

ATTACHMENTS UNDER SEPARATE  
COVER

ORDINARY COUNCIL MEETING  
26 NOVEMBER 2019



**PORT STEPHENS**  
C O U N C I L



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**PORT STEPHENS COUNCIL**

# DEVELOPMENT ASSESSMENT REPORT

**APPLICATION DETAILS**

<b>Application Number</b>	16-2019-270-1
<b>Development Description</b>	Demolition of existing buildings and construction of a new single storey dwelling
<b>Applicant</b>	MS V SOLOMOU
<b>Date of Lodgement</b>	30/04/2019
<b>Value of Works</b>	\$300,000.00

**Development Proposal**

The application proposes the demolition of the existing structures and construction of a new single storey dwelling and carport/garage. The proposed single storey dwelling is designed to be similar in style and proportions to a traditional cottage with a hipped roof, verandah, and timber cladding. The dwelling will also be separated into pavilions to reduce the scale as viewed from the street. A double carport/garage will be located at the rear of the property.

**PROPERTY DETAILS**

<b>Property Address</b>	862 Paterson Road WOODVILLE
<b>Lot and DP</b>	LOT: 510 DP: 1150491
<b>Zoning</b>	RU1 PRIMARY PRODUCTION
<b>Site Constraints</b>	<i>Flooding and drainage, heritage, dwelling entitlement,</i>

**Site Inspection**

A site inspection was carried out on **14 May 2019**. The site can be seen in the photographs below. The subject site has a total area of 723 m<sup>2</sup>, is generally flat and is zoned RU1 Primary Production. Access to the site is direct from Paterson Road.

The subject site is surrounded by similarly zoned RU1 lots, with the exception of the Iona Public School which is zoned SP2 - Special Activities. The lot sizes (with dwellings) in the immediate vicinity range from 232,960 m<sup>2</sup> to 5000 m<sup>2</sup>.

The subject site currently contains a dwelling towards the front of the site and a Colorbond shed with an older shed and an outbuilding to the rear. The current dwelling on the site is in very poor condition and is considered structurally unsound.

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Site Photos:



Photo 1: View of Cottage from Clarence Town Road



Photo 2: View of Cottage from Clarence Town Road

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Photo 3: View of Colorbond Shed to be removed



Photo 4: View of Cottage looking West

**REFERRALS**

The proposed development was referred to the following internal specialists and external agencies. The comments provided by the special staff and external agencies have been used to carry out the assessment against the S4.15 Matters for Consideration below.

**i) Planning and Developer Relations**

*The application was referred to the Planning and Developer Relations team within Council to ensure that the subject lot benefitted from dwelling entitlement. The referral advised that the subject lot would benefit from dwelling entitlement in accordance with 4.2B of the LEP. As such, this application has been supported unconditionally by the Planning and Developer Relations Team.*

**ii) Drainage and Flooding Engineers**

*The application was referred to the Drainage and Flooding Engineers within Council as the subject site is fully located within the **low hazard flood fringe category**. This referral provided comments relating to finished floor level requirements, egress requirements, and other flood related matters. The application was supported by the Drainage and Flooding Engineers subject to conditions. These conditions have been adopted and proposed for the consent.*

**iii) Strategic Planning – Heritage Officer**

*The application was referred to the Strategic Planning Team, who engaged a heritage officer to conduct the referral. This application was referred as the dwelling to be demolished is a locally listed Archaeological site in the LEP - this site is specifically known as Pomfretts Cottage. Council's heritage consultant assessed the application against the LEP, DCP, and relevant heritage legislation. On the basis of the assessment, the Heritage Officer has supported the application subject to conditions. This condition has been adopted and proposed for the consent.*

*Note: Further details relating to the above matters are found within the body of this report.*



## MATTERS FOR CONSIDERATION – SECTION 4.15

s4.15(1)(a)(i) – The provisions of any EPI

PORT STEPHENS LOCAL ENVIRONMENTAL PLAN 2013		
Clause	Compliant	Notes (where needed or if not compliant)
2.1	<input checked="" type="checkbox"/> Permissible in zone and meets zone objectives.	Site is zoned RU1 Primary Production. Dwelling Houses are permissible in this zoning.
2.7	<input checked="" type="checkbox"/> Demolition proposed and is not included as exempt under the SEPP. <input checked="" type="checkbox"/> Potential asbestos contained with condition of consent added.	<p>The current proposal is for the demolition of a locally significant archaeological site (Listed in the LEP – A6).</p> <p>Asbestos has been further considered through the heritage assessment.</p> <p>Standard condition of consent required for demolition.</p>
4.2B	<input type="checkbox"/> Dwelling proposed on RU1, RU2, R5, E2 or E3 land where there is no current dwelling on site. <input type="checkbox"/> Site complies with lot size map; OR, <input type="checkbox"/> Land zoned RU1, RU2, E2 or E3 and created before 22 February 2014 with an area of at least 4,000m <sup>2</sup> on which a dwelling was permissible under the previous LEP; OR, <input type="checkbox"/> Would have met the above requirements but for a minor realignment that did not create an additional lot, a subdivision for a public purpose or a consolidation with an adjoining lot for a public purpose. <input checked="" type="checkbox"/> Where an existing consent for a dwelling is valid, the consent will be surrendered.	<p>The Port Stephens Local Environment Plan 2013 (LEP) indicates that the current land use zone applicable to the subject site is RU1 – Primary Production. As the area of subject site is less than the minimum lot sizes identified under the current LEP, dwellings permissible can be granted in this zoning if compliance with Clause 4.2B of the LEP is demonstrated.</p> <p>The subject site benefits from a dwelling entitlement in accordance with Clause 4.2B (5) of the LEP which states:</p> <p>Cl. 4.2B (5) Development consent may be granted for the erection of a dwelling house on land to which this clause applies if there is a lawfully erected dwelling house on the land and the dwelling house to</p>

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		<p>be erected is intended only to replace the existing dwelling house.</p> <p>Council records indicate a dwelling approval. This demonstrates that the dwelling was existing on the lot and that a dwelling was likely, lawfully erected on the site.</p> <p>Limited records were found relating to historic approvals and lawful erection of the existing dwelling on the subject lot. As the proposal is intended to replace the existing house, this clause demonstrates dwelling entitlement.</p>
4.3	<input checked="" type="checkbox"/> Proposed development is under maximum building height; OR, <input type="checkbox"/> There is no maximum building height and the development satisfies the objectives.	Single Storey Dwelling – meets height requirements.
5.4	<input type="checkbox"/> No more than 4 bedrooms in dwelling used for B&B. <input type="checkbox"/> No more than 50m <sup>2</sup> utilised for home business or home industry. <input type="checkbox"/> Kiosk floor area under 20m <sup>2</sup> . <input type="checkbox"/> Neighbourhood shop does not exceed 100m <sup>2</sup> . <input type="checkbox"/> Roadside stall does not exceed 10m <sup>2</sup> . <input type="checkbox"/> Secondary dwelling does not exceed the greater of 60m <sup>2</sup> or 40% of primary dwelling.	N/A – proposal is not for any of these uses.
5.9AA	<input type="checkbox"/> Trees will be removed that are not prescribed under DCP.	N/A – no significant trees to be removed.
7.1	<input checked="" type="checkbox"/> Potential Class 5 Acid Sulfate Soils (ASS); OR, <input type="checkbox"/> Potential Class 4 ASS with no works more than 2m below ground level; OR, <input type="checkbox"/> Potential Class 3 ASS with no works more than 1m below ground level; OR, <input type="checkbox"/> Potential Class 2 ASS with no works below ground level; OR, <input type="checkbox"/> Potential Class 1 ASS and an acceptable management plan has been submitted.	N/A – watertable is unlikely to be lowered below 1 metre AHD.

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7.2	<input type="checkbox"/> Earthworks required, but do not have negative impacts on surrounding properties.	N/A – no significant earthworks proposed.
7.3	<input checked="" type="checkbox"/> Development within flood planning area but no anticipated flood risk to life and property, or change in flood characteristics.	Property deemed to be fully within a <b>low hazard flood fringe area</b> . A detailed flood assessment has been provided in B5 below.
7.5	<input type="checkbox"/> Within ANEF 20 contour or higher but does not result in an increased number of people affected by aircraft noise.	N/A – not mapped as being in this zone.
7.6	<input checked="" type="checkbox"/> Essential services are available to the site where required.	Town water and sewer not available.  Potable Water – provided via rainwater tank. Sewer - Port Stephens Councils Development Assessment Framework (DAF) is used to identify the onsite sewage management hazard class applicable to unsewered land. The DAF mapping layers identify the subject lot as being <b>Very High Hazard</b> with regards to wastewater. Given that the lot size is 722.83 square metres, an effluent pump out system would be permitted in accordance with Section 1.5 of the DAF.
7.8	<input type="checkbox"/> Development is within the drinking water catchment but will not result in a significant adverse impact on water quality or flows.	N/A – not within the catchment
7.9	<input type="checkbox"/> Subject land contains mapped wetlands, but development does not result in adverse impacts on ecology or water flows.	N/A – not relevant to this proposal.
7.15	<input type="checkbox"/> Dual occupancy on land zoned RU1, RU2, E2 or E3 gives the appearance of a single development and shared facilities such as access.	N/A – single storey dwelling proposed.

s4.15(1)(a)(ii) – Any Draft EPI

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		Notes (what draft EPI if needed and comments where not compliant)
	<input checked="" type="checkbox"/> There are no draft EPI's that are relevant to the proposed development	Acknowledged
	<input checked="" type="checkbox"/> A draft EPI is relevant to the proposed development however the application is consistent with the aims and objectives of the document.	Acknowledged

**s4.15(1)(a)(iii) – Any DCP**

PORT STEPHENS DEVELOPMENT CONTROL PLAN 2014		
Clause	Compliant	Notes (where needed or if not compliant)
A.12	<input checked="" type="checkbox"/> Notification and advertising in line with Figure AA.	In accordance with Council's notification requirements the DA was advertised and notified for a period of 14 days from 27 September 2019 to 11 October 2019. During the exhibition period 5 submissions were received.
B1	<input checked="" type="checkbox"/> Trees to be removed do not require approval as outlined in B1.1.	Acknowledged
B2	<input type="checkbox"/> Not in proximity of items of environmental significance.	N/A
	<input type="checkbox"/> Land does not contain koala habitat or development is consistent with the CKPoM.	N/A
B3	<input type="checkbox"/> Development meets bushfire construction requirements.	Not considered to be Bushfire Prone – managed land around the subject site.
	<input type="checkbox"/> Development would not disturb acid sulphate soils or an acceptable ASSMP has been prepared.	N/A
	<input type="checkbox"/> Earthworks would have minimal environmental impacts with conditions on VENM fill and erosion and sediment controls.	N/A
B4	<input checked="" type="checkbox"/> Non-permeable area not significantly increased and development consistent with figure BD, on-site detention not required; OR,	Current dwelling, colorbond shed, and older shed proposed to be removed. New structure not deemed to be a significant increase of non-permeable area.
	<input checked="" type="checkbox"/> Non-permeable area above figure BD and acceptable on-site detention proposed or condition for details added.	Addressed via the installation of a rain garden.
	<input checked="" type="checkbox"/> Insignificant increases to adversely impact on water quality.	

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B5	<p><input checked="" type="checkbox"/> Proposed development is on flood prone land; AND,</p> <p><input checked="" type="checkbox"/> A flood certificate has been submitted with the application and the finished levels are consistent with Table 2: Development Suitability Table; AND,</p> <p><input checked="" type="checkbox"/> The submitted documents are consistent with Table 2: Development Suitability Table.</p>	<p>The subject site is mapped as flood prone land. Recent flood data reviewed by Council has revealed that the subject lot is fully located within a <b>low hazard flood fringe area</b>.</p> <p>The adopted flood data for the subject site is as follows:</p> <table border="1" data-bbox="938 555 1337 1160"> <tr> <td data-bbox="938 555 1074 1070">Flood Planning Level</td><td data-bbox="1074 555 1153 1070">7.6m AHD</td><td data-bbox="1153 555 1337 1070">This level defines the minimum floor level of habitable rooms and land that is subject to flood related development controls (refer to Port Stephens LEP Section 7.3, Port Stephens DCP Section B5)</td></tr> <tr> <td data-bbox="938 1070 1074 1160">Highest Hazard Category</td><td colspan="2" data-bbox="1074 1070 1337 1160">Low Hazard Floor Fringe area</td></tr> </table> <p>Flood levels that may be useful are:</p> <table border="1" data-bbox="938 1227 1337 1709"> <tr> <td data-bbox="938 1227 1074 1709">Probably maximum flood level</td><td data-bbox="1074 1227 1153 1709">8.9m AHD</td><td data-bbox="1153 1227 1337 1709">The highest flood level that could conceivably occur at this location if required, onsite flood refuges are built at or above this level, to the Port Stephens Development Control Plan B5.2</td></tr> </table>	Flood Planning Level	7.6m AHD	This level defines the minimum floor level of habitable rooms and land that is subject to flood related development controls (refer to Port Stephens LEP Section 7.3, Port Stephens DCP Section B5)	Highest Hazard Category	Low Hazard Floor Fringe area		Probably maximum flood level	8.9m AHD	The highest flood level that could conceivably occur at this location if required, onsite flood refuges are built at or above this level, to the Port Stephens Development Control Plan B5.2
Flood Planning Level	7.6m AHD	This level defines the minimum floor level of habitable rooms and land that is subject to flood related development controls (refer to Port Stephens LEP Section 7.3, Port Stephens DCP Section B5)									
Highest Hazard Category	Low Hazard Floor Fringe area										
Probably maximum flood level	8.9m AHD	The highest flood level that could conceivably occur at this location if required, onsite flood refuges are built at or above this level, to the Port Stephens Development Control Plan B5.2									

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	Current day 1% AEP flood level	6.6m AHD	This level is useful for insurance purposes, refer to your insurance policy and the Insurance Contracts Regulation 1985 (Cwealth)
	Adaptable minimum floor level	7.4m AHD	The 1% AEP flood level plus 0.5m, 50 years from now, refer to the Port Stephens Development Control Plan B5.2.

Assessment of the proposal has revealed the following key matters that need to be considered with relation to flooding;

Finished Floor Levels

With reference to the above, Section B5 of the DCP specifies that the minimum floor level for habitable rooms must meet the Flood Planning Level (FPL). The proposed finished floor level (FFL) of the dwelling is 7.8m AHD which is above the FPL of 7.6m AHD and is therefore deemed to be acceptable.

In addition to the above, Section B5 of the DCP also specifies that a garage or carport must have a FFL that is 0.5m AHD above the 5% AEP level. The proposed FFL of the garage is 6.7m AHD, which is at least 500mm above the 5% AEP flood level, and is therefore deemed to be acceptable.

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		<p><u>Egress and Refuge Requirements</u></p> <p>The subject property has access to Paterson Road that is via land mapped as low hazard flood fringe category. Paterson Road reduces in elevation in both directions south and north and is inundated by the current 1% AEP flood event to depths greater than 3 metres. Hence, 862 Paterson Road essentially becomes a flood island during a current day 1% AEP event.</p> <p>Furthermore, the PMF flood level of 8.9m AHD would inundate the surrounding area including the proposed dwelling to a depth of 1.1m above the finished floor level. Hence there is a risk that the property occupants may not evacuate prior to Paterson Road being cut off (with the low point of Paterson Road to the north being more than 4m below the proposed property floor level).</p> <p>As per the DCP requirements, on-site flood refuge above the PMF level of 8.9m AHD is required for this development. The flood refuge must also be structurally certified to withstand flooding impacts up to the PMF event.</p> <p>The architectural plans submitted with the application have incorporated a flood refuge area within the roof space of the garage located at 9.45m AHD. This refuge is considered to be acceptable subject to engineering certification being provided identifying that the refuge is structurally capable of withstanding a flood event up to the PMF level.</p> <p>The applicant has submitted a Flood effects report for the proposal (from GCA Engineering Solutions dated 30 July 2019). The flood</p>
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		effects report considers the proposal against the Australian Building Codes Board (ABCB) publication 'Construction of Buildings in Flood Hazard Areas'. This report provides recommendations outlining how the proposed residence and garage can structurally withstand a PMF flood event. The recommendations made within this report will be required to be complied with as a condition of consent.
B6	<input checked="" type="checkbox"/> Essential services are available to the site, where required.	See above. Electricity available. Reticulated sewer and water supply not available.
B7	<input type="checkbox"/> Development within noise planning area is consistent with Clause 7.5 of the LEP – Aircraft Noise; AND <input type="checkbox"/> Department of Defence has been notified and no objections have been raised.	N/A – not mapped as being in this zone.
B8	<input checked="" type="checkbox"/> Development relates to a heritage item or conservation area, however is of minor nature or would not impact on the significance of the item; OR, <input checked="" type="checkbox"/> Development is likely to affect the significance of a heritage item, however it is supported by an acceptable heritage statement. <input checked="" type="checkbox"/> Development proposing partial or total demolition of a heritage item or item within conservation area supported by a structural assessment. <input checked="" type="checkbox"/> No expected impact to Aboriginal heritage.	The subject site is located at 862 Paterson Road Woodville, which is listed as a locally significant archaeological site in the LEP. The listed site is specifically known as "Pomfrett's Cottage (Slab Cottage)".  The demolition of structures on a locally significant heritage site is permissible with consent, under Clause 5.10 of the LEP, subject to an assessment against this clause.  The following is an extract from Clause 5.10 of the LEP that is relevant to this proposal:  <u>5.10 Heritage Conservation</u>  (4) Effect of proposed development on heritage significance The consent authority must, before granting consent under this clause in respect of a heritage item or heritage conservation area, consider the effect of the proposed

