financial Implications/Considerations*
The 2017/18 Budget estimates the total Investment Revenue as $410,590 which represents an estimated return of 2.5% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The market value of Council's Investments held as at 31 May, 2018 is **$21,916,042**.

c) *Policy Provisions – Council Policy and Practice*
Policy C73 – Investment Policy adopted 11 March 2015;
Ministerial Investment Order – 12th January 2011.

d) *Strategic Implications – Implications for Long Term Plans/Targets*
Delivery Program / Operational Plan – 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

…………………………………………….. Mayor

1. INVESTMENT REPORT AS AT 31 MAY, 2018 (Cont.)

Investment Portfolio

Council's current Investment Portfolio is as follows:

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount ($)	Comment
Cash & At Call							
Commonwealth Bank	AA-	Business Online Saver - at call	A-1+	1.10%	N/A	**1,547,624**	S&P Short Term
Commonwealth Bank	AA-	Business Online Saver - at call	A-1+	1.10%	N/A	**95,442**	S&P Short Term
TOTAL						**1,643,066**	
Percentage of Total Portfolio						**7.50%**	
Average Investment Yield (annualised)						**1.10%**	
Term Deposits							
CBA	AA-	Term Deposit - 06/06/2018	A-1+	2.60%	287 Days	**1,000,000**	S&P Short Term
NAB	AA-	Term Deposit - 13/06/2018	A-1+	2.58%	280 Days	**1,000,000**	S&P Short Term
CBA	AA-	Term Deposit - 20/06/2018	A-1+	2.61%	273 Days	**1,000,000**	S&P Short Term
NAB	AA-	Term Deposit - 27/06/2018	A-1+	2.60%	273 Days	**750,000**	S&P Short Term
NAB	AA-	Term Deposit - 10/07/2018	A-1+	2.50%	181 Days	**500,000**	S&P Short Term
NAB	AA-	Term Deposit - 19/07/2018	A-1+	2.58%	120 Days	**1,000,000**	S&P Short Term
CBA	AA-	Term Deposit - 17/08/2018	A-1+	2.55%	271 Days	**1,000,000**	S&P Short Term
CBA	AA-	Term Deposit - 21/08/2018	A-1+	2.56%	274 Days	**1,000,000**	S&P Short Term
CBA	AA-	Term Deposit - 06/09/2018	A-1+	2.58%	273 Days	**1,000,000**	S&P Short Term
AMP Bank	A1	Term Deposit - 12/09/2018	A-1+	2.40%	279 Days	**1,000,000**	S&P Short Term
Bankwest	AA-	Term Deposit - 12/09/2018	A-1+	2.55%	180 Days	**1,000,000**	S&P Short Term
Bankwest	AA-	Term Deposit - 03/10/2018	A-1+	2.70%	177 Days	**1,000,000**	S&P Short Term
NAB	AA-	Term Deposit - 10/10/2018	A-1+	2.65%	183 Days	**1,000,000**	S&P Short Term
AMP Bank	A1	Term Deposit - 14/11/2018	A-1+	2.75%	182 Days	**1,000,000**	S&P Short Term
NAB	AA-	Term Deposit - 21/11/2018	A-1+	2.75%	182 Days	**1,000,000**	S&P Short Term
AMP Bank	A1	Term Deposit - 28/11/2018	A-1+	2.75%	181 Days	**1,000,000**	S&P Short Term
NAB	AA-	Term Deposit - 05/12/2018	A-1+	2.75%	196 Days	**1,000,000**	S&P Short Term
TOTAL						**16,250,000**	
Percentage of Total Portfolio						**74.15%**	
Average Investment Yield (annualised)						**2.62%**	

Pooled Managed Investments						Market Value	Purchase Price
Tcorp		T-CorpIM Long Term Growth Fund				**4,022,976**	**4,000,000**
Percentage of Total Portfolio						**18.36%**	
Average Investment Yield (simple)						**0.88%**	
Average Investment Yield (annualised)						**3.07%**	
Total Investment Portfolio						**21,916,042**	

………………………………………….. Mayor

1.   INVESTMENT REPORT AS AT 31 MAY, 2018 (Cont.)

Discussion/Comments

The investment portfolio increased $219,058 during the reporting period. This increase is minor, there were not any material or large transactions this month.

The investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

The Government Guarantee on aggregated Investments up to $1 million per account holder per institution expired 1 February 2012 and the new cap is $250,000. Council's existing investment policy sets the guidelines for investing without the Government Guarantee.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

……………………………………….. Mayor

2. ICT STRATEGIC PLAN

Introduction

This report is provided to Council to present the draft Information Communications and Technology (ICT) Strategic Plan for adoption.