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		<p>development on the heritage significance of the item or area concerned. This subclause applies regardless of whether a heritage management document is prepared under subclause (5) or a heritage conservation management plan is submitted under subclause (6).</p> <p>(5) Heritage assessment The consent authority may, before granting consent to any development:</p> <p>(a) On land on which a heritage item is located, or</p> <p>(b) On land that is within a heritage conservation area, or</p> <p>(c) On land that is within the vicinity of land referred to in paragraph (a) or (b), require a heritage management document to be prepared that assesses the extent to which the carrying out of the proposed development would affect the heritage significance of the heritage item or heritage conservation area concerned.</p> <p>In addition to Clause 5.10 of the LEP, Council must also consider Section B8 of the Development Control Plan 2014 (DCP). Section B8 of the DCP outlines the requirements relating to development proposals involving heritage. More specifically, this clause requires development applications that are likely to impact on the heritage significance of a heritage item, be accompanied by a heritage impact statement. This heritage impact statement must be consistent with the Office of Environment &amp; Heritage 'Statements of Heritage Impact' document and be prepared by a suitably qualified and experienced consultant. This consultant must be registered and listed on the NSW</p>
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		<p>Office of Environment and Heritage Consultants Directory.</p> <p>To address the relevant requirements in the LEP and the DCP mentioned above, a Statement of Heritage Impact ('the statement') has been completed by a heritage consultant listed on the NSW Office of Environment and Heritage Consultants Directory.</p> <p>As this statement was completed by a consultant engaged by the applicant, an independent review of the statement was also conducted by Councils Heritage advisor. This review has confirmed that the statement is considered to be an adequate assessment for the purposes of the Heritage Act 1977.</p> <p>On the basis of this, the following are key points taken from the Statement of Heritage Impact.</p> <p><u>Historical Significance</u></p> <p>Pomfretts cottage was likely built prior to 1878 and may be associated with the early European settlement in the Woodville and Iona area. The dwelling is representative of a vernacular cottage of the 19<sup>th</sup> century, and is representative of building type and building techniques used in the 1800s. The dwelling has a symmetrical façade, steep pitched roof, verandah, split slab walls and timber shingles. An accurate internal assessment of the dwelling was unable to be conducted, as the dwelling is structurally unsound with a collapse imminent. Ordinarily section B8.C of Councils DCP would require a structural engineers report to accompany applications proposing demolition, but this was not deemed to be necessary as it would not provide any additional</p>
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	<p>information than the external assessment.</p> <p>Given that an internal assessment of the dwelling could not be completed, it was not possible to accurately determine if the dwelling currently contains archaeological relics or items of significance. As such, the applicant will be required, as a condition of consent, to obtain an excavation permit from the Office of Environment &amp; Heritage prior to the commencement of any works. This ensures that if relics or items of significance are found during the demolition of the dwelling, they will be appropriately managed.</p> <p><u>Social Significance</u></p> <p>Pomfretts cottage is listed in the LEP as a locally significant archaeological site, and therefore is deemed to be of value to the community. This value and local significance however, is diminished due to the current condition and imminent collapse of the cottage.</p> <p>The DA was advertised in the Port Stephens Examiner on Thursday 26 September and neighbours notified in accordance with Councils DCP. This gave the community the opportunity to express the value and significance of the cottage to them.</p> <p>During the notification period, Council received a total of 5 submissions from the community. These submissions have been collated in the consultation section of this report.</p> <p>With specific reference to the heritage impact statement, and the comments received from Councils Heritage advisor, it is evident that the dwelling to be demolished has</p>
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		<p>value to the community. This value, however, is significantly diminished due to the structural instability of the building and the imminent collapse. It was also determined that conservation of the dwelling would not be feasible due to the degree of deterioration of the structure. This deterioration would require a large amount of new fabric and building materials to restore. This would even further diminish the historical value. On the basis of the above, it has been deemed that it is appropriate to support the proposed demolition of the dwelling.</p> <p>In addition to the matters considered above, Clause B8 of the DCP also requires that the design of the proposed residence be complementary to the heritage significance of the area. This must also take into account the potential impact the design could have on the neighbouring Woodville School of Arts, which is also a locally listed Heritage Item in the LEP. As such, the statement of heritage impact has provided strict design guidelines for the new residence to address this requirement. The design guidelines have been adopted and will be recommended as a condition of consent.</p>
B9	<input type="checkbox"/> The development would not generate significant increases in traffic. <input type="checkbox"/> On-site parking provision meets the requirements of figure BQ or merit based assessment; AND, <input type="checkbox"/> Suitable disabled parking is provided in line with figure BQ.	N/A
C1	<input type="checkbox"/> The development is a minor subdivision; AND, <input type="checkbox"/> The proposal would result in lot dimensions appropriate for their proposed use whilst not restricting the provision of services.	N/A

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	<input type="checkbox"/> The proposal is consistent with the LEP requirements on subdivisions.	
C2	<input checked="" type="checkbox"/> The proposed development would be consistent with the existing development in its form, height, bulk, design and materials. <input checked="" type="checkbox"/> The development would not adversely affect the amenity of neighbouring properties or the public domain. <input checked="" type="checkbox"/> The proposed awning would provide continuity in the street and integrated within the façade of the existing development. <input checked="" type="checkbox"/> Any entry structures are appropriately located so as not to obstruct pedestrians.	In addition to the matters considered above, Clause B8 of the DCP also requires that the design of the proposed residence be complementary to the heritage significance of the area. This must also take into account the potential impact the design could have on the neighbouring Woodville School of Arts, which is also a locally listed Heritage Item in the LEP. As such, the statement of heritage impact has provided strict design guidelines for the new residence to address this requirement. The design guidelines have been adopted and will be recommended as a condition of consent.
C3	<input checked="" type="checkbox"/> The proposed development would be consistent with the existing development in its form, height, bulk, design and materials. <input checked="" type="checkbox"/> Fencing forward of the 6m setback does not exceed 1.2m and is constructed of masonry or dark coloured picket/pool style fencing. Beyond 6m setback, fencing/security gates do not exceed 2m.	The new dwelling is to be designed in accordance with the recommendations made within the Heritage Impact Statement. This will ensure it is sympathetic to the streetscape and neighbouring Woodville School of Arts (Locally significant Heritage site)
C4	<input checked="" type="checkbox"/> BASIX submitted in accordance with SEPP. <input checked="" type="checkbox"/> Site coverage is in accordance with figure BD. <input checked="" type="checkbox"/> Proposal ensures development provides continuity to the street and setbacks comply with C4.10-C4.19. <input checked="" type="checkbox"/> Development appropriately activates the street with habitable rooms where applicable. <input checked="" type="checkbox"/> The proposed development would be sympathetic to the streetscene as it is consistent with the existing development in its form, height, bulk, design and materials. <input checked="" type="checkbox"/> The development would not adversely affect the amenity of neighbouring properties or the public domain. <input checked="" type="checkbox"/> Ancillary development complies with C4.31-C4.43.	<p>Valid BASIX certificate submitted.            Site coverage compliant.            Setbacks deemed to be acceptable.</p> <p>See C3 above.</p> <p>See C3 above</p> <p>Proposed single storey dwelling is not envisaged to impact on the amenity of the neighbouring school of arts or Iona public school.</p>
C6	<input type="checkbox"/> Applicant has adequately justified the development is consistent with the definition	N/A – This section does not apply.

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	<p>of home business/home industry and size limit of LEP.</p> <p><input type="checkbox"/> Proposal does not adversely impact on amenity in terms of noise, smell, traffic generation etc.</p> <p><input type="checkbox"/> No signage, other than a business identification sign, is proposed. Restricted through condition of consent.</p> <p><input type="checkbox"/> Parking is provided in line with figure BQ in Chapter B9 or merit-based assessment established on employees/home occupiers and expected customers.</p> <p><input type="checkbox"/> Applicant indicated hours of operation that are acceptable given the nature of the development within the locality and restricted through condition of consent.</p> <p><input type="checkbox"/> Any storage is appropriately located.</p> <p><input type="checkbox"/> Vehicle repair operations proposed with maximum capacity of two vehicles and one trailer per truck permitted; AND,</p> <p><input type="checkbox"/> Vehicle storage located behind building line.</p>	
C8	<p><input type="checkbox"/> Signage is integrated within the building façade; AND,</p> <p><input type="checkbox"/> Development does not include flashing signs, roof signs, vehicular signs (where primary use is for advertising), above awning sign, airborne sign, inflatable sign or hoarding sign.</p>	N/A – No signage proposed.

**s4.15(1)(a)(iiiia) – Any planning agreement or draft planning agreement entered into under section 7.4**

	Notes (where needed)
<input checked="" type="checkbox"/> There are no planning agreements that have been entered into under section 7.4 relevant to the proposed development.	N/A - Acknowledged

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s4.15(1)(a)(iv) – The regulations

	Notes (where needed)
<input checked="" type="checkbox"/> There are no matters within the regulations that are relevant to the determination of the application.	N/A - Acknowledged

s4.15(1)(a)(v) – Any coastal management plan

	Notes (where needed)
<input checked="" type="checkbox"/> There are no coastal management plans that are relevant to the determination of the application.	N/A - Acknowledged

s4.15(1)(b) – The likely impacts of the development

	Notes (where needed)
<input checked="" type="checkbox"/> <b>Social and Economic Environment:</b> There would be beneficial impacts as a result of the development.	<p>Pomfretts cottage is listed in the LEP as a locally significant archaeological site, and therefore is deemed to be of value to the community. This value and local significance however, is diminished due to the current condition and imminent collapse of the cottage.</p> <p>The DA was advertised in the Port Stephens Examiner on Thursday 26 September and neighbours notified in accordance with Councils DCP. This gave the community the opportunity to express the value and significance of the cottage to them.</p> <p>During the notification period, Council received a total of 5 submissions from the community. These submissions have been collated in the consultation section of this report.</p>
<input checked="" type="checkbox"/> <b>Built Environment:</b> The proposed development would not cause harm to the existing character.	See C3 above.
<input checked="" type="checkbox"/> <b>Natural Environment:</b> There are no adverse impacts expected as a result of the proposed development and appropriate conditions have been added.	Single dwelling not deemed to have any negative impact on the environment. Standard conditions of consent protect the environment during the construction phase.

s4.15(1)(c) – The suitability of the site

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The subject site is considered to be suitable for the development as it is permissible within the zone, and is replacing a current dilapidated dwelling on the site. Dwelling entitlement is permissible as per the assessment above.

**s4.15(1)(d) – Any submissions**

It is noted that Council's notification policy outlined in Chapter A of the DCP 2014, that developments that involve significant works to heritage items and that may be of significant community interest, will be required to be advertised and notified. As such, the Development Application has been advertised in the Port Stephens Examiner on 26 September 2019 and Neighbour Notified. The advertisement and notification period was from 27 September 2019 to 11 October 2019 for 14 days.

Council received a total of **5 submissions** during the advertising and notification period. The submissions are summarised as follows;

No.	Concerns	Comments
1	- Dwelling entitlement	The property has been identified to have a dwelling entitlement, this has been addressed within body of the report.
2	- Historical, cultural, Local Heritage value - Potential for conservation/reconstruction to complement the heritage aspects of the site	The historical, and cultural issues have been addressed in detail within the body of the report.  A Statement of Heritage Impact ('the statement') has been completed by a heritage consultant listed on the NSW Office of Environment and Heritage Consultants Directory to accompany the application. The report was assessed by Council's heritage officer whom agreed with the assessment and listed recommendation.  The new dwelling is to be designed in accordance with the recommendations made within the Heritage Impact Statement.
3	- Financial/economic impact on the Woodville School of Arts. - Potential future complaints from the new owners relating to the activities held at the Woodville School of Arts - Potential for future owners to object to future events held at the Woodville School of Arts.	The use of the land as a residence is unchanged. To not allow residential development would be to sterilise the use of the land. Any potential future complaints would need to be investigated if they arise.  The development of the subject site is not considered to give rise to a financial or operational impact to the Woodville School of Arts. Further, this is not a

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**ITEM 1 - ATTACHMENT 2 ASSESSMENT REPORT.**

16-2019-270-1

	- Proximity and relationship with the Woodville School of Arts and restriction on operational use.	matter for consideration under Section 4.15 of the Environmental Planning Assessment 1979.
4	- Inadequate notification of the Development Application	Notification was carried out in accordance with Council's advertising and notification policy.

**s4.15(1)(e) – The public interest**

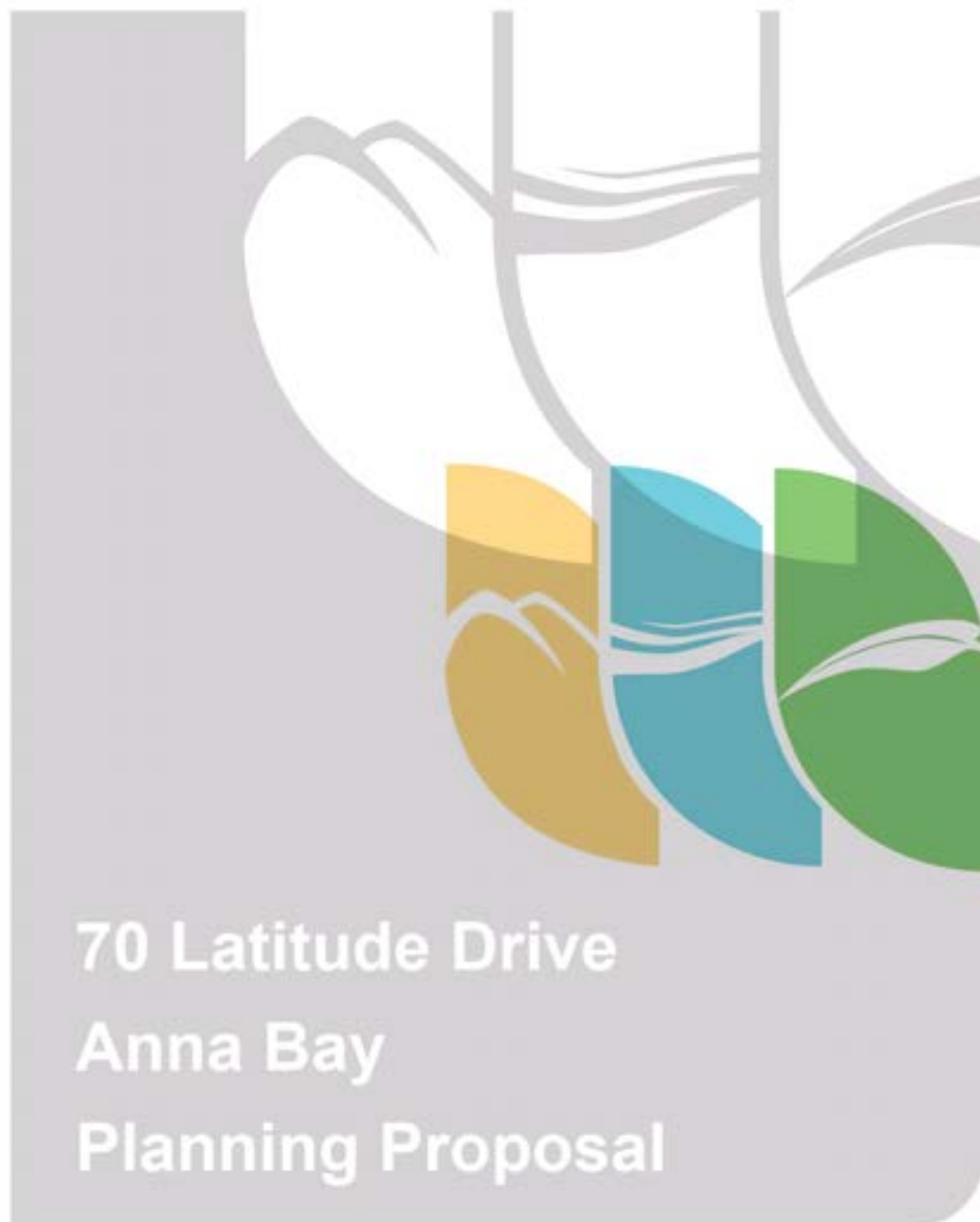
The proposal has been assessed (as indicated by the assessment above) against relevant legislation and Council policies. The legislation and policies assessed against have been developed and implemented with public interest in mind. Given this proposal meets all relevant legislation and Council Policies, Council can be satisfied that the proposal will not have an adverse effect with regards to public interest.

**DETERMINATION**

The application is recommended to be approved under delegated authority, subject to conditions as contained in the notice of determination.

TRISTAN SULLIVAN





**Proposed amendment to Port Stephens Local Environmental Plan 2013**

Amend LEP2013 to regularise the existing approved use of land at Lots 2 & 4 DP 398888, Lot 2 DP 1204319, Lot 1 DP 1225542 at 70, 70A, 70B and 70C Latitude Drive respectively, and to enable the extension of the existing use to adjoining Lot 25 DP 852410 at 4473 Nelson Bay Road, Anna Bay (subject to development consent), and to facilitate future subdivision of Lot 25 DP 852410 at 4473 Nelson Bay Road, Anna Bay into 2 lots.



## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

## VERSION CONTROL

Version	Date	Author	Details
1	Oct 2018	ML	1. Planning Proposal (PP) as submitted with Council
2	June 2019	ML	1. Response to Council's Request for Information, including: <ul style="list-style-type: none"> <li>• Detailed information regarding mechanisms to achieve intended outcomes.</li> <li>• Justification of strategic merit and address any inconsistencies with Hunter Regional Plan</li> <li>• Address principles that guide medium density development in the Port Stephens Planning Strategy.</li> <li>• Address the SEPP (Rural Lands) 2008.</li> <li>• Address Ministerial Direction 1.5 Rural Lands.</li> <li>• Address Ministerial Direction 3.1 Residential Zones.</li> <li>• Address Ministerial Direction 3.2 Caravan Parks and Manufactured Home Estates.</li> <li>• Address Ministerial Direction 3.4 Integrating Land Use and Transport</li> </ul>
2	Oct 2019	RK	1. Incorporated PP into Council Template 2. Included Request for Information into Planning Proposal. 3. Included strategic and site-specific merit of the PP. 4. Included Part 5 and Part 6. 5. General review and inclusion of additional information (SEPPs, Ministerial Directions, Strategic Plans).

<b>ML</b>	Manon Lourens – ADW Johnson PTY LTD
<b>RK</b>	Rogé Kempe – Port Stephens Council.

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.****FILE NUMBERS**

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**Council:** Port Stephens Council

**Department:** Strategic Planning

**SUMMARY**

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**Subject land:** The site comprises of the following lots:  
Lot 2 DP 398888 at 70 Latitude Drive, Anna Bay  
Lot 4 DP 398888 at 70A Latitude Drive, Anna Bay  
Lot 2 DP 1204319 at 70B Latitude Drive, Anna Bay  
Lot 1 DP 1225542 at 70C Latitude Drive, Anna Bay  
Lot 25 DP 852410 at 4473 Nelson Bay Road, Anna Bay

**Proponent:** Ingenia Communities Pty Ltd  
C/- ADW Johnson  
7/335 Hillsborough Road  
Warners Bay NSW 2282

**Proposed changes:** The PSLEP 2013 will be amended to regularise the existing, approved use of Lots 2 and 4 DP 398888; Lot 2 DP 1204319 and Lot 1 DP 1225542 and to facilitate the future extension of that use to the adjoining Lot 25 DP 852410.