Background

One of the actions in Council's Delivery Program is to develop an IT Strategic Plan prior to 30 June 2018.

Accordingly, the draft five-year ICT Strategic Plan is now attached for Council's consideration and adoption (*see Attachment No 1*).

This strategic plan will guide further communications and technology investment so that Council can maximise its ability to defend and recover from cyber-attacks, grow its ICT capabilities and position itself to gain the most benefit from the arrival of the National Broadband Network (NBN).

The costs contained in this draft Strategic Plan have been accounted for in the 2018/19 Operational Plan and the revised ten-year Long Term Financial Plan.

Issues

This draft strategy identifies the following key areas requiring ICT investment being security; Cloud computing; service provider management and mobile computing.

In addition, the strategy identifies the 5 year operational and capital budget required to deliver the next phase of ICT provision and development.

Assessment

a) *Legal Implications Including Directives and Guidelines*
   Nil

b) *Financial Implications/Considerations*
   Council's 2018/19 budget includes the operational and capital expenditure identified in this Strategic Plan.

c) *Policy Provisions – Council Policy and Practice*
   Nil

d) *Strategic Implications – Implications for Long Term Plans/Targets*
   Community Strategic Plan – 4.3 a financially sound Council that is responsible and sustainable
   Delivery Program – 4.3.4.9 – Develop IT Strategic Plan

…………………………………………….. Mayor

2. ICT STRATEGIC PLAN (Cont'd)

Discussion/Comments

Council is committed to utilising cost effective and innovative information, communication and technological solutions. The attached draft ICT Strategic Plan aims to guide Council's future ICT investment to ensure Council meets its future needs.

RECOMMENDATION

That the attached draft ICT Strategic Plan be adopted.

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer

………………………………………….. Mayor

ICT STRATEGIC PLAN
2019 - 2023

DOCUMENT VERSION CONTROL

Version No.	Created/revised by	Adopted	Review Period
No. 1.0	John Sevil - Director Finance and Corporate Strategy		3 Years

Contents

Executive Summary

The rapid change of technology and with it customer's expectations is forcing businesses and Local Government to become more agile and interconnected.

As technology evolves Council is being pressured to adapt and must plan to ensure its ICT strategy accurately reflects and responds to the community's evolving needs.

Technology has become very much a part of our daily lives. Advancements in digital technologies enable unprecedented connectivity with the community. With the rollout of the national broadband network (NBN), mobile broadband, smart phones along with other devices, social media and other platforms such as Facebook, the opportunity for Council to connect with its community is greater than ever.

New technologies offering a variety of faster, user friendly technologies have significant impact on business operations as well as placing increasing demands on existing ICT hardware and processes. In response Council has developed this plan which provides an overall direction and guiding principles for delivering a seamless, well connected Council.

This plan was developed using advice, market trends and forecasts along with the Council's 10-year Community Strategic Plan, its ten-year Capital Works program, its four-year delivery program, and the State government's Digital NSW plans.

In June 2017 Council committed to Operational and Capital expenditure over the next five years of $3.2m as per the current Long Term Financial Plan. This plan has identified an additional $1.0m in Operational and Capital expenditure over the same period, with around half identified for year 5 on software replacements. This revised budget is included in the 2018-19 Long Term Financial Plan tabled for Council vote on 13 June 2018.

This strategy covers three key strategic areas:

- Safeguard – build ability to protect from hacks and cyber-attacks.
- Alignment with existing plans – NSW state, Community Strategic
- IT Effectiveness – transition to more efficient technology and innovation

Key areas requiring investment are:

- Security – increase defenses against cybercrime and mitigate BYOD risks
- Cloud enable - NBN and Data centre implementation, higher volume infrastructure and data plans, replace legacy systems
- Service provider management – more sophisticated, reliable remote services
- Mobile computing – WiFi upgrades, IOT enabling, portable hardware and software,

Vision

Council's ICT will be the Local Government leader in utilising cost effective innovation for the benefit of Council and the Community.

ICT Investment

ICT is constantly evolving and requiring renewed focus and investment. Operational and Capital expenditure to date have been on a value for money basis and when the need arose. There is increasing emphasis on IT to deliver more directly on business outcomes, including improved products, services and security, higher customer satisfaction and operational efficiencies. All figures exclude depreciation.

2017-18 Budget

The Council's Long Term Financial Plan approved in June 2017 included the following ICT budget for the next five years ($3.2m):

year	opex	capex	total
2019	552,474	43,653	596,127
2020	566,280	48,069	614,349
2021	580,436	164,801	745,237
2023	594,949	33,086	628,035
2024	609,824	51,592	661,416
	$ 2,903,963	$ 341,201	$ 3,245,164

This budget allows for mild increases in operational expenditure in line with forecast inflation. No large capital works are planned for the next five years. In 2021 there is provision for server upgrades which is required.