The amendments will also enable the future subdivision of Lot 25 DP 852410 so as to permit a minimum lot of approximately 8,000m<sup>2</sup> to be created fronting Nelson Bay Road.

The necessary amendments to the PSLEP 2013 to achieve these outcomes will be identified in consultation with DPIE, should a Gateway determination be issued.

**Area of land:** The site has an area of approximately 43ha.

**Lot yield:** Lot 25 DP 852410 is proposed to create 1 additional lot with capacity for approximately 170 sites on which manufactured homes could be installed.



**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.****BACKGROUND**

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The Planning Proposal seeks to amend the Port Stephens Local Environmental Plan 2013 (PSLEP 2013) to regularise the existing approved use of land at 70, 70A, 70B and 70C Latitude Drive, enable the extension of that use (subject to development consent) to adjoining land at 4473 Nelson Bay Road, and to facilitate the future subdivision of that adjoining land.

The Planning Proposal will regularise the approved existing use on the part of the site where an approved caravan park is located. The approved caravan park has 270 sites on which manufactured homes are currently located, or being installed and it is currently operating as a seniors living lifestyle resort. The current zoning of the site no longer permits this use and the development operates relying on existing use rights.

The Planning Proposal seeks to facilitate the extension of this use to part of an adjoining parcel, Lot 25 DP852410. Subject to development consent and further approvals, an additional 170 manufactured homes could potentially be accommodated on Lot 25 DP852410.

The Planning Proposal will also facilitate the future subdivision of Lot 25 DP852410, enabling the part of the lot fronting Nelson Bay Road that is that not proposed to be used for the caravan park, to be excised.

The specific amendment to the PSLEP 2013 is to be determined in consultation with DPIE, should a Gateway determination be issued. Any expansion of the existing caravan park and future subdivision would be subject to future applications and assessment.

As identified in this Planning Proposal, the following additional investigations will be provided following a Gateway determination:

- Determination of the exact mechanism to amend the PSLEP 2013 to be identified in consultation with DPIE.
- Maps to support the mechanism to amend the PSLEP 2013 as required.
- An investigation of the site by an appropriately qualified person in accordance with the Guidelines for Koala Habitat Assessment presented in Appendix 6 of the CKPoM.
- Further assessment of contamination across the site.
- A detailed flora & fauna assessment.
- An assessment of the potential credit liability generated by the future development and an offset strategy for achieving these credit requirements, in accordance with the requirements under the NSW Biodiversity Offsets Scheme.
- Assessment of acid sulfate soils across Lot 25 DP852410.
- A Bushfire threat assessment.
- A specialist assessment of flood impact.

## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

**SITE****SIZE AND CONFIGURATION**

The site comprises the following lots:

Lot	Address	Lot Size
Lot 2 DP 398888	70 Latitude Drive, Anna Bay	approx. 10.3ha
Lot 4 DP 398888	70A Latitude Drive, Anna Bay	approx. 18.8ha
Lot 2 DP 1204319	70B Latitude Drive, Anna Bay	approx. 0.5ha
Lot 1 DP 1225542	70C Latitude Drive, Anna Bay	approx. 0.7ha
Lot 25 DP 852410	4473 Nelson Bay Road, Anna Bay	approx. 13.2ha
	<b>Total site area</b>	<b>Approx. 43ha</b>

**Figure 1– Site Locality Plan** (next page) identifies the subject land (also Refer **Attachment one**).

### Locality Plan - Latitude Drive - Nelson Bay Road, Anna Bay

MSA 16

PORT STEPHENS  
COUNCIL

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## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

**LOCATION**

The site is located on the southern side of Nelson Bay Road in Anna Bay and sits approximately 2.5km west of One Mile and 6.5 km south-west of Nelson Bay. Anna Bay town centre is located approximately 3.5km south of the subject site.

The site is accessed off Latitude Drive which extends along the northern boundary of Lot 25 DP 852410 and through Lot 1 DP 1225542. Latitude Drive intersects with Nelson Bay Road to the west of the subject site.



Figure 2. site Locality

Source: Nearmap (<https://www.nearmap.com.au/>) – accessed 22/06/2018

**ADJOINING LAND USES**

The existing uses of land in the vicinity of the site include a limited number of single dwellings, dual occupancies, rural land, a trotting track, a golf course with a driving range, and vegetated sites.

Land to the north of the subject site consists of vacant vegetated land zoned E2 Environmental Conservation pursuant to the PSLEP. All other land to the south, east and west is zoned RU2 Rural Landscape pursuant to the PSLEP.

Directly adjoining the site to the east and south is land used for rural residential purposes, consisting of dwellings, dual occupancies and associated outbuildings on large lots. To the west of the subject site (at the rear of the rural residential properties) is land which contains cleared and vegetated areas and areas used for rural industry.



**HISTORY OF LAND USE**

The site was mined for mineral sands in the early 1970s. Sand mining activities generally involved vegetation stripping, the mining of sand by dredging in a moving pond, and processing of the dredged slurry. These activities have resulted in the land being heavily disturbed.

On 13 July 2010, Council approved a development application (DA16-2009-257-1) for a caravan park on the land now known as 70, 70A, 70B and 70C Latitude Drive, Anna Bay. At that time the land was zoned 1(a) Rural Agriculture zone and caravan parks were permissible with consent (under the Port Stephens Local Environmental Plan 2000).

The Local Government Act 1993 and Local Government (Manufactured Homes Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005 permits the installation of moveable dwellings in approved caravan parks, including manufactured homes, without further Council approval. The consent has been modified over time and the site currently has 270 caravan sites on which manufactured homes are being installed.

The PSLEP 2013 zoned the land RU2 Rural Landscape zone, which does not permit caravan parks. The development on the site relies on the existing consent to operate and is commonly known as Latitude One Lifestyle Village.

Development consent (DA 16/2017/282) has been granted on 07/07/2018 for earthworks within Lot 25 DP 852410. The development involved sand extraction in the north-western corner of the lot to be used for works associated with the construction of the approved caravan park on Lots 2 and 4 DP 398888, Lot 2 DP 1204319, and Lot 1 DP 1225542. The approved earthworks on Lot 25 remain ongoing.

**CURRENT USE AND EXISTING IMPROVEMENTS**

Approved development on Lots 2 and 4 DP 398888; Lot 2 DP 1204319 and Lot 1 DP 1225542 consists of a caravan park with 270 sites, on which manufactured homes have been installed, with occupation of several long-term sites having commenced. Some parts of these lots are not affected by works associated with the approved caravan park and comprise vegetated land.

This development was approved under a historic zoning and currently operates relying on that approval and existing use rights.

Lot 25 DP 852410 is not included in the land subject to the caravan park approval. A single storey dwelling house is located toward the eastern boundary of the lot, adjacent to the site's Nelson Bay Road frontage. The rest of this lot is predominately vacant, comprising areas of grassland and scattered vegetation.

### PART 1 – Objectives or intended outcomes

The Planning Proposal seeks to achieve the following outcomes:

- To regularise the existing approved use of Lots 2 and 4 DP 398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 and remove the need for the development to rely on existing use rights.
- Enable the extension of the existing use to adjoining land at Lot 25 DP852410 at 4473 Nelson Bay Road in order to increase housing diversity and provide for population growth within the Port Stephens LGA.
- To facilitate the future subdivision of Lot 25 DP 852410 into two (2) lots.
- To provide suitable planning controls that facilitate the proposed development.

The proponent submitted the concept plans for the proposed future development on Lot 25 DP852410 (in light blue), which shows the relation with the existing development on the adjacent lots (in light green). Both plans are also included in **Attachment one**.



Figure 3. Concept Plan for lot 25 in relation to the approved caravan park development (Lots 2 & 4, Lot 1 and Lot 2).



Figure 4. Concept Plan – Lot 25



Figure 5. Proposed future 1-into-2 lot subdivision of Lot 25 (indicative area in pink; subject to further investigation).

**ITEM 2 - ATTACHMENT 3      PLANNING PROPOSAL.****PART 2 – Explanation of provisions**

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The PSLEP 2013 will be amended to regularise the existing, approved use of Lots 2 and 4 DP 398888; Lot 2 DP 1204319 and Lot 1 DP 1225542 and to facilitate the future extension of that use to the adjoining Lot 25 DP 852410, subject to development consent. The amendments will also enable the future subdivision of Lot 25 DP 852410 so as to permit a minimum lot of approximately 8,000m<sup>2</sup> to be created fronting Nelson Bay Road.

The PSLEP 2013 zones the land RU2 Rural Landscape zone, which does not permit caravan parks. The current development on the site relies on the existing consent to operate and an extension of that use to the adjoining parcel would not be permissible under the current zoning.

Similarly the existing minimum lot size that applies to the land would not permit Lot 25 DP 852410 to be subdivided so as to excise the land fronting Nelson Bay Road.

There are a number of potential amendments that could be made to the PSLEP to facilitate the outcomes of the Planning Proposal. As outlined above, some mechanisms may relate to the application of State policies. Other potential amendments include site specific local provisions to permit and regulate additional uses.

DPIE provides guidance to councils that it is not necessary to identify the specifics of amendments to a local environmental plan prior to a Gateway determination if the objectives and outcomes have been identified.

Should the Planning Proposal receive a Gateway determination, it is proposed to consult with DPIE on the specific amendments to the PSLEP necessary to achieve the intended outcomes.



## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

**PART 3 – Justification****Section A – Need for the planning proposal****Q1. Is the planning proposal a result of any strategic study or report?**

The Planning Proposal is not the result of a strategic study or report.

The HRP is applicable to the area, but the subject site is not located in an identified or emerging growth area identified in the HRP. The land is not located in a centre and some external services such as shops for day-to-day needs are a short drive away in nearby Anna Bay, Salamander Bay, and Nelson Bay.

However, the Planning Proposal is generally consistent with the visions and goals of the HRP. The proposal will make efficient use of the land, as it provides housing choice (including for seniors) with easy access to a range of community facilities and services within a lifestyle village setting.

The Planning Proposal will enable a range of outcomes of the Hunter Regional Plan 2036 which sets out principles for settlements.

It is well recognised that caravan parks can be an important provider of affordable tourist and/or residential accommodation. The Hunter Regional Plan (HRP) sets regionally focused goals including the establishment of thriving communities and greater housing choice. It identifies that by 2036, 95% of people will live within 30 minutes of a strategic centre that has shops, dining, entertainment and services. Nelson Bay's identified on the Hunter 2036 Map as a Strategic Centre and is located approximately 8 minutes' drive from the subject land.

The Planning Proposal is consistent with the HRP and will contribute to the following strategic Directions and Actions.

**HRP - Direction 6: Grow the Economy of Mid Coast and Port Stephens**

Actions	
6.3 Enable economic diversity and new tourism opportunities that focus on reducing the impacts of the seasonal nature of tourism and its effect on local economies.	The proposed increase in residential population in close proximity to Nelson Bay, Anna Bay and other surrounding tourist destinations will provide ongoing patronage to local retail and activity facilities during and outside the peak holiday period, reducing the seasonal effects of tourism on the local economy.
6.5 Plan for and provide infrastructure and facilities that support the ageing population.	The Planning Proposal would facilitate the expansion of an approved caravan park facility for long term residential occupation that

## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

	<p>offers affordable accommodation options supported by high quality community facilities.</p> <p>Further, the expansion would maximise use of existing community facilities within the existing development and provide the ability to expand on the level of service to be offered at the lifestyle village. For example, additional recreation facilities such as tennis courts, an additional outdoor pool, an additional community garden and a secondary club house could form part of the expanded development footprint, with details to be finalised at the development application stage.</p>
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**HRP - Direction 21: Create a Compact Settlement**

<b>Actions</b>	
<p>Whilst the site is not identified as an emerging growth area, the Planning Proposal will allow for the further delivery of land for housing quickly and cost-effectively whilst making use of established infrastructure that supports the existing (non-touristic) caravan park development on the site.</p> <p>Consistency with the identified actions is addressed below.</p>	
<b>21.1</b> Promote development that respects the landscape attributes and the character of the metropolitan areas, towns and villages.	The site is setback from Nelson Bay Road and would be appropriately screened to respect the landscape area of the surrounding locality.
<b>21.2</b> Focus development to create compact settlements in locations with established services and infrastructure, including the Maitland Corridor growth area; Newcastle–Lake Macquarie Western Corridor growth area; the emerging growth area around Cooranbong, Morisset and Wyee; and in existing towns and villages and sites identified in an endorsed regional or local strategy.	<p>Whilst not located in an identified or emerging growth area, or on land endorsed in a regional or local strategy, the Planning Proposal would provide for the efficient use of land and make use of existing servicing and infrastructure investments associated within the existing approved land use.</p> <p>The exiting development is of a medium density nature with a wide range of community facilities and services. Therefore, and as outlined elsewhere in this report, the Planning Proposal seeks the extension of an existing compact development onto</p>

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.**

	an adjacent lot. It aims to utilise, and expand on, already established services and infrastructure.
<b>21.3</b> Identify opportunities for urban redevelopment or renewal in urban locations with access to public transport and services in the Greater Newcastle metropolitan area and where there may no longer be a need for employment land.	<p>Whilst the site is situated outside the Anna Bay town centre, part of the subject land has development consent for a caravan park, on which up to for 270 moveable dwellings could be installed. An onsite community bus currently provides connectivity for residents to public transport connections. Should an expansion of this use be approved, it is foreseeable that new residents would also utilise this service.</p> <p>The site is not strategically identified as employment land within the Hunter Regional Plan, the Greater Newcastle Metropolitan Plan or any local planning strategies.</p> <p>The expansion of development across the Planning Proposal area provides opportunity to make efficient use of existing investments in infrastructure provision and community facilities.</p>
<b>21.4</b> Create a well-planned, functional and compact settlement pattern that responds to settlement planning principles and does not encroach on sensitive land uses, including land subject to hazards, on drinking water catchments or on areas with high environmental values.	<p>Port Stephens Council is yet to finalise its housing strategy which is currently being drafted. The current strategy that applies to the Planning Proposal is the Port Stephens Planning Strategy 2011. An assessment against the settlement planning principles in that strategy are included below.</p> <p>The proposed development area has been subject to significant modification through historic land uses and is not subject to hazard risk; nor considered environmentally sensitive land; or located within a designated drinking water catchment.</p>
<b>21.5</b> Promote small-scale renewal in existing urban areas, in consultation with the community and industry to	Whilst the site is situated outside the Anna Bay town centre, part of the subject land has development consent for a caravan park on which

## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

ensure that this occurs in the right locations.	there are 270 sites for moveable dwellings. Approx. 100 are fully constructed and additional stages are under construction.  The expansion of the development footprint will make efficient use of existing community facilities and infrastructure. Consequently, the expansion of residential development in this location is considered suitable.
<b>21.6</b> Provide greater housing choice by delivering diverse housing, lot types and sizes, including small-lot housing in infill and greenfield locations.	The proposed expansion of the approved caravan park for non-tourist purposes will provide an affordable housing choice for the Anna Bay locality, supported by high quality community facilities.
<b>21.7</b> Promote new housing opportunities in urban areas to maximise the use of existing infrastructure.	The expansion of the development footprint will make efficient use of existing community facilities and infrastructure. Consequently, the expansion of residential development in this location is considered suitable.

**Accessibility to Retail Precincts**

With respect to accessibility to retail precincts, the site is located within a short distance from the existing retail precincts at Anna Bay, Salamander Bay and Nelson Bay. The Anna Bay retail precinct is located less than a 4-minute drive from the subject land with a range of service offerings that include:

- Supermarket;
- Local Shops including a post office and service station;
- Restaurants and cafes and tavern;
- Medical centre; and
- Public school and child care facility.

In addition to the above, the Tomaree Community Hospital, Dental facilities, Tomaree High School and St Philip's Christian College are in Nelson Bay, approximately an 8-minute drive from the subject land. The location of the nearby centres is shown in the **Figure 5** below.



Figure 6. Proximity to Nearby Centres

#### Community Bus Services

The approved caravan park development (DA 16-2009-257) is conditioned to provide a community bus to transport residents and offers regular trips to surrounding retail centres (including public transport connections) as well as providing tailored day trips for recreational activities and entertainment. This service can be expanded to service the expanded development footprint, subject to development consent.

#### Access to Employment Centres

Employment centres are located within commuting distance from the site. This includes the major tourist destination of Port Stephens, comprising Nelson Bay and its surrounds. Additional employment nodes include Raymond Terrace (25 minutes); Williamtown (20 minutes); Tomago (30 minutes); and Beresfield (40 minutes). Both Williamtown and Tomago are identified as catalyst areas in the Greater Newcastle Metropolitan Plan within excess of 3000 and 200 new jobs respectively expected to be created over 20 years.

#### Public Transport

Whilst a designated public bus route does not travel directly past the site, it does service the nearby Anna Bay community. The on-site community bus can transport residents to nearby bus stops and to the Salamander Bay retail precinct which also has good public transport connections.

To support the Planning Proposal, a series of technical studies have been completed to guide the development of a concept plan for the site. Key site constraints have been identified and considered as part of this Proposal.

The Planning Proposal is generally consistent with the Hunter Regional Plan 2036, Port Stephens Planning Strategy 2011-2036, Anna Bay Strategy and Town Plan, Port Stephens Community Strategic Plan 2013-2023 and Port Stephens Ageing Strategy 2016-2019. These are discussed elsewhere in this Planning Proposal.

Additional information about the Planning Proposal's consistency with other relevant plans and strategies is provided under Q3 and Q4.



## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

**Q2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?**

The purpose of the Planning Proposal is to regularise the existing approved use of Lots 2 and 4 DP 398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 and to facilitate the future extension of that use to the adjoining Lot 25 DP 852410. The Planning Proposal also seeks to enable the future subdivision of Lot 25 DP 852410 which currently contains a dwelling fronting Nelson Bay Road. These outcomes will be the basis for drafting the legal instrument (the LEP).

The *Planning Proposals – a guide to preparing planning proposals*, published by the NSW Department of Planning, Industry and Environment (2018) (DPIE Guide), states that, at the Gateway stage, it is not necessary to identify the mechanism by which the outcomes of the Planning Proposal will be achieved.

Consideration of all means of achieving the outcome sought by the subject Planning Proposal is still required. The exact mechanism to amend the PSLEP 2013 will be identified in consultation with DPIE should the subject Planning Proposal receive a Gateway Determination to proceed.

There are a number of potential amendments that could be made to the PSLEP to facilitate the outcomes of the Planning Proposal. Consultation with DPIE will seek advice on the appropriate amendment having regard to the application of State policies, the *Improving the Regulation of Manufactured Homes, Caravan Parks, Manufactured Home Estates & Camping Grounds Discussion Paper* (published by the NSW Department of Planning, Industry & Environment (2015), and the Standard Instrument Local Environmental Plan.

**Section B – Relationship to strategic planning framework****Q3. Will the planning proposal give effect to the objectives and actions of the Hunter Regional Plan or Greater Newcastle Metropolitan Plan (or any exhibited draft plans that have been prepared to replace these)?**Hunter Regional Plan 2036

The Hunter Regional Plan 2036 (HRP) has a vision for the Hunter to be the leading regional economy in Australia with a vibrant new metropolitan city at its heart. To achieve this vision, the NSW Government has acknowledged the growing importance of Greater Newcastle (comprising the local government areas of Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens) and set the following regionally focused goals:

- The leading regional economy in Australia;
- A biodiversity-rich natural environment;
- Thriving communities; and
- Greater housing choice and jobs.

## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

The HRP is applicable to the area, but the subject site is not located in an identified or emerging growth area identified in the HRP. The land is not located in a centre and some external services such as shops for day-to-day needs are a short drive away in nearby Anna Bay, Salamander Bay, and Nelson Bay.

However, the Planning Proposal is generally consistent with the visions and goals of the HRP. The proposal will make efficient use of the land, as it provides housing choice (including for seniors) with easy access to a range of community facilities and services within a lifestyle village setting.

The Planning Proposal is consistent with the vision and goals of the HRP as it will facilitate additional housing choice within a new, well designed community that is accessible to a range of facilities and services. The provision of additional housing will provide broader economic benefits via increased demand for goods and services as well as providing housing for a growing workforce.

The HRP projects that approximately 11,050 additional dwellings will be needed in the Port Stephens LGA by 2036. The proposed development will make a contribution towards meeting this projected demand.

The HRP also identifies a projected increase in the percentage of people aged over 65 years from 19% to 25% by the year 2036. The proposal will assist in meeting this demand through facilitating the provision of additional housing suitable for an ageing population.



Figure 7. From Hunter Regional Plan-Greater Newcastle Settlement Plan  
Source: <http://planning.nsw.gov.au>

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.**

The Planning Proposal is consistent with the HRP as it will support a number of strategic actions in the HRP, including the following which have been addressed under Q1:

- 21.4 Create a well-planned, functional and compact settlement pattern that responds to settlement planning principles and does not encroach on sensitive land uses, including land subject to hazards, on drinking water catchments or on areas with high environmental values.
- 21.6 Provide greater housing choice by delivering diverse housing, lot types and sizes, including small-lot housing in infill and Greenfield locations.
- 22.1 Respond to the demand for housing and services for weekend visitors, students, seasonal workers, the ageing community and resource industry personnel.
- 22.2 Encourage housing diversity, including studios and one and two-bedroom dwellings, to match forecast changes in household sizes.

It is considered that the Planning Proposal is consistent with the Hunter Regional Plan.

Greater Newcastle Metropolitan Plan 2036 (GNMP)

The subject land is considered suitable for the proposed future use given that part of the land is already utilised for the intended use. The residual land (Lot 25 DP 852410) that will accommodate an extension of the caravan park (subject to development consent) is relatively unconstrained and, based on preliminary investigations, it is considered that constraints relating to ecology, acid sulphate soils, and flood prone land can be resolved should the Planning Proposal receive a Gateway determination to proceed.

This site can be distinguished from typical residential developments as it can provide a wide range of community facilities and services for future residents due to an existing development on a neighbouring lot. These include a community bus service, a club house (including hall, sports lounge, cinema, craft room, library, salon, indoor pool, spa, sauna, gym and café/hall), outdoor swimming pool, lawn bowls facility, croquet area, pocket parks, off leash dog exercise area, and walking areas.

The site also offers opportunity to contribute to the targets and directions set by the Greater Newcastle Metropolitan Plan 2036 (GNMP) for new residential development in Port Stephens. The GNMP projects 11,050 new dwellings for Port Stephens by 2036. To support a changing population and dwelling needs, the GNMP sets a 60% target for new dwellings in the existing urban areas (infill) by 2036. The Plan also highlights the need for more variety of housing types and densities, and the provision of access to transport and community services and facilities for local communities.

Preliminary work undertaken by Council staff to inform the Local Housing Strategy currently under preparation (required by the GNMP) indicates that

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.**

there will be a shortage of infill developments and Council may not be able to reach the target of 60% of new dwellings being developed in infill locations. The Planning Proposal could assist in providing medium density infill in a location already serviced by community facilities and infrastructure.

The Planning Proposal will also respond to the need for increased variety of housing types and densities as identified by the GNMP. More specifically, the subject site provides opportunity for a particular type of medium density infill development which includes access to (bus) transport, and a wide range of community services and facilities. The Planning Proposal will also facilitate dwelling types that are suitable for seniors and will contribute to the housing choices available in the area.

The subject site is considered suitable for the outcomes the Planning Proposal will facilitate based on the land being relatively unconstrained, the availability and quality of community facilities and services, and the provision of an existing community bus service which connects the site with nearby town centres.

**Strategic and site-specific merit of the Planning Proposal**

As noted in this report, the subject site is not identified in State and local planning strategies for urban development. DPIE provides general guidance for assessing planning proposals that may not be consistent with State or local strategic plans and policies (See the DPIE Guide). The assessment requires consideration of both the strategic merit and site-specific merits of a proposal:

**(a) Strategic merit of the Proposal**

The DPIE Guide specifies that a planning proposal with strategic merit must not seek to amend planning controls that are less than 5 years old. The Planning Proposal seeks to amend LEP controls that are more than 5 years old (The PSLEP was gazetted in 2013).

The DPIE Guide specifies that a planning proposal is considered to have strategic merit if it gives effect to relevant State strategies and local strategies that have been endorsed by DPIE, or responds to a change in circumstances that have not been considered by existing strategic plans.

As outlined above, the Planning Proposal is not consistent with State or local planning strategies, however it is considered to demonstrate strategic merit as it responds to a change in circumstances that has not been recognised by existing strategic plans.

The existing approved development is currently underway and includes a substantial investment in new infrastructure such as roads, services, and community infrastructure. The Planning Proposal would facilitate efficient use of this investment, including the community facilities and services located within the existing approved development site.

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While the Planning Proposal does not demonstrate consistency with the medium density housing principles in the PSPS, the existing approved development includes a wide range of community facilities and services for residents which typical medium residential developments do not provide. Therefore, the principles of the PSPS can be considered more relevant to medium residential development housing types that are not operating under land lease arrangements with substantial on-site facilities and services for residents.

These facilities and services and the nature of the manufactured homes that have been installed under the existing approval can also be distinguished from the caravan parks with moveable dwellings that were more predominant at the time the PSPS 2011 was prepared. The HRP similarly does not identify or address the range of modern housing typologies under land lease arrangements that have become more prevalent in coastal areas such as Port Stephens.

Given these changes since the preparation of the PSPS in 2011, and the changes in the housing market that have not been addressed in the HRP, the Planning Proposal is considered to have strategic merit as it will respond appropriately by ensuring the orderly and economic use and development of land, consistent with the objects of the EP&A Act.

**(b) site-specific merit of the Proposal**

The DPIE Guide requires a planning proposal to be assessed having regard to site-specific criteria as follows.

*1. The natural environment*

The land is relatively clear from environmental constraints. Parts of Lot 25 DP 852410 are significantly degraded from previous use (sand mining) and current earthworks. The environmental values that remain on site can be protected and kept outside the proposed development footprint and these matters can be addressed at the development application stage. The Planning Proposal provides a balance between housing and conservation outcomes and is unlikely to result in significant adverse impacts on the natural environment.

*2. The existing uses, approved uses, and likely future uses of land in the vicinity of the proposal.*

The existing uses of land in the vicinity of the site include a limited number of single dwellings, dual occupancies, rural land, a trotting track, a golf course with a driving range, and vegetated sites.

Land to the north of the subject site consists of vacant vegetated land zoned E2 Environmental Conservation pursuant to the PSLEP. All other land to the south, east and west is zoned RU2 Rural Landscape pursuant to the PSLEP.



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Directly adjoining the site to the east and south is land used for rural residential purposes, consisting of dwellings, dual occupancies and associated outbuildings on large lots. To the west of the subject site (at the rear of the rural residential properties) is land which contains cleared and vegetated areas and areas used for rural industry.

There are no unacted-on consents for approved uses in the vicinity of the site and the likely future uses of the land in the vicinity are expected to remain as per the current uses given there are no current planning proposals for that land. The surrounding land is also not identified in a State or local strategy for future land use changes.

Proposed vegetation management areas on the southern and eastern boundaries of Lot 25 DP 852410 will also create a buffer between any future development on that lot and land in the vicinity of the proposal.

The Planning Proposal is not expected to have a negative effect on land in the vicinity of the proposal.

*3. The services and infrastructure that are or will be available to meet demands from the proposal.*

Existing public utility services, (road) infrastructure, and community facilities and services associated within the existing approved use can be extended to service a proposed extension of the use onto Lot 25 DP 852410 (subject to development consent).

The site can provide a wide range of existing community facilities for future residents which are not available in typical medium residential developments. Demands for services and infrastructure from the proposal can therefore be met efficiently and to a high standard.

Given the Planning Proposal's ability to demonstrate both strategic merit and site-specific merits, it is considered appropriate for the Planning Proposal to proceed for a Gateway Determination.

**Q4. Will the planning proposal give effect to a council's endorsed local strategic planning statement, or another local strategy or strategic plan?**

Port Stephens Council is currently preparing its local strategic planning statement, therefore the following local strategies are considered in the context of this Planning Proposal.

**Port Stephens Community Strategic Plan 2013-2023**

The Port Stephens Community Strategic Plan (PSCSP) was adopted by Council in May 2013. The PSCSP identifies the community's vision for 'a great lifestyle in a treasured environment'. It outlines the long-term goals agreed with the community of the Port Stephens LGA.

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The Planning Proposal is consistent with the objectives of the PSCSP, as set out in the table below:

**Table 1 Consistency with Port Stephens' Community Strategic Plan 2013-2023**

<b>Strategic directions and objectives</b>	<b>Commentary:</b>
<b>OUR CITIZENS</b>	
<b>Community Safety</b> Port Stephens is a community where people feel safe	The proposed development would provide for the expansion of an approved residential community which places the safety of residents as a high priority. Opportunity for casual surveillance through the development is encouraged to contribute toward a feeling of safety for residents.
<b>Ageing Population</b> Improve facilities and services for an ageing population	The proposed development will facilitate the improvement and extension of the existing development which provides housing and associated recreational and community facilities for residents, including those over 65 years of age.
<b>People with disabilities</b> Improve the built environment, advocate and provide services for people with disabilities	Any future development of the site would be required to give due consideration to accessibility for people with a disability.
<b>OUR LIFESTYLE</b>	
<b>Recreation and Leisure</b> Provide passive and active recreation and leisure services and facilities	The existing development provides recreational and leisure facilities to meet the requirements of residents within the subject site. Such facilities would be able to be expanded, subject to development consent.
<b>OUR ENVIRONMENT</b>	
<b>Environmental Sustainability</b> Manage the natural environment for existing and future generations	It likely that future proposed development can be undertaken without resulting in unreasonable adverse environmental impacts.
<b>Waste Management</b> Port Stephens has a highly valued, affordable and convenient waste and recycling system	Waste management will be considered as part of any development application on the subject site.
<b>Sustainable Development</b> Balance the environmental, social and economic needs of Port	The existing development provides for the needs of residents within the Port Stephens area by providing

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Strategic directions and objectives	Commentary:
Stephens for the benefit of present and future generations.	housing in combination with recreational and community facilities in a manner which is consistent with the environmental values and constraints present on the site.
<b>OUR ECONOMY</b>	
<b>Economic Development</b> Port Stephens has a sustainable and diversified economy	The proposed development will result in economic benefits through the provision of housing with new residents supporting the ongoing growth of the local economy.
<b>Transport</b> Port Stephens has an integrated, connected transport network.	The proposed development will connect to the existing Port Stephens transport network.
<b>OUR COUNCIL</b>	
<b>Infrastructure</b> Port Stephens' infrastructure and utilities meet the needs of all sections of the community	The proposal will make use of existing infrastructure, providing opportunity for more affordable housing.
<b>Engagement</b> The Port Stephens community is informed and involved in decisions that affect them	The subject Planning Proposal will be subject to standard community notification and consultation processes.

**Port Stephens Planning Strategy 2011-2036**

The Port Stephens Planning Strategy 2011 (PSPS) provides a comprehensive planning strategy for the Port Stephens LGA and was developed to inform the adoption of the PSLEP 2013. The Strategy identifies that medium density housing areas should be located where residents have good access to services and not in isolated locations to avoid the creation of social disadvantage.

The subject land is centrally located within a short drive from the town centres of Anna Bay (3.2km), Nelson Bay (8km), and the retail centre of Salamander Bay (5.6km). The caravan park is required to provide a community bus service for residents under the existing development consent. This service offers regular trips to surrounding retail centres, connects with existing public bus services, and is likely to be able to service an expanded development footprint.

In addition, and unlike typical residential developments, the existing caravan park provides high quality community facilities for residents. These include a club house (including hall, sports lounge, cinema, craft room, library, salon, indoor pool, spa, sauna, gym and café/hall), outdoor swimming pool, lawn bowls facility, croquet area, pocket parks, off leash dog exercise area, and walking areas. The Planning Proposal provides the opportunity for the sharing of these facilities and potentially new facilities within the proposed future

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development. Because of the variety of the facilities and the quality of the facilities, the distance of the site from town centres is unlikely to result in an outcome where residents are at social disadvantage or feel isolated.

The PSPS acknowledges that medium density housing should, where practicable, be located according to principles in the PSPS which guide the application of new residential zones. These principles include locating medium density housing within a five minute walk of a centre or a five minute walk of a bus stop with frequent services to major centre or within a ten minute walk of Raymond Terrace or another town centre. As mentioned in the above, the existing caravan park provides residents with a community bus service and in combination with existing public bus services, is likely to provide a reasonable level of service.

The Planning Proposal is inconsistent with some of the principles and directions in the PSPS relating to medium density housing, however given the availability of a wide range of community services and facilities in existing development in combination with the existing community bus service linking residents to surrounding town centres, the proposal is considered to respond adequately to the PSPS directions.

**Anna Bay Strategy and Town Plan**

The Anna Bay Strategy and Town Plan guides the management of future population growth and the building of neighbourhoods in Anna Bay. It establishes a context and policy direction for future rezoning requests and development controls in the Anna Bay area. It also integrates the location, timing and funding for community facilities and infrastructure.

The strategy sets out a town plan, which is a strategic response to the constraints and opportunities in Anna Bay and the policy and legal framework. The vision set out in the strategy for Anna Bay is a small and vibrant town offering a mix of dwelling types and business opportunities and a quality natural environment. It will have a pleasant main street with a mix of retail and office space for local and visitor patronage and shop top housing or tourist accommodation.

The subject site is not located within the Anna Bay Town Centre and therefore many of the key strategic directions outlined in the strategy are not directly relevant to the site or proposed development. Notwithstanding, the proposed development will contribute to the vision established for Anna Bay by providing additional residents within the proximity of the Anna Bay Town Centre, to provide patronage to the expanding commercial uses within the town centre.

**Port Stephens Ageing Strategy 2016-2019**

The Port Stephens Ageing Strategy outlines actions that achieve positive and practical outcomes for the ageing population in Port Stephens and informs actions in Council's Delivery Program. Council's policy direction for ageing

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communities is consistent with all levels of government, and that are discussed in planning and legislative documents that form the framework for responses to ageing populations. The strategy provides direction for a whole of Council approach to deliver key priorities that support positive ageing outcomes for the Port Stephens community.

The objectives of the strategy are:

- Recognise that ageing populations are a valued demographic of the LGA and maximise the strengths and opportunities they can bring to our community;
- Prioritise actions for Council to meet the needs of the ageing population in a way that demonstrates consistency with the Port Stephens Community Strategic Plan, and Council's Delivery Program and Operational Plan;
- Promote integration between Council's Ageing Strategy deliverables and State and Federal outcomes to effectively address the needs of ageing populations in the Port Stephens LGA; and
- Guide a proactive Council-wide approach to improve the liveability for the Port Stephens ageing population.

The strategy sets out five (5) themes to address the issues that that impact on aging populations, specific to the Port Stephens LGA. The table below summaries the five (5) key themes and provides comments on how the relevant themes are addressed by the proposed development:

**Table 3 Consistency with the key themes of the Port Stephens Ageing Strategy 2016-2019**

<b>Key priorities</b>	<b>Commentary:</b>
<b>Housing, neighbourhood and land use planning</b> Ageing populations will have a major impact on future urban design and housing demand due to a shift in preferred housing choice, such as type, design and location. As people age tenure security and housing that is adaptable, smaller, safer, and more secure and that is close to services, transport and family will become increasingly important.	As mentioned elsewhere, the approved development provides a range of community and recreational facilities that would not otherwise be available in standard residential properties, encouraging a sense of community and security to resident. The development enables residents to socialise and participate in community life. An on-site bus services provides opportunities for social/recreational trips to off-site locations.
<b>Transport and Accessibility</b> Improvements to connectivity between homes, and quality services and facilities can provide a broader and cost effective benefit to other cross-sections of the community.  The goal of this action is to create a connected network of public	Many of the recreational and social needs of residents are catered for on-site and eliminate the need to travel for this purpose. Notwithstanding, Anna Bay town centre is a short drive from the site and provides additional recreational, commercial and community services



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Key priorities	Commentary:
transport, pedestrian and cycle ways that provide access to desirable locations and increase social connectivity and opportunities.	which can be accessed by using the on-site community bus.
<b>Health and community services</b> The goal of this action is to establish effective partnerships with health care providers, mobile health services and, community and recreational activities; and where a need exists, identify and advocate for new ones.	As previously discussed, the approved development on the site involves facilities and services for residents to engage in community and recreational activities on site to cater for the needs of current and future residents, including the proposed extension on the neighbouring lot.
<b>Inclusion and participation</b> The goals of this action are to support continued and increased opportunities for engaging ageing populations in desired social activities, including participation in decision-making processes within existing Council plans and services and support continued and increased opportunities for engaging ageing populations in desired social activities, including facilities and infrastructure that meets the needs of older people.	As previously discussed, facilities, services, and infrastructure to meet the needs of (older) residents are provided on-site and can be extended to the neighbouring lot. Facilities and services not provided on site can be accessed through the on-site community bus service.

**Q5. Is the planning proposal consistent with applicable State Environmental Planning Policies (SEPPs)?**

In considering the proposed use of the site following rezoning, a review of relevant State Environmental Planning Policies (SEPP's) has been undertaken.


**Table 4 – Relevant State Environmental Planning Policies**

SEPP	Relevance	Consistency and Implications
<b>SEPP No 21 – Caravan Parks</b>	SEPP 21 applies to caravan parks or camping grounds, this includes moveable dwellings (such as manufactured homes) where they are located in a caravan park.  SEPP 21 provides matters for consideration when development consent is granted for a caravan park,	This Planning Proposal seeks to amend the PSLEP to regularise the existing approved use and allow for the use to be extended to adjoining land. The approved use consists of a caravan park on which moveable dwellings are installed or being installed.

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SEPP	Relevance	Consistency and Implications
	<p>including a caravan park that includes manufactured homes. These matters include site suitability, location and character, and whether necessary community facilities and services are available.</p> <p>This SEPP may apply to future development applications on the subject site, depending on the potential amendments made to the PSLEP 2013.</p>	<p>The proposal is considered to be consistent with the objectives of SEPP 21 and if relevant, any future development applications on the subject site will need to consider the requirements of SEPP 21.</p> <p>The Planning Proposal is considered to be consistent with the aims and objectives of the SEPP relating to the provision of community facilities, the protection of the environment in the vicinity of the land, and the orderly and economic development of the land used for long term residents.</p>
<b>SEPP No 36 – Manufactured Home Estates</b>	<p>Helps establish well-designed and properly serviced manufactured home estates in suitable locations.</p> <p>The Proposal seeks to permit a caravan park.</p> <p>SEPP 36 does not currently apply to the site given the current zoning does not permit caravan parks, the current zone is not for urban purposes, and the site is not identified in an endorsed strategy as suitable for urban development.</p> <p>This SEPP may apply to future development applications on the subject site, depending on the potential amendments made to the PSLEP 2013.</p>	<p>Should SEPP 36 be relevant, the Planning proposal is considered to be consistent with the aims and strategies of the SEPP, in particular aims to provide for facilitate the establishment of manufactured home estates as a contemporary form of medium density residential development that provides an alternative to traditional housing arrangements.</p> <p>Should the SEPP apply to future development applications, the Proposal is generally consistent with the</p>

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SEPP	Relevance	Consistency and Implications
		matters for consideration during assessment including the provision of sufficient community facilities and services, and adequate transport facilities.
<b>SEPP 44 – Koala Habitat Protection</b>	<p>This SEPP applies to land across NSW that is greater than 1 hectare and is not a National Park or Forestry Reserve. The SEPP encourages the conservation and management of natural vegetation areas that provide habitat for koalas to ensure permanent free-living populations will be maintained over their present range.</p> <p>The site contains established vegetation and, based on Council's mapping system, is mapped as containing Koala habitat.</p> 	<p>The subject site contains preferred koala habitat and its associated buffer.</p> <p>The Port Stephens Council Comprehensive Koala Plan of Management (CKPOM) was developed throughout the 1990's, endorsed by Council in 2001, and approved by the Department of Planning in 2002. This plan of management meets the requirements of clause 9. Any future development on the site will be required to give consideration to the CKPOM.</p> <p>Appendix 2 of the CKPOM sets out performance criteria for rezoning requests. The Planning Proposal is considered generally consistent with the requirements of the CKPOM and unlikely to result in significant adverse impacts on koala populations.</p> <p>An investigation of the site by an appropriately qualified person in accordance with the</p>

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SEPP	Relevance	Consistency and Implications
		Guidelines for Koala Habitat Assessment presented in Appendix 6 of the CKPoM will be provided at the post-Gateway stage.
	<b>CKPOM performance criteria.</b>	
	a) not result in development within areas of Preferred Koala Habitat or defined Habitat Buffers	The proposed development may slightly encroach into areas of the subject site which are mapped as preferred koala habitat and its associated buffer. The extent of encroachment is minor and any impacts on koalas are unlikely to be significant.
	b) allow for only low impact development within areas of Supplementary Koala Habitat and Habitat Linking Areas	The proposed development will have no impact on areas of supplementary koala habitat.
	c) minimise the removal of any individuals of preferred koala food trees, where ever they occur on the site	Further assessment of the levels of tree removal required for the proposed development will be further assessed at the post-Gateway stage.
	d) not result in development which would sever koala movement across the site. This should include consideration of the need for maximising tree retention on the site generally and for minimising the likelihood of impediments to safe/unrestricted koala movement.	Links across the subject site are limited to those across cleared land. The preservation of vegetated areas of the subject site identified in the VMP at the south and east of Lot 25 DP 852410 and retained by the proposed development may allow for the restoration of habitat between habitat areas to the north and south of the site.

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SEPP	Relevance	Consistency and Implications
<b>SEPP 55 – Remediation of Land</b>	<p>This SEPP applies to land across NSW and states that land must not be developed if it is unsuitable for a proposed use because of contamination.</p> <p>There is the potential for the site to contain contaminated land.</p>	<p>Clause 6 of SEPP 55 requires that consideration be given to whether the land is contaminated as part of a rezoning proposal.</p> <p>Previous assessment of contamination across the site indicates that there is potential for contamination within the subject site due to historic sand mining activities across the site.</p> <p>A contamination assessment was undertaken for the site (refer <b>Attachment 3</b>).</p> <p>Further assessment of contamination across the site will be undertaken at the post-Gateway stage.</p>
<b>SEPP – (Rural Lands) 2008</b>	<p>Contains rural planning principles and rural subdivision principles, which must be taken into consideration before developing rural land. Provides for rural land to be subdivided below the minimum lot size for subdivision for the purpose of primary production.</p> <p>The Proposal relates to land zoned RU2 Rural Landscape.</p>	<p>The Rural Lands SEPP identifies several applicable rural planning principles. Consideration is demonstrated below.</p>
	<b>Rural Planning Principles</b>	
	<p>a) the promotion and protection of opportunities for current and potential productive and sustainable economic activities in rural areas.</p>	<p>Development has already been approved across Lots 2 and 4 DP 398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 for a caravan park, with construction currently underway.</p>



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SEPP	Relevance	Consistency and Implications
		As discussed elsewhere in this proposal, there is limited agricultural potential on Lot 25 DP 852410. Therefore there would be limited opportunities for rural activities.
	b) recognition of the importance of rural lands and agriculture and the changing nature of agriculture and of trends, demands and issues in agriculture in the area, region or State.	Development has been approved across Lots 2 and 4 DP 398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 for a caravan park. As discussed elsewhere in this proposal, there is limited agricultural potential on Lot 25 DP 852410.
	c) recognition of the significance of rural land uses to the State and rural communities, including the social and economic benefits of rural land use and development.	The site is not presently utilised for rural purposes therefore the proposed development is not likely to affect any social or economic benefits of rural land use.
	d) in planning for rural lands, to balance the social, economic and environmental interests of the community.	The site is not presently utilised for rural purposes and permitting land uses other than rural activities is not likely to result in or negatively impact any social, economic or environmental interests of the community.
	e) the identification and protection of natural resources, having regard to maintaining biodiversity, the protection of native vegetation, the importance of water resources and avoiding constrained land.	As discussed elsewhere in this proposal, a due diligence flora and fauna assessment and a Vegetation Management Plan (VMP) were prepared for Lot 25 DP 852410. (Refer <b>Attachments 4 and 5</b> ). Further detailed flora and fauna assessment


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SEPP	Relevance	Consistency and Implications
		can be provided at the post-Gateway stage.
	f) the provision of opportunities for rural lifestyle, settlement and housing that contribute to the social and economic welfare of rural communities.	The subject site has limited potential for rural housing.
	g) the consideration of impacts on services and infrastructure and appropriate location when providing for rural housing.	The Planning Proposal is not for the provision of rural housing.
	h) ensuring consistency with any applicable regional strategy of the Department of Planning or any applicable local strategy endorsed by the Director-General.	The Planning Proposal contributes to implementation of visions, objectives and actions of various regional and local strategies as outlined elsewhere in this Planning Proposal.
	<b>Rural Subdivision Principles</b>	
	a) the minimisation of rural land fragmentation.	The site is not presently utilised nor considered suitable for future rural purposes as outlined elsewhere in this report.
	b) the minimisation of rural land use conflicts, particularly between residential land uses and other rural land uses.	The proposed LEP amendments will manage risk of land use conflicts by providing for development on disturbed rural zoned land directly adjacent to an approved caravan park development.
	c) the consideration of the nature of existing agricultural holdings and the existing and planned future supply of rural residential land when considering lot sizes for rural lands.	Zoned rural land in the surrounding locality comprises a variety of lot sizes with limited agricultural productivity along the Nelson Bay Road frontage.
	d) the consideration of the natural and physical	The concept plan provided by the

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SEPP	Relevance	Consistency and Implications
	constraints and opportunities of land.	proponent and the proposed future subdivision consider the environmental and physical constraints of the site and provide for the separation of the proposed development from existing dwellings.  It will also provide for the retention (and rehabilitation) of a vegetation corridor through Lot 25.
	e) ensuring that planning for dwelling opportunities takes account of those constraints.	An existing dwelling is located on Lot 25, toward the Nelson Bay Road frontage. This dwelling is proposed to be retained within a proposed new lot and separated through a future subdivision from the future proposed development by a vegetation corridor which is to be retained and rehabilitated.  The concept plan takes into consideration the environmental constraints of the land and makes use of existing infrastructure and community facilities.
<b>SEPP (Coastal Management) 2018</b>	Promotes an integrated and co-ordinated approach to land use planning in the coastal zone consistent with the objects of the <i>Coastal Management Act 2016</i> .  The Proposal relates to land identified within the Coastal Zone Combined Footprint.	The site contains areas mapped under State Environmental Planning Policy (Coastal Management) 2018 as being within a coastal use area and coastal environment area. An area of land identified as a coastal wetland with an associated buffer is

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SEPP	Relevance	Consistency and Implications
		<p>located to the north-east, but is well separated from the subject site.</p> <p>It would be feasible to redevelop the site to minimise any impacts on the matters listed in Clause 13 or 14 of this SEPP.</p> <p>The proposal is considered to be consistent with the objectives of SEPP 21 and if relevant, any future development applications on the subject site will need to consider the requirements of SEPP 21.</p>

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**Q6. Is the planning proposal consistent with applicable Ministerial Directions?**

An assessment of relevant Ministerial Directions against the Planning Proposal is provided in the table below.

**Table 5 – Relevant Ministerial Directions**

Ministerial Direction	Aim of Direction	Consistency and Implications
<b>1. EMPLOYMENT AND RESOURCES</b>		
<b>1.2 Rural Zones</b>	The objective of this direction is to protect the agricultural production value of rural land.	<p>This Planning Proposal report gives due consideration to the objectives of this direction.</p> <p>As outlined elsewhere in this report, it is considered that the site does not currently present any potential agricultural values.</p>
<b>1.5 Rural Lands</b>	<p>The objectives of this direction are to:</p> <p>(a) protect the agricultural production value of rural land.</p> <p>(b) facilitate the orderly and economic development of rural lands for rural and related purposes.</p> <p>When a relevant planning authority prepares a planning proposal that will affect land within an existing or proposed rural or environment protection zone (including the alteration of any existing rural or environment protection zone boundary) a planning proposal must be consistent with the Rural Planning Principles listed in State Environmental Planning</p>	<p>The site is considered to have limited agricultural production value taking into consideration historic land practices (sand mining and bulk earthworks) and current uses of the site.</p> <p>The Rural Planning and Subdivision Principles listed in SEPP (Rural Lands) 2008 are addressed above.</p>



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	Policy (Rural Lands) 2008.	
<b>(4)</b>	<b>A planning proposal to which clauses 3(a) or 3(b) apply must:</b>	
	(a) Be consistent with any applicable strategic plan, including regional and district plans endorsed by the Secretary of the Department of Planning and Environment, and any applicable local strategic planning statement.	The Planning Proposal is not the result of a strategic study or report. However, the Planning Proposal will enable a range of outcomes of the Hunter Regional Plan 2036 which sets out principles for settlements and the Port Stephens Planning Strategy as outlined in Part 3 of this report. Part 3 of this report further outlines the strategic merits of this Planning Proposal in accordance with the DPIE Guide.
	(b) Consider the significance of agriculture and primary production to the State and rural communities.	The site is presently not utilised nor considered suitable for rural purposes. Further detail is provided under SEPP (Rural Lands) 2008.
	(c) Identify and protect environmental values, including, but not limited to, maintaining biodiversity, the protection of native vegetation, cultural heritage, and the importance of water resources.	<p>The site contains preferred koala habitat and its associated buffer (refer SEPP 44 Koala Habitat Protection in this proposal).</p> <p>The Planning Proposal will not impact on vegetated areas within the area currently under construction. A due diligence flora and fauna assessment and a Vegetation Management Plan (VMP) were prepared for Lot 25 DP 852410. (Refer <b>Attachments 4 and 5</b>) for more detail).</p> <p>Council environmental planners have considered</p>

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		all ecological aspects of the Planning Proposal and do not identify matters that can be considered an impediment for progression to Gateway.
	(d) Consider the natural and physical constraints of the land, including but not limited to, topography, size, location, water availability and ground and soil conditions.	There are no natural or physical constraints of the land that would prevent the proposal.
	(e) Promote opportunities for investment in productive, diversified, innovative and sustainable rural economic activities.	The site is presently not utilised nor considered suitable for rural purposes. Further detail is provided under SEPP (Rural Lands) 2008.
	(f) Support farmers in exercising their right to farm.	The site is presently not utilised nor considered suitable for rural purposes. Further detail is provided under SEPP (Rural Lands) 2008.
	(g) Prioritise efforts and consider measures to minimise the fragmentation of rural land and reduce the risk of land use conflict, particularly between residential land uses and other rural land uses.	<p>The site is presently not utilised nor considered suitable for rural purposes.</p> <p>The site is considered to have limited agricultural production value taking into consideration historic land practices (sand mining and bulk earthworks) and its relationship to adjacent land holdings.</p>
	(h) Consider State significant agricultural land identified in <i>State Environmental Planning Policy (Primary Production and Rural Development) 2019</i> for the purpose of ensuring the ongoing viability of this land.	<p>The site is presently not utilised nor considered suitable for rural purposes.</p> <p>The site is considered to have limited agricultural production value taking into consideration historic land practices (sand</p>

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		mining and bulk earthworks).
	(i) consider the social, economic and environmental interests of the community.	The proposal provides opportunity to increase housing diversity within the Port Stephens LGA and to provide greater housing choice
<b>(5)</b>	<b>A planning proposal to which clause 3(b) applies must demonstrate that it:</b>	
	(a) is consistent with the priority of minimising rural land fragmentation and land use conflict, particularly between residential and other rural land uses	The site is presently not utilised nor considered suitable for rural purposes. Further detail is provided under SEPP (Rural Lands) 2008.
	(b) will not adversely affect the operation and viability of existing and future rural land uses and related enterprises, including supporting infrastructure and facilities that are essential to rural industries or supply chains	The site is presently not utilised nor considered suitable for rural purposes. Further detail is provided under SEPP (Rural Lands) 2008.
	(c) where it is for rural residential purposes: 1. is appropriately located taking account of the availability of human services, utility infrastructure, transport and proximity to existing centres 2. is necessary taking account of existing and future demand and supply of rural residential land.	N/A
<b>2. ENVIRONMENT AND HERITAGE</b>		
<b>2.2 Coastal Management</b>	The objective of this direction is to protect and manage coastal areas of NSW.	Appropriate consideration has been given to the protection of coastal use areas and the provisions of the Coastal Management Act, 2016

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		and associated guidelines and documents. Refer to SEPP (Coastal Management) 2018 in the above.
<b>2.3 Heritage Conservation</b>	Requires relevant planning proposals to contain provisions to facilitate the conservation of items, areas, objects and places of environmental heritage significance and indigenous heritage significance.	<p>The subject site is not identified on PSLEP 2013 mapping as containing any items of archaeological or general heritage significance, nor is it located within a heritage conservation area.</p> <p>The results of an Aboriginal Heritage Information Management System (AHIMS) search for the subject site indicate that there are no Aboriginal sites or Aboriginal places recorded or declared in or near the subject site. (Refer <b>Attachment 6</b>).</p> <p>Any development on the site is unlikely to result in adverse impacts in relation to the heritage significance of the site.</p>
<b>3. HOUSING, INFRASTRUCTURE AND URBAN DEVELOPMENT</b>		
<b>3.1 Residential Zones</b>	Encourage a variety and choice of housing types to provide for existing and future housing needs, make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and minimise the impact of residential development on the environment and resource lands.	<p>The Planning Proposal will increase housing choice and variety in the Anna Bay locality and the Port Stephens LGA by providing opportunity for housing supported by quality community facilities.</p> <p>Further, the proposal makes efficient use of existing and future infrastructure to service the proposed development.</p>

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		<p>The compact form of development proposed will reduce the consumption of land for housing and associated urban development on the urban fringe, and will be of good design.</p> <p>Overall, the proposed development is considered to be of minor strategic significance and is supportable noting the specific merits of the site, as discussed elsewhere in this Planning Proposal. Part 3 of this report outlines the strategic merits of this Planning Proposal in accordance with the DPIE Guide.</p>
<b>3.2 Caravan Parks and Manufactured Home Estates.</b>	<p>3.2 Caravan Parks and Manufactured Home Estates</p> <p>The objectives of this direction are:</p> <p>(a) to provide for a variety of housing types, and</p> <p>(b) to provide opportunities for caravan parks and manufactured home estates.</p>	<p>As the site is zoned RU2 Rural Landscape pursuant to the PSLEP, any development on the site is currently excluded from SEPP 36.</p> <p>Depending on the potential amendments to the PSLEP, SEPP 36 may apply to future development applications on the site.</p> <p>Clause 9 of the SEPP identifies matters that are to be considered by councils. Further, Ministerial Direction 3.2 requires that a planning authority take into account the principles listed in clause 9 of SEPP 36.</p> <p>The Planning proposal is consistent with the principles in SEPP 36, including principles related</p>