2018-19 Budget Increase

In order for Council to meet the growing demands placed upon it operational and capital expenditure is increased by $1.0m over 5 years. Incremental costs are shown below.

year	opex	capex	total
2019	60,000	-	60,000
2020	60,000	125,000	185,000
2021	50,000	20,000	70,000
2023	50,000	90,000	140,000
2024	100,000	455,000	525,000
	$ 320,000	$ 660,000	$ 980,000

Additional operational expenditure is targeted on tighter support agreements and security. Capital expenditure is to purchase hardware and software providing greater speed, security and mobility. A detailed budget is found in **Appendix 1.**

Strategies and Key Projects

Safeguarding Council

1.   Cyber Security

As the workforce becomes increasingly mobile, the role of physical boundaries safeguarding security and confidentiality diminish. Physical security on mobile devices such as smart phones and laptops will be an increasing challenge.

Rapidly evolving and highly sophisticated hacking attacks have forced the NSW government to develop a more sophisticated approach to sharing secure information[1]. It has established a whole-of-government position of Chief of Information Security and joined the Federal government in establishing a national cyber security centre.

Councils have the added obligation of providing essential services to its community and may be targeted by sophisticated and highly funded criminal organisations. In August 2013 a USA security company created a decoy water utility system and experienced 74 security attacks from over 16 countries[2].

Council is not immune and must also develop an effective guard and response to cyber-attacks so we can maintain operations and maintain confidence with our partners.

Action - Cyber Security	Deliver by
1.1 Develop and implement effective cyber security plan	Q4 2019
1.2 Update BCP for malware events	Q4 2019

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[1] NSW Government 2016 ICT Strategy Update

[2] NSW Auditor General – 2015 Security Audit of Critical IT Infrastructure

Alignment with Existing Plans

2. Data Centres

NSW Government is collaborating with its larger agencies on ICT investment decisions with a whole of government approach and centered on its GovDC data centres.

NSW agencies have begun migrating their on-premises data centres to government data centres in NSW (GovDC)[3] allowing smaller agencies, and possibly Councils, to access additional resources and services without major capital expenditure.

NSW Agencies are actively transitioning from legacy systems to next generation ICT including data centres. The trend is for increasing interdependency between departments and agencies, open data and collaboration.

It is in Council's best interests to share its data to allow NSW government further its goal of making better and more informed decisions. The NSW Data Analytics Centre uses large and varied data sets to inform NSW policy in areas such as transport, education and utilities.

Action - Data Centre Migration		Deliver by
2.1	Develop an ICT plan which includes cloud transition strategies	Q4 2022
2.2	Migrate on premise data centre to GovDC or similar	Q4 2023
2.3	identify and transition from legacy systems	Q4 2023

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[3] NSW Government Digital NSW – Department Finance Services and Property

IT Effectiveness

3.   ICT Support

Cloud computing has changed the investment model entirely within IT, reducing investment in servers and applications and how they are maintained. In addition improving defenses against cybercrime and Disaster Recovery capability.

Significantly more government agencies are managing their ICT services in a hybrid cloud environment which allows flexibility, scalability, greater service delivery and greater value for money. By taking advantage of the services offered over the cloud Council can also benefit in time and cost efficiencies.

With the connection of NBN and its promised features of high speed and reliability Council has access to a wider range of suppliers and service providers at competitive rates and high standard.

Action - ICT Support	Deliver by
3.1 Revise ICT support agreements	Q4 2019
3.2 Engage suppliers with scalable, faster response	Q4 2019
3.3 Upgrade Helpdesk – better reporting, tracking	Q4 2019

4.   Services and Devices

With the arrival of the NBN Council will have access to high-speed, low cost and reliable broadband via optical fibre cable. When the Council is ready and convinced of this opportunity it can take full advantage of significant service improvements and cost savings, most notably cloud computing and SAAS – Software as a Service.

Agile businesses have led the march toward mobile networks and devices realizing savings and becoming more efficient. Council is adopting a similar path and accordingly we must connect with larger network providers and introduce more compatible mobile devices.

With recent developments in hardware devices and network capacity, mobile computing is becoming an important strategic business enabler that delivers productivity and innovative customer services. It allows the workforce to be connected to business operations regardless of locality, resulting in increased productivity.

Council's external mobile network provider agreements must be upgraded to allow for increased number of devices and the data they will consume over the mobile broadband network.