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		<p>to heritage and ecology, provision of infrastructure and services, adequate access to transport services, sufficient community facilities and services.</p> <p>These matters have been addressed in detail elsewhere in this report.</p> <p>It is considered that the ability to develop the subject land for this purpose is justified based on the specific merits of the site, namely, the fact that part of the subject land has existing use rights as a caravan park and current approval over that land permits 270 long term moveable dwelling sites which is a comparable and compatible development to a manufactured home estate.</p> <p>Further, the ability to expand this form of development provides opportunity for the sharing of community facilities and make use of existing infrastructure investment.</p>
<b>3.4 Integrating Land Use and Transport</b>	<p>The objective of this direction is to ensure that urban structures, building forms, land use locations, development designs subdivision and street layouts achieve the sustainable transport objectives.</p>	<p>The site is accessed from Latitude Drive which extends along the northern boundary of Lot 25 DP 852410 and through Lot 1 DP 1225542. Latitude Drive intersects with Nelson Bay Road to the west of the subject site.</p> <p>The intersection of Latitude Drive and Nelson</p>

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		<p>Bay Road was upgraded to cater for the traffic demand resulting from the approved development on the site.</p> <p>The existing development is required to provide a bus service, using a 12-seater minibus, for transport to nearby local centres. This service can be extended to include any proposed development of Lot 25.</p>
<b>4. HAZARD AND RISK</b>		
<b>4.1 Acid Sulfate Soils</b>	<p>The objective of this direction is to avoid significant adverse environmental impacts from the use of land that has a probability of containing acid sulphate soils.</p>	<p>Acid sulfate soils were considered and deemed appropriate across Lots 2 and 4 DP398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 as part of the approval for the existing development and currently under construction on the site.</p> <p>It is expected that any acid sulfate soils encountered within Lot 25 DP 852410 can be readily remediated through standard procedures.</p> <p>Further assessment of acid sulfate soils will be undertaken post-Gateway stage.</p>
<b>4.3 Flood Prone Land</b>	<p>Applies requirements for planning proposals that seek to create, remove or alter a zone or a provision that affects flood prone land except where non-compliance is of minor significance in the opinion of the Secretary of the NSW Department of Planning and</p>	<p>The site is identified in the PSLEP as being located within a flood planning area.</p> <p>The current development on Lots 2 and 4 DP398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 includes fill to mitigate flood impacts on development.</p>

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	<p>Environment (or nominated delegate).</p> 	<p>Projected flooding across Lot 25 is limited to areas in the south eastern portion of the lot.</p> <p>It is expected that flooding can be addressed on the subject site through filling in a manner which will not adversely affect the flow of floodwaters in the locality or increase flood risks to surrounding properties.</p>
<b>4.4 Planning for Bushfire Protection</b>	<p>The objectives of this direction are to protect life, property and the environment from bush fire hazards, by discouraging the establishment of incompatible land uses in bush fire prone areas, to encourage sound management of bush fire prone areas.</p>	<p>The Planning Proposal relates to bushfire prone land.</p> <p>The applicant states that the primary protection of the proposed development from bushfire would be via the establishment of Asset Protection Zones (APZ's), consistent with the "Planning for Bushfire Protection" guidelines.</p> <p>The concept plan for the proposed development, provided by the proponent, includes asset protection zones adjacent to areas of high bushfire risk.</p> <p>A perimeter road and alternate emergency access is provided in the concept plan to ensure consistency with planning for bushfire protection measures.</p> <p>It is considered that no assessment is required pre-Gateway and appropriate consultation</p>

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		will be undertaken should gateway determination be issued.
<b>5. REGIONAL PLANNING</b>		
<b>5.10 Implementation of Regional Plans</b>	The objective of this direction is to give legal effect to the vision, land use strategy, policies, outcomes and actions contained in regional plans.	The Hunter Regional Plan 20136 (HRP) applies to the proposal and is addressed elsewhere in this proposal (Section B - Q3).
<b>6. LOCAL PLAN MAKING</b>		
<b>6.1 Approval and Referral Requirements</b>	The objective of this direction is to ensure that LEP provisions encourage the efficient and appropriate assessment of development.	The proposed amendments to the PSLEP do not include provisions that require concurrence, consultation or referral.

**Section C – Environmental, social and economic impact****Q7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?**

Areas of Lots 2 and 4 DP 398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 have been partially cleared of vegetation for the approved development, with remnant vegetation located toward the north of Lot 2 DP 398888 and south of Lot 4 DP 398888. The Planning Proposal will not impact on vegetated areas within these lots.

Lot 25 retains some vegetated areas toward its southern boundary

A due diligence flora and fauna assessment undertaken across Lot 25 DP 852410 (refer **Attachment 4**) indicates that the majority of the site occurs as regrowth shrubland dominated by species such as *Leptospermum laevigatum* (Coastal Tea-tree), *Acacia longifolia* (Sydney Golden Wattle) and *Dodonaea triquetra* (Common Hop Bush).

Such species are colonisers and typical of regrowth vegetation, however larger specimens of slower-growing species such as *Banksia serrata* (Old Man Banksia) suggests that at least some areas of regrowth have been established for at least several decades (Google Earth imagery shows the majority of the site including these areas as vegetated in 2002).

The flora and fauna assessment suggests that some of these patches may have constituted the Coastal Sand Apple – Blackbutt Forest mapped by

## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

LHCCREMS in 2000. Although predominantly native, areas were infiltrated with dense infestations of *Lantana camara* (Lantana) and other exotics.

Smaller patches along the southern and eastern periphery included semi – mature and mature individuals of *Eucalyptus robusta* (Swamp Mahogany), *Melaleuca quinquenervia* (Broad-leafed Paperbark) and *Casuarina glauca* (Swamp Oak). Such areas were identified as disturbed variants of Swamp Mahogany – Paperbark Forest. This community corresponds with the "Swamp Sclerophyll Forest on Coastal Floodplains" EEC.

A low-lying patch of vegetation in the south-east of the site is obviously subjected to periodic inundation, with the groundcover dominated by sedges such as *Gahnia* sp. (Saw-sedge). An emergent canopy of Eucalypts includes Swamp Mahogany, and the area is similarly considered to constitute a disturbed variant of the Swamp Sclerophyll Forest EEC.

The remainder of the site exists as cleared grasslands with some isolated trees (both native and exotic) prevailing. Species including *Pteridium esculentum* (Bracken), *Senecio madagascariensis* (Fireweed), *Andropogon virginicus* (Whiskey Grass) and *Briza major* (Quaking Grass) were prevalent, with isolated trees including Broad-leafed Paperbark and *Pinus radiata* (Monterey Pine).

A vegetation map for lot 25 is provided as Figure 8.



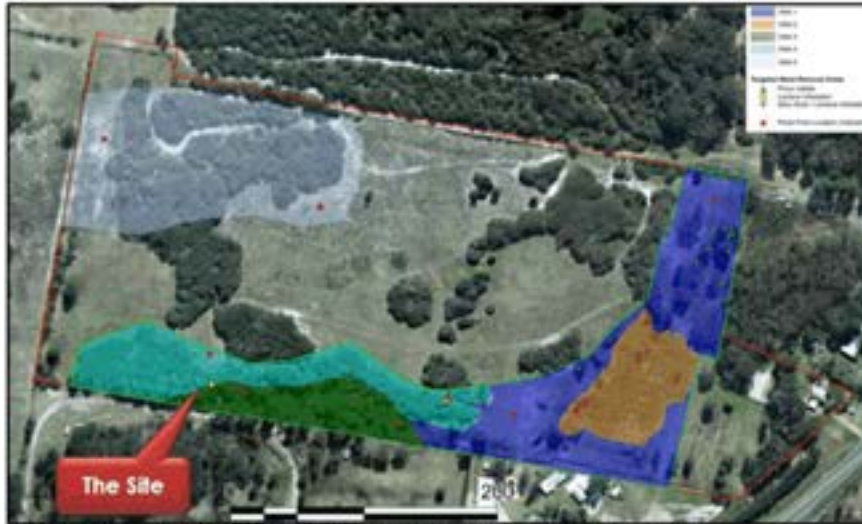
**Figure 8. Vegetation Map**  
Source: Due Diligence Advice – Anderson Environment and Planning (27/10/2016)

A Vegetation Management Plan (VMP) was prepared for Lot 25 DP 852410 to fulfil conditions of consent for earthworks approved under DA 16/2017/282. The VMP is enclosed as **Attachment 5**. The Vegetation Management Plan proposes vegetation management areas totalling approximately 3.6ha,



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adjacent to the southern and eastern boundaries of Lot 25 DP 852410, as shown in **Figure 9**.



**Figure 9. Vegetation Management Areas – Lot 25 DP 852410**

Source: Vegetation Management Plan AEP Ref 1496 – July 2017

Portions of the site, in the north, south and east are identified on the Port Stephens Koala Habitat Planning Map as containing preferred koala habitat, with an associated 50m buffer (refer **Figure 10**).



**Figure 10. Extract from the Port Stephens Koala Habitat Planning Map**

Source: Port Stephens Koala Habitat Planning Map (February 2007)

The subject site is mapped on the NSW Biodiversity Value Map as partly containing biodiversity values (refer **Figure 11**).



**Figure 11. Extract from NSW Biodiversity Value Map**

Source: <https://www.lmhc.nsw.gov.au/Maps/index.html?viewer=BVMap>  
– accessed 21/06/2018

The subject site is also shown on the NSW Native Vegetation Regulatory Map as containing sensitive regulated land.



**Figure 12. Extract from the NSW Native Vegetation Regulatory Map**

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Source: <https://www.lmbc.nsw.gov.au/Maps/index.html?viewer=NVRMap>  
– (accessed 21/06/2018)

It is recommended that an assessment of the potential credit liability generated by the future development is investigated and an offset strategy for achieving these credit requirements be provided. This strategy can be undertaken post-Gateway and must be prepared in accordance with the requirements under the NSW Biodiversity Offsets Scheme.

**Q8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?**

Technical studies have been undertaken (or will be undertaken at the post-Gateway stage) to assess the likely environmental effects resulting from the Planning Proposal and how these effects are proposed to be managed. The following matters are considered.

Contamination

Contamination investigations previously undertaken across the site indicate that the site was mined for mineral sands in the early 1970's. Due to former sand mining activities on the site, there is potential for contamination to occur across the site.

Contamination across Lots 2 and 4 DP 398888, Lot 2 DP 1204319 and Lot 1 DP 1225542 has been assessed as part of the approval (DA 16/2009/257; as amended) and is considered to have been appropriately dealt with via conditions of consent for the relevant approvals.

An assessment of contamination across Lot 25 DP 852410 will be undertaken and provided to accompany the Planning Proposal at the post-Gateway stage. It is expected that contamination across Lot 25 DP 852410 can be appropriately dealt with in a similar manner to which it was controlled over Lots 2 and 4 DP 852410, Lot 2 DP 1204319 and Lot 1 DP 1225542.

Hydrology and Water Management

There are a number of gullies or creek lines that run through the site that will be considered as prescribed watercourses. Development within 40 metres of a prescribed watercourse requires approval from the NSW Office of Water. Any future development on the site will therefore be integrated development and will require referral to the NSW Office of Water.

Any new works associated with the proposed development on Lot 25 DP 852410 are likely to be clear of the watercourses mapped on the site.

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.**Bushfire Risk

The subject site is identified as containing bushfire vegetation Category 1 and its associated buffer (refer **Figure 12**). The proposed development would therefore be integrated development and require referral to the Rural Fire Service for consideration.

A Bushfire Threat Assessment for the proposed development will be carried out at the post-Gateway stage. The primary protection of the proposed development from bushfire would be via the establishment of Asset Protection Zones (APZ's) consistent with the "Planning for Bushfire Protection" guidelines.

The concept plan, provided by the proponent, for the proposed development within Lot 25 DP852410, enclosed as **Attachment 2**, includes asset protection zones adjacent to areas of high bushfire risk, illustrating that the proposed development can accommodate the bushfire hazard present on the site.

The concept design incorporates the principle of providing a perimeter road where possible, as this provides the best access for fire fighting vehicles.

Flooding

The site is mapped in the PSLEP as being located within a flood planning level. It is noted that flooding has been considered and addressed within Lots 2 and 4, Lot 2 DP 1204319 and Lot 1 DP 1225542 as part of approved development on the site (DA 16/2009/257). It is considered that flooding within Lot 25 DP 852410 can be addressed in a similar manner.

A specialist assessment of flood impact can be provided at the post-Gateway stage if required.

Indigenous Cultural Heritage

An Aboriginal Heritage Information Management System (AHIMS) search of the subject site and surrounds was undertaken. The results of the AHIMS search indicate that there are no Aboriginal sites or Aboriginal places recorded or declared in or near the subject site. A copy of the results of the AHIMS search are included as **Attachment 6**.

It is noted that the subject site has a history of sand mining and has been extensively disturbed by previously activities. As such, it is considered that there is a very low likelihood of items of Aboriginal cultural heritage being present on the site.

If necessary, an Aboriginal Cultural Heritage Assessment can be carried out over the site and provided at the post-Gateway stage.

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.**Traffic and Transport

Access to the site is off the recently constructed Latitude Drive which extends along the northern boundary of Lot 25 DP 852410 and through Lot 1 DP 1225542, meeting Nelson Bay Road to the west of the subject site. Nelson Bay Road is the main arterial link connecting Newcastle to Williamstown and the Tomaree Peninsula.

The intersection of Latitude Drive and Nelson Bay Road was recently upgraded to cater for the traffic demand resulting from the approved caravan park within the site.

The existing road network which surrounds the site is considered appropriate to accommodate any future development on Lot 25 DP 852410.

Services

Public utility services including telecommunications, gas, electricity and water will be available to serve future development on the site.

**Q9. Has the planning proposal adequately addressed any social and economic effects?**

Anticipated social and economic effects are addressed below.

**Social Effects**

A range of social benefits associated with the development of the site are anticipated, including:

- Additional housing choices in the Anna Bay and the Port Stephens LGA which caters for future population growth and responds to an ageing population in Port Stephens.
- Efficient use of community facilities and services provided at an existing approved development.
- Provide a critical mass which will enhance the viability of new services, facilities, and public transport in the Anna Bay area.

**Economic Effects**

A range of economic benefits associated with the development of the site are anticipated, including:

- Stimulation of local economic activity through increased local spending.
- Employment through construction and future maintenance of the development, and direct employment of employees servicing the development.
- Contribution toward investment in social infrastructure in the surrounding locality via additional funding through the Section 94 Contribution Plan.

**ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.**

- Provision of additional dwellings with easy access to major employment precincts such as Newcastle Airport and Tomago.

**Section D – State and Commonwealth interests****Q10. Is there adequate public infrastructure for the planning proposal?**

The site is accessed off Latitude Drive which extends along the northern boundary of Lot 25 DP 852410 and through Lot 1 DP 1225542. Latitude Drive intersects with Nelson Bay Road to the west of the subject site.

Nelson Bay Road is a State road and is the main arterial link connecting Newcastle to Williamstown and the Tomaree Peninsula. It carries both local and tourist traffic visiting the Nelson Bay area and is the only route servicing the Tomaree Peninsula and the various townships between Newcastle and Nelson Bay.

The intersection of Latitude Drive and Nelson Bay Road was recently upgraded to cater for the traffic demand resulting from the approved development within the site.

The proposed extension of this development is proposed be serviced by this infrastructure, subject to development consent.

Public utility services including telecommunications, gas, electricity and water will be available to serve any development on the site. Consultation with the service providers will occur post-Gateway, as the Planning Proposal progresses.

**Q11. What are the views of state and Commonwealth public authorities consulted in accordance with the Gateway determination?**

This matter will be considered further after this Planning Proposal progresses through Gateway.

Consultation with relevant State and Commonwealth agencies can be undertaken following a Gateway Determination. It is envisaged that the following agencies will be consulted with:

- NSW Roads and Maritime Services;
- Department of Primary Industries;
- NSW Rural Fire Services;
- Worimi Local Aboriginal Land Council.



### PART 4 – Mapping

There are a number of potential amendments that could be made to the PSLEP 2013 to facilitate the outcomes of the Planning Proposal. As outlined above, some mechanisms may relate to the application of State policies. Other potential amendments may include site specific local provisions to permit and regulate additional uses.

DPIE provides guidance to councils that it is not necessary to identify the specifics of amendments to a local environmental plan prior to a Gateway determination if the objectives and outcomes have been identified.

The necessary amendments to the PSLEP 2013 to achieve these outcomes will be identified in consultation with DPIE, should a Gateway determination be issued.

Maps to support the Planning Proposal will be prepared after the Gateway Determination. The existing zoning of the site is RU2 Rural Landscape.

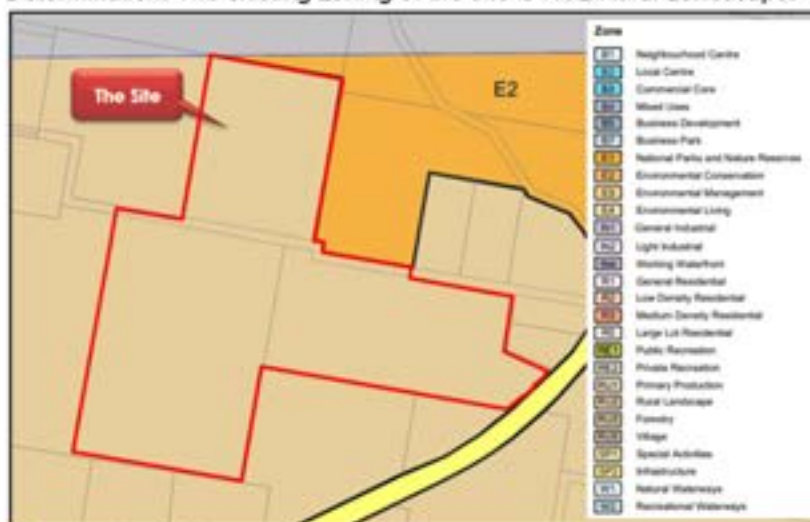


Figure 13. Existing zoning of the site

Source: PSLEP – accessed 21/06/2018

A minimum lot size of 20ha currently applies to the subject site.



Figure 14. Existing lot size controls for the subject site  
Source: PSLEP – accessed 21/06/2018

## PART 5 – Community consultation

Community consultation will be undertaken in accordance with a future Gateway Determination.

Notice of the public exhibition period will be placed in the local newspaper, The Examiner. The exhibition material will be on display at the following locations during normal business hours:

- Council's Administration Building, 116 Adelaide Street, Raymond Terrace;
- Raymond Terrace Library, Port Stephens Street, Raymond Terrace;
- Tomaree Library, Town Centre Circuit, Salamander Bay;
- Medowie Community Centre, Corner of Medowie and Ferodale Streets, Medowie.

The Planning Proposal will also be available on Council's website.

## ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL.

**PART 6 – Project timeline**

The additional technical information, studies and investigations identified in the Planning Proposal will be completed as required, within the expected timeframes listed below, should the Planning Proposal receive a Gateway determination:

- Consultation with DPIE as to the potential amendments to the PSLEP 2013;
- Maps, as required, to support the amendments to the PSLEP 2013;
- An investigation of the site by an appropriately qualified person in accordance with the Guidelines for Koala Habitat Assessment presented in Appendix 6 of the CKPoM;
- Further assessment of contamination across the site;
- A detailed flora & fauna assessment;
- An assessment of the potential credit liability generated by the future development and an offset strategy for achieving these credit requirements, in accordance with the requirements under the NSW Biodiversity Offsets Scheme;
- Assessment of acid sulfate soils across Lot 25 DP852410;
- A bushfire threat assessment;
- A specialist assessment of flood impact;
- Any technical information, studies, or investigations as determined by a future Gateway determination.

The Planning Proposal is expected to be reported to Council following the completion of the public exhibition period. The following timetable is proposed:

	Feb 2020	March 2020	Apr 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020
<b>Gateway Determination</b>								
<b>Studies</b>								
<b>Agency Consultation</b>								
<b>Public Exhibition</b>								
<b>Council Report</b>								
<b>Parliamentary Counsel</b>								

**Attachments**

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Attachment one – Locality Plan

Attachment two – Concept Plan

Attachment three – Preliminary site investigation and acid sulfate assessment

Attachment four – Ecological due diligence

Attachment five – Vegetation management plan

Attachment six - Aboriginal Heritage Information Management System (AHIMS)

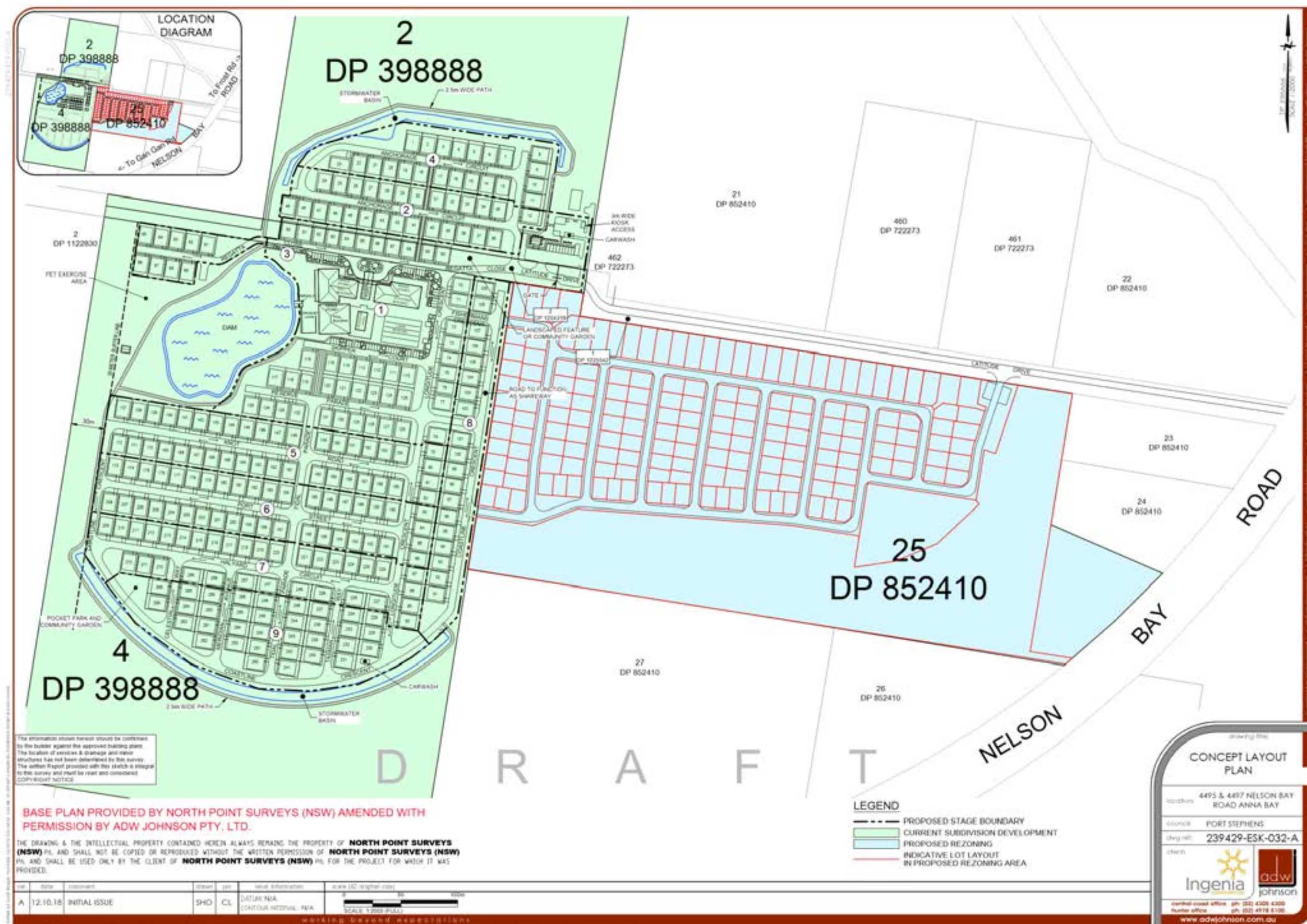
Attachment One – Locality Plan



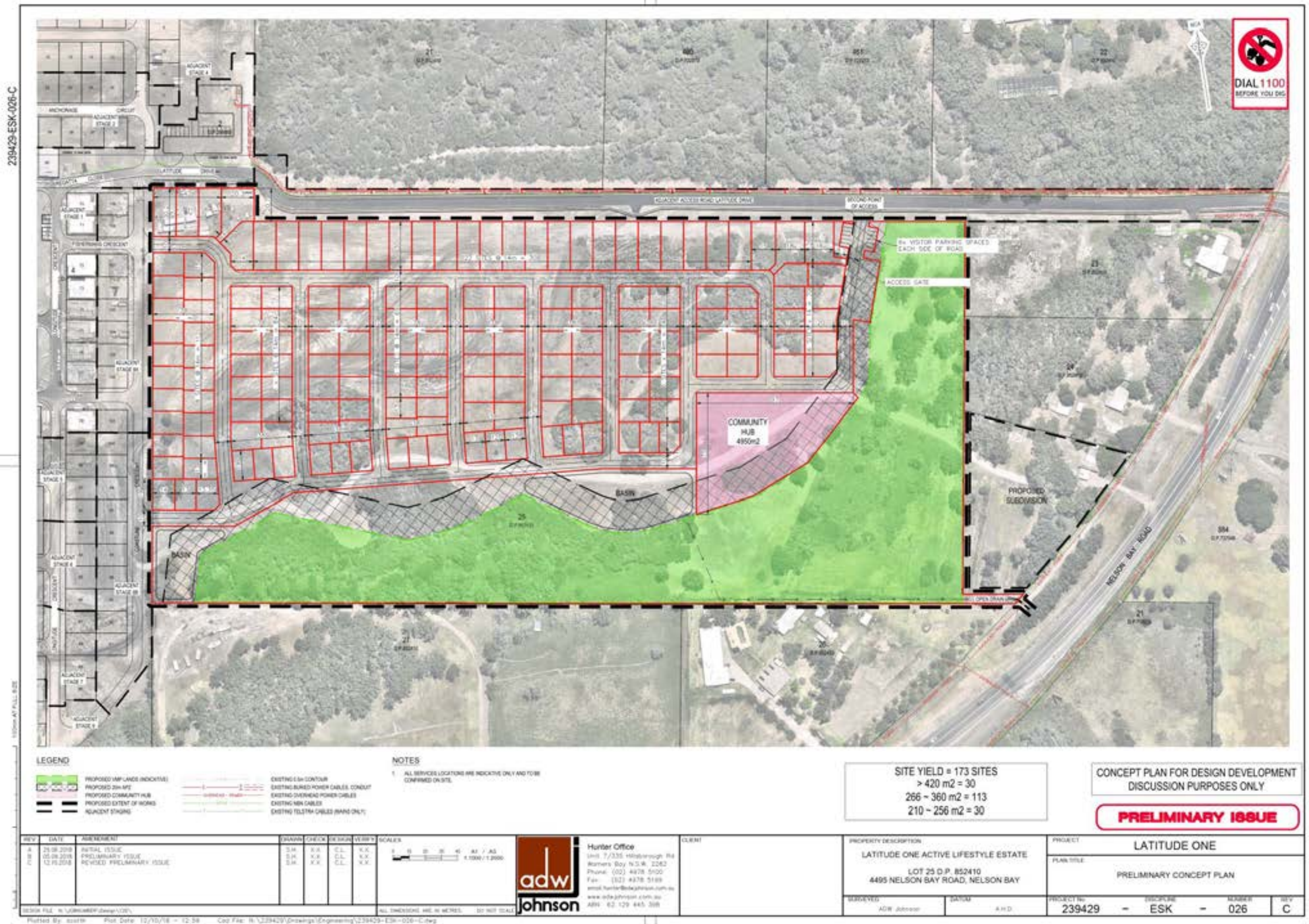
**Attachment Two – Concept Development Plan**

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**Proposed amendment to Port Stephens Local  
Environmental Plan 2013**  
Rezoning of 2179 - 2213 Pacific Highway, Heatherbrae



## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

**FILE NUMBERS**

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**Council:** 58-2019-4-1**Department:** To be provided at Gateway Determination.**SUMMARY**

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**Subject land:** Lot 4211, DP 747474, 2179 Pacific Highway Heatherbrae;  
 Lot 53, DP 534043, 2199 Pacific Highway, Heatherbrae;  
 Part Lot 513, DP 587997, 2207 Pacific Highway, Heatherbrae;  
 Part Lot 512, DP 587997, 2209 Pacific Highway, Heatherbrae; and  
 Lot 511, DP 587997, 2213 Pacific Highway, Heatherbrae.

**Proponent:** Perception Planning on behalf of landowners

**Proposed changes:** To amend the Port Stephens Local Environmental Plan to rezone the land from RU2 Rural Landscape to B5 Business Development and remove identification of the site as AB2 - 20ha.

**Area of land:** 5.9ha**BACKGROUND**

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The Raymond Terrace & Heatherbrae Strategy (the Strategy) is a strategic plan produced by Council that was funded by the NSW Department of Planning, Industry and Environment. The vision of the Strategy is '*A strong regional centre and a great place to live work and play*' (p.10). The strategy contains a number of directions and specific actions that seek to facilitate Heatherbrae as the key destination for 'bulky goods premises' in the Port Stephens Local Government Area (LGA). This direction was informed by the Hill PDA, 2012, '*Raymond Terrace and Heatherbrae Economic Land Use Study*' that identified that there is an undersupply of bulky goods (pp. 75-77).

In response to the direction provided by this Strategy, an informal meeting took place at Council on 4 December 2018 to discuss the rezoning of 2179 Pacific Highway Heatherbrae from RU2 – Rural Landscape to B5 – Business Development. Although this site is not specifically identified in the Strategy (p.8), it is considered to be consistent with the direction of the Strategy given its location within Heatherbrae. Furthermore, it is understood that Council has reached out to the landowners of the specific land identified in the Strategy on

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a number of occasions, but a planning proposal is not the landowners focus due to the existing uses of the land (i.e. caravan park, hotel, etc.).

The key issues discussed at this meeting and how the planning proposal has been developed to respond to the key matters is outlined in the following table:

No	Issues	Response
1	Heatherbrae Bypass – It is noted that the site is unlikely to continue its direct frontage to the Pacific Highway should the Heatherbrae Bypass be constructed. These arrangements are acknowledged in the Raymond Terrace and Heatherbrae Strategy (RTHS), which seeks to reinforce Heatherbrae as a destination for bulky goods.	This planning proposal seeks to facilitate Heatherbrae as a destination for bulky goods. After the Heatherbrae Bypass is constructed, it is expected that highway traffic will reduce the demand for development, such as service stations and takeaway food. A bulky goods facility would respond to this changing market and could facilitate increased commerce in Heatherbrae.
2	Pacific Highway Access – Any access arrangement negotiated with the Roads and Maritime Services to the Pacific Highway should include consultation with Council.	Initial consultation has taken place with the RMS and a subsequent Traffic Impact Assessment (TIA) has been undertaken ( <b>ATTACHMENT 6</b> ). The TIA discusses that the most appropriate intersection option would be traffic lights, which the RMS have identified as an appropriate intersection treatment. A copy of the RMS comments are provided as ( <b>ATTACHMENT 7</b> ). It must be noted that the existing access arrangements would remain unchanged until a development application for subdivision has been approved by Council. The rezoning process simply gives the land development potential for a development application to be prepared. Owners of the direct frontage lots expressly seek to retain access post rezoning. Rights are otherwise reserved regarding any future development application requiring alternative access arrangements.
3	Bulky Goods – A key aspect of the planning proposal will be the strategic justification of the site for bulky goods. As noted, Council has identified land in the RTHS (Action 2) to be rezoned from RU2 – Rural Landscape to B5 – Business Development. A planning proposal identifying an alternate site should provide justification for its suitability over the option identified in the RTHS. Consideration should also be	Since meeting with Council, discussions have been held with neighbouring landowners to produce an expanded planning proposal that now covers five properties or 5.9ha in total land area. The land identified by the Strategy (which contains a hotel and equestrian centre), differs to this land which contains a small number of detached dwellings. The limited number of existing landowners means that it is significantly more feasible to develop compared to the land identified by the Strategy. Furthermore,

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	given to the land area to be rezoned given that 4.5ha is identified for rezoning to B5 – Business Development in the RTHS and the site proposed is approximately 1.8ha.	the proposed traffic light intersection treatment would improve the existing traffic situation, as it would allow for the existing U-Turn Bay adjacent to the site and the U-Turn Bay further to the south to be closed.
4	Flooding – The land is mapped as being flood prone land. Any planning proposal should give consideration to Ministerial Direction 4.3 – Flood Prone Land, including the potential vulnerabilities of any relevant land uses that would be permitted in the proposed zone (e.g. childcare centres).	The site is mapped as flood prone land. The planning proposal only seeks to rezone land that is 'Minimal Risk Flood Prone Land' (i.e. land that is above the 1/100 Event, but below the Probable Maximum Flood). At the meeting with Council, this was discussed with the Council Flood Engineers. This approach was considered to be consistent with the approach taken for commercial/industrial development across Port Stephens. The approach to commercial/industrial development on flood prone land is outlined within the Port Stephens Development Control Plan 2014 (B5 – Flooding).
5	Services – Water and sewer servicing should be resolved with Hunter Water Corporation.	Reticulated water is available within the Pacific Highway road reserve. An on-site solution for sewer will need to be developed at the development application stage which will be consistent with the <i>Port Stephens Development Assessment Framework for On-Site Sewerage</i> . A recent example of on-site solution is provided by the Bunnings Development on the opposing eastern side of the Pacific Highway.
6	Pre-Lodgement Meeting – A pre-lodgement meeting be arranged with Council staff to provide further guidance and advice on the planning proposal, including the requirements for lodgement and appropriate fees.	A pre-lodgement meeting took place with Council on 1 August 2019. The matters discussed at this meeting and an appropriate response is provided below.

At the meeting with Council on 1 August 2019, the following matters were discussed in relation to the draft planning proposal that was provided to Council:

1. Flooding – There is an inconsistency in terminology in the 'Site Description' and 'Ministerial Direction' sections. Please ensure references to flood prone land and flood planning area are consistent.
2. Heatherbrae Bypass – The Planning Proposal should consider the impact of the planned M1 Extension to Raymond Terrace (i.e. Heatherbrae Bypass).
3. Mapping – Please correct any discrepancies in the mapped boundary of the proposal in Figures 3 and 4.



**ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.**

This planning proposal has been updated to address the above feedback.

As identified in this Planning Proposal, the following additional investigations will be provided following a Gateway determination:

- Site Survey
- Preliminary Contamination Report
- Preliminary ecological Assessment
- Preliminary Servicing Inquiry

**SITE**

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The site is located within Heatherbrae, which is 22km to the north of the Regional City of Newcastle and 8.6km from the Port Stephens Regional Centre of Raymond Terrace.

Raymond Terrace and the neighbouring centre of Heatherbrae are now home to over 12,000 people. Heatherbrae is a mixture of residential, commercial and industrial uses, which includes hotels, service stations, take-away food premises, Weathertex and bulky goods premises.

Heatherbrae has historically been characterised by industrial development (e.g. Weathertex) and as a major highway service centre located on the Pacific Highway, which is the major arterial road along the eastern coast of Australia. More recently, Heatherbrae has seen development for bulky goods premises in the form of Bunnings Warehouse and Boating, Fishing & Camping (BCF). Further, the Regional Centre for Jayco is now also located at Heatherbrae.

The development of the *Port Stephens Local Environmental Plan 2013* (the LEP) resulted in the rezoning of a number of sites to B5 – Business Development, which was intended to facilitate bulky goods premises. However, the majority of these sites contain existing buildings on small lots, which is not conducive to the large floorspace and parking that is required for these uses, hence these lots are being redeveloped rather than purpose developed.

The site does not contain native vegetation or grasses. It is mapped as Bushfire Prone Land (BPL) due to the existing vegetation on the eastern side of the Pacific Highway. The most western part of the site is mapped as Flood Prone Land, which does not form part of the planning proposal. In line with most land in Port Stephens, the site is mapped as Acid Sulfate Soils (ASS) – Class 4.

The Pacific Highway forms the eastern boundary of the site, which is a classified Highway (SH 10) under the care and control of NSW Roads and Maritime Services (NSW RMS). It forms part of the north-south movements around the site providing access to the North Coast, Hunter Valley, Central Coast and Sydney and is an important link in the NSW arterial road (highway) network.

**ITEM 3 - ATTACHMENT 3      PLANNING PROPOSAL.**

The site is relatively free of constraints and the major key matter relates to discussion with the RMS about appropriate site access. This is consistent with the previous approach taken in relation to a recent planning proposal at Motto Farm Motel, which forms part of the LEP (Schedule 1 (2A) – Use of certain land at Heatherbrae).

**Figure 1** (page 7) identifies the subject land outlined in blue.

ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

Figure 1 – Site Plan (Source: High definition Design, 2019)



**ITEM 3 - ATTACHMENT 3      PLANNING PROPOSAL.**

**PART 1 – Objectives or intended outcomes**

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The Planning Proposal seeks to amend the Port Stephens Local Environmental Plan to enable bulky goods development at 2179, 2199, 2207, 2209 and 2213 to facilitate Heatherbrae in becoming a bulky goods destination.

**PART 2 – Explanation of provisions**

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The objectives of the Planning Proposal will be achieved by the following amendments to the *Port Stephens Local Environmental Plan 2013*:

- Amend Land Zoning Map Sheet LZN\_002) (**ATTACHMENT 1**) for Lot 4211, DP 747474, Lot 53, DP 534043, Part Lot 513, DP 587997, Part Lot 512, DP 587997 and Lot 511, DP 587997 from RU2 Rural Landscape to B5 Business Development Zone (**ATTACHMENT 2**)
- Amend Lot Size Map Sheet LSZ\_022 (**ATTACHMENT 3**) to remove the identification of the site as 20ha (**ATTACHMENT 4**)

**PART 3 – Justification**

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**Section A – Need for the planning proposal**

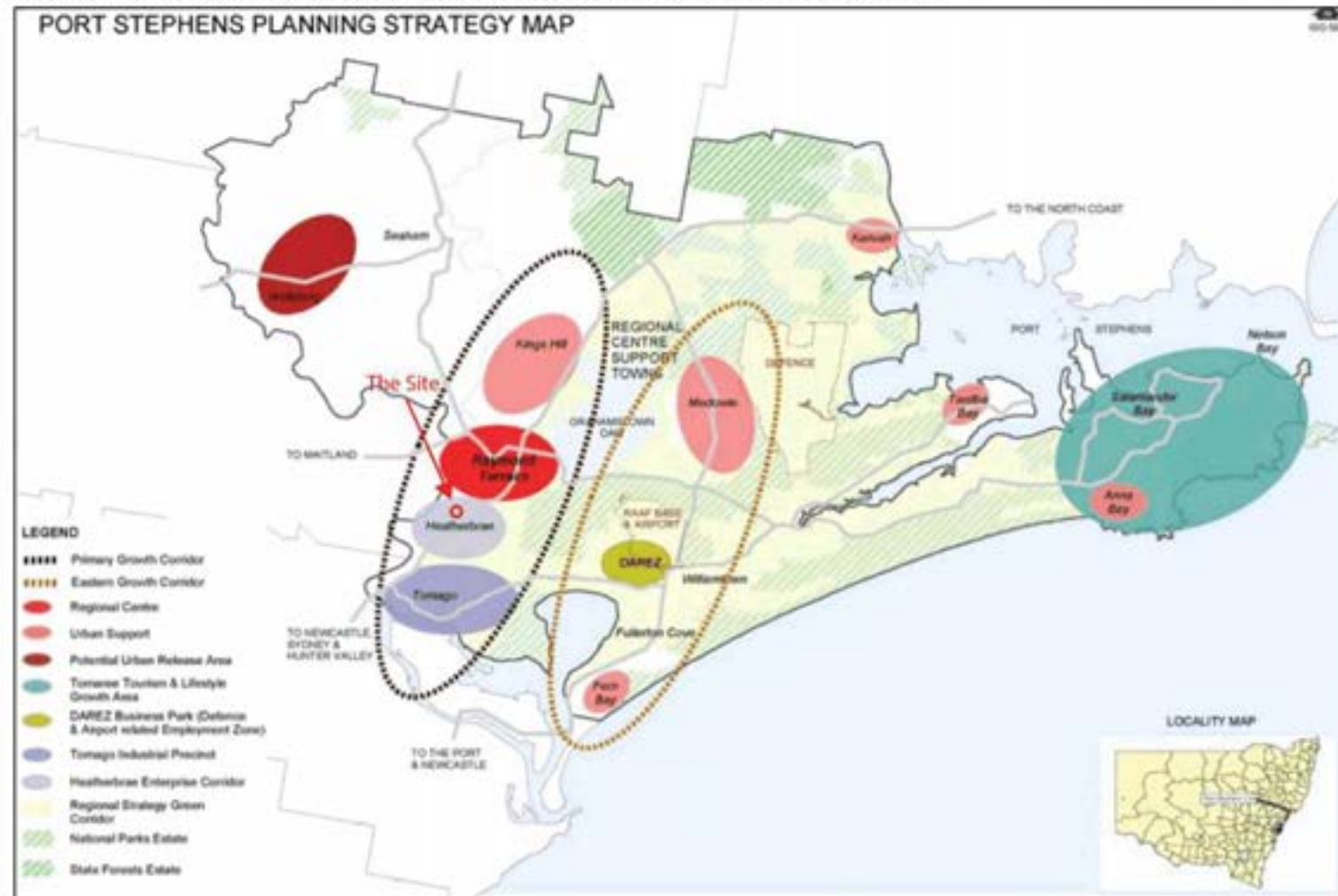
Figure 2 – Identification of the site in the Greater Newcastle Metropolitan Plan (page 10)





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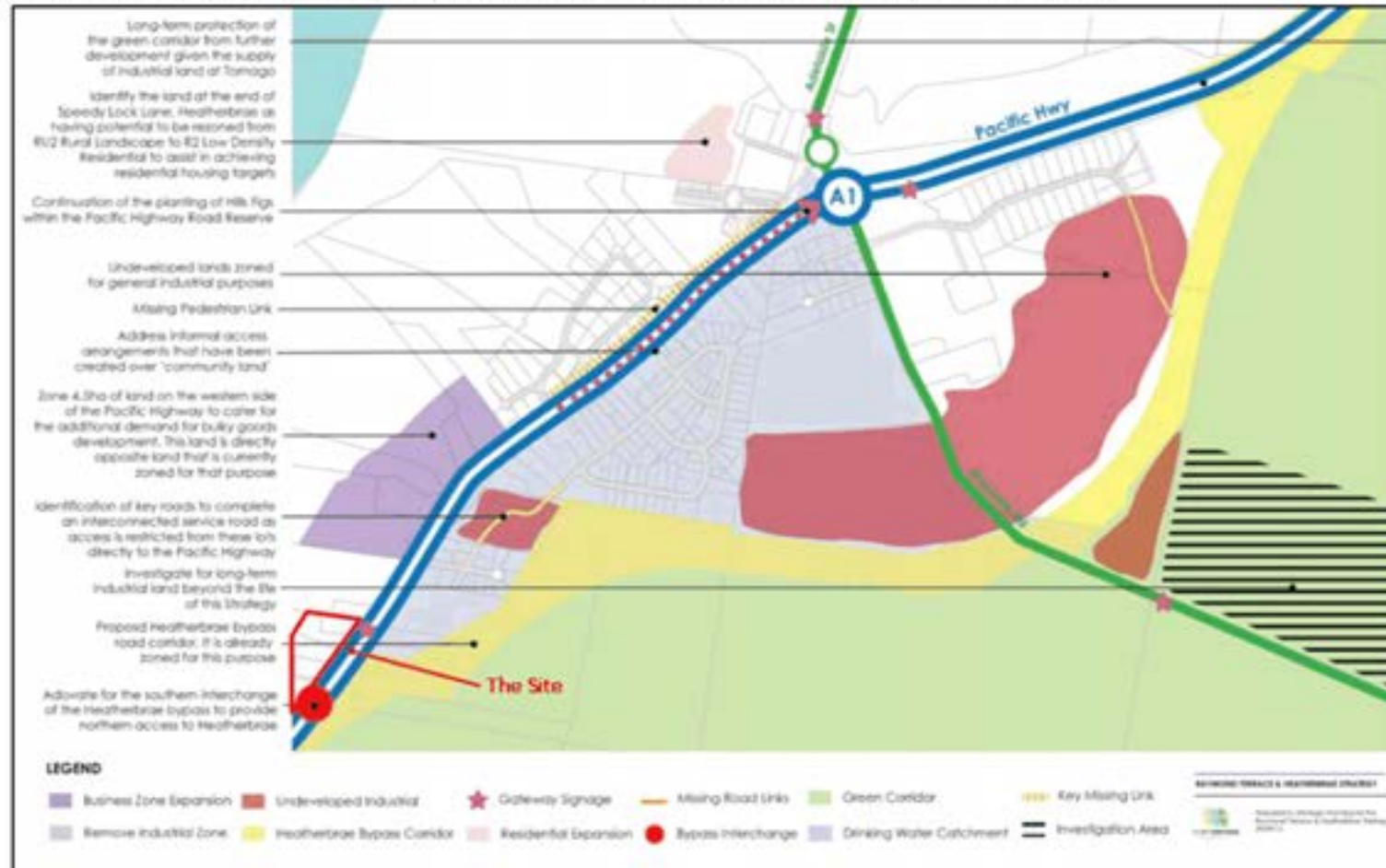
Figure 3 - Identification of the site in the Port Stephens Planning Strategy (page 4)





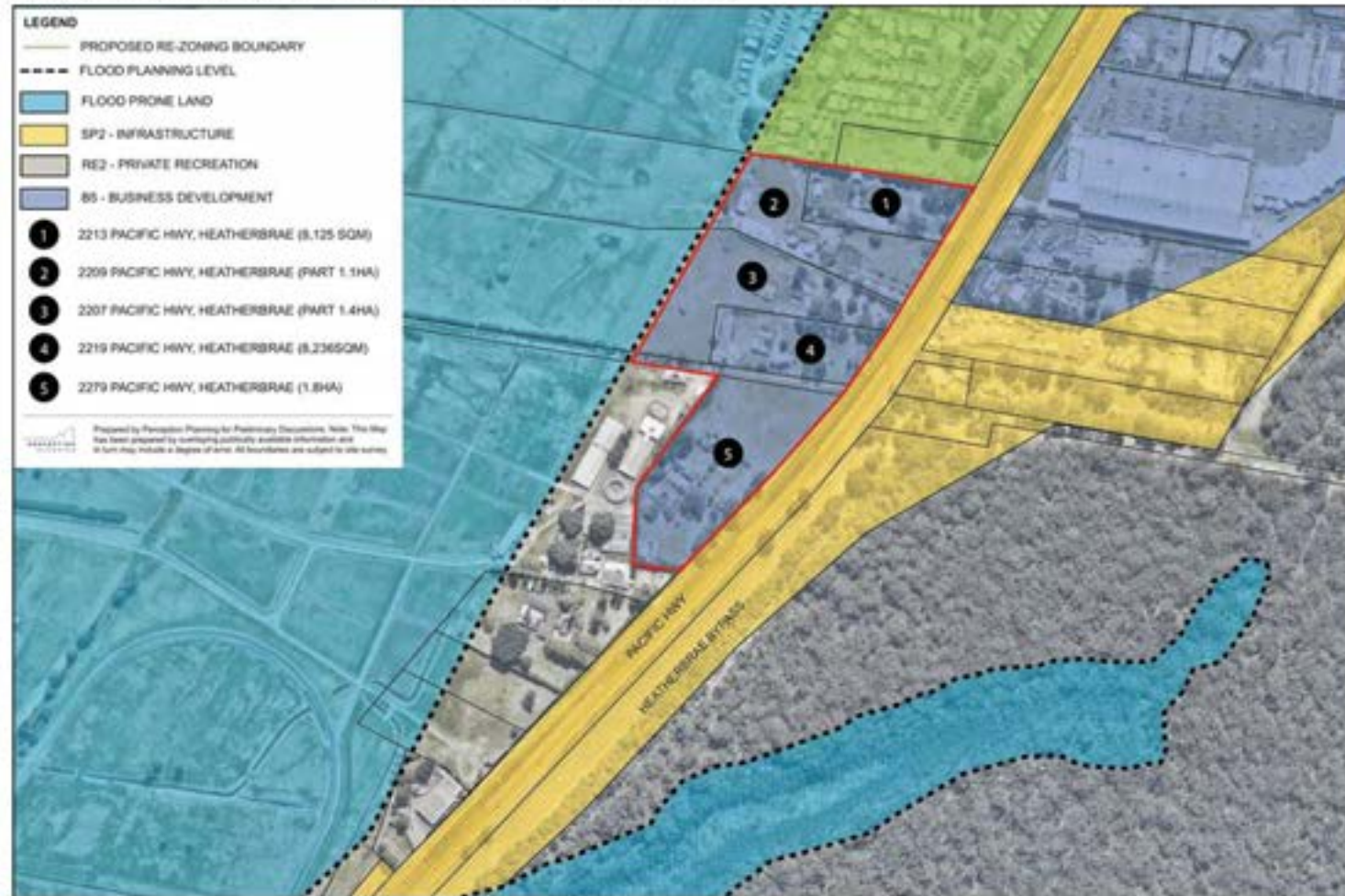
## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

Figure 4 - Identification of the site in the Raymond Terrace and Heatherbrae Strategy (page 51)



ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

Figure 5 - Proposed Land-Use Zoning (Source: NearMap, 2019)



## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

**Q1. Is the planning proposal a result of any strategic study or report?**

The proposal is the result of the *Raymond Terrace and Heatherbrae Strategy*, which contains a number of directions and actions that seek to facilitate Heatherbrae as the key destination for 'bulky goods premises' in the Port Stephens. This direction was informed by the Hill PDA, 2012, '*Raymond Terrace and Heatherbrae Economic Land Use Study*' that identified that there is an undersupply of bulky goods (pp. 75-77).

The Hill PDA Study identified that the opportunity exists for Heatherbrae to position itself as a leading destination for bulky goods shopping in the LGA. Based on the undertaken retail expenditure modelling, sufficient demand exists to support approximately an additional bulky goods floorspace of:

- 5,000sqm by 2016 (1.3ha of land);
- 8,200sqm by 2021 (2.1ha of land); and
- 12,000sqm by 2031.

The *Port Stephens Local Environmental Plan 2013* did not provide additional lands to bulky goods premises at Heatherbrae when it was developed. This planning proposal aims to assist the above demand by gaining rezoning in 2020 and a subsequent subdivision approval and development commencement by 2021.

The Planning Proposal will enable the direction of the *Raymond Terrace and Heatherbrae Strategy* to Heatherbrae as a bulky goods destination. From this, it can be seen that the planning proposal falls in line with the intent of the Strategy document adopted by Port Stephens Council, which was informed by economic analysis completed by Hill PDA.

**Q2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?**

In order to achieve the objective, the following options were considered:

- a. **List a Schedule 1** – Rather than rezone the land, list as an Additional Permitted Use for bulky goods premises to be permissible with consent under Schedule 1.

This option is considered less desirable than the option proposed under *Part 2 – Explanation of Provisions* because it would be inconsistent with the NSW Government, N/A, '*Planning Circular – Schedule 1*'.

- b. **Amend the Zone from RU2** – Rural Landscape to B5 – Business Development for the entire identified lots (i.e. including flood prone land).

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

Rezoning the entire lots would result in land that is below the Flood Planning Level, which would be inconsistent with Ministerial Direction 4.3 – *Flood Prone Land* under the *Environmental Planning and Assessment Act 1979*.

- c. **Amend the Zone from RU2 – Rural Landscape to B5 – Business Development** for the part of the identified lots not identified as being flood prone land.

This option is considered the most desirable and as a result it is proposed under *Part 2 – Explanation of provisions*. It allows for the land not identified as flood prone land to be developed for bulky goods premises.

#### Section B – Relationship to strategic planning framework

- Q3. a) Will the planning proposal give effect to the objectives and actions of the Hunter Regional Plan or Greater Newcastle Metropolitan Plan (or any exhibited draft plans that have been prepared to replace these)?**

The relevant regional and sub-regional strategies considered are:

##### Hunter Regional Plan 2036

The *Hunter Regional Plan 2036* (the Plan) states that it will guide the NSW Government's land use planning policies and decisions over the next 20 years (p.4). The Plan identifies Heatherbrae as a significant employment land cluster and Raymond Terrace as a 'centre' within the Port Stephens LGA.

The most relevant directions from the *Hunter Regional Plan* include:

- **Direction 6** – Grow the economy of MidCoast and Port Stephens; and
- **Direction 23** – Grow centres and renewal corridors.

The planning proposal is generally consistent with these directions of the *Hunter Regional Plan* because it will lead to short term jobs during construction and long-term jobs once businesses are established as a result of the zoning change.

This zoning change will reinforce the role of Heatherbrae as the key destination for bulky goods in Port Stephens. Heatherbrae is not identified as a renewal corridor in this Plan.

The most relevant actions from the *Hunter Regional Plan* include:

- **Action 23.5** - Focus commercial and retail development within existing centres and transport hubs and ensure that locations for new centres are integrated with existing or planned residential development; do not undermine existing centres; encompass high quality urban design; and consider transport and access requirements (p.58);

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

- **Action 24.1** - Locate new employment land so that it does not conflict with surrounding residential uses; and
- **Action 26.3** - Protect existing and planned major infrastructure corridors and sites, including inter-regional transport routes like the M1 Pacific Motorway and the railway, port and airports, to support their intended functions.

The planning proposal is generally consistent with the *Hunter Regional Plan* as it will provide new employment lands within an existing employment land cluster within proximity of Raymond Terrace and will not conflict with existing or planned infrastructure.

#### Greater Newcastle Metropolitan Plan 2036

The Greater Newcastle Metropolitan Plan 2036 (the Plan) was released in September 2018. The Plan states that it will set out strategies and actions that will drive sustainable growth across Cessnock City, Lake Macquarie City, Newcastle City and Port Stephens communities (p.5). The Plan identifies Raymond Terrace as an emerging city centre and supports increasing the number of jobs within and near Raymond Terrace.

The one specific reference to Heatherbrae in the Plan is in relation to the protection of the Blue and Green Grid (p.79). The planning proposal is consistent with this direction because it is located on the western side of the Pacific Highway and does not propose to remove any vegetation.

The most relevant strategies from the *Greater Newcastle Metropolitan Plan* include:

- **