Action - Mobile Office		Deliver by
4.1	Purchase proportionately more mobile hardware	Q4 2022
4.2	Contract wider, more robust mobile broadband services	Q4 2022

5.   Council ICT Network

As the take-up of digital transactions increase and the needs and uses of the Council's ICT network expands the amount of data carried through the Council's ICT network will grow significantly.

As Council staff are situated in multiple sites a robust and high capacity network is required to ensure that all staff can effectively access Council's ICT systems, regardless of their location.

The current network is developing and currently not coping with increased demand placed on it by recent new technologies such as screen-sharing, videoconferencing and webinars.

Action - Network Upgrade		Deliver by
5.1	LAN upgrade – increase bandwidth – all sites	Q4 2022
5.2	WAN upgrade – increase bandwidth within all sites	Q4 2022
5.3	WiFi Upgrade – greater service delivery on all sites	Q4 2019

6.   Other Drivers

Narromine Shire Council appointed national consulting firm Pitcher Partners to undertake a review Council's ICT. The findings were positive and supportive of staff and current investment. Council were externally assessed as "developing". The actions within this plan will achieve a status of "established" as a minimum.

Conclusion

This ICT Strategy represents a bold vision for Council's ICT resources and providing it the agility, scalability and flexibility to grow with the needs of the community and business in a controlled and secure environment. The previous investment is built upon and provides an excellent foundation for the future. This plan provides the next phase of improved, user-centric services to ensure Narromine Shire Council is a leader in ICT provision, is customer focused and takes full advantage of relevant new technologies available to a regional shire.

Council remains committed to embracing new technology and implementing new and innovative ways of doing things to achieve the best outcome for its communities.

March 2018

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Definitions

BYOD   Bring Your Own Device – an asset, usually a mobile phone, iPad, memory stick, that does not belong to the Council

CAPEX   Capital expenditure – expenditure on depreciable assets.

EDRMS   Electronic Document and Records Management System

ICT   Information and Communication Technology – an integration of telecommunications, computers as well as enterprise software, middleware, storage and audio-visual systems.

OPEX   Operational expenditure – ongoing costs of operating a business.

LAN   Local Area Network – a computer network that connects computers within a limited area.

SAAS   Software as a Service – on demand web-hosted software that is hosted centrally on the providers servers.

WAN   Wide Area Network – a computer network that extends over a large geographical area, consists of two or more LANs and are often connected through public networks such as telephone systems, leased lines or satellite.

Appendix 1

Budget

time frame		strategy and incremental impact ($2018 dollars)	Annual Opex	Capex
year 1		*2018/19*		
	Outsourcing	tighten service level agreements of current vendors or replace	30,000	-
	staff	training, upskill, broader, security	-	
	Regular Reporting	KPI reporting, customised	-	
	Mobile Office	Hardware - mobile, BCP DRP consistent	-	-
	Mobile Office	Software - secure remote location use, controlled use of private Device	-	-
	DRP	Revise with upgraded IT backbone in mind	-	-
	BCP	Revise with upgraded IT backbone in mind	-	
	Security	improve defenses, monitoring, restoration	10,000	-
	Council Wifi	upgrade - Chambers, Admin, CSO, Finance, Depot	5,000	-
	BYOD	draft new policy	5,000	-
	LAN, WAN upgrade	links, network upgrades	20,000	
years 2-4		*2019/20 - 2021/22*		
	LAN, WAN upgrade	upgrade all nodes, links to cater for increased volume and stability		20,000
	Data inks	negotiate higher volume, support	10,000	-
	WiFi network	WiFi upgrade of all remaining sites		35,000
	Security	cloud ready firewall, upgrade of all Council wifi assets and devices	10,000	30,000
	BYOD	impact of new policy		40,000
	DRP	replace hardware and software needed under new Plan		20,000
	BCP	replace hardware and software needed under new Plan		30,000
	Outsourcing	Vendors - upgraded, replaced to cater for new policy	30,000	-
	Mobile Office	Hardware - mobile, BCP DRP consistent	-	20,000
	Phone System	review, upgrade, converge or replace	-	20,000
	Helpdesk System	updgrade system - better tracking, reporting	-	20,000
years 5+		*2022/23*		
	Cloud computing	move to data centre	30,000	-
	legacy systems	upgrade/replace so as compatible with cloud computing		400,000
	Cloud computing	Server - changes due to new policy, cloud computing		25,000
	Cloud computing	enable public access features, modules of Authority and others	20,000	-
	Security	monitoring, licensing	10,000	-
	Mobile Office	Hardware - mobile, BCP DRP consistent	-	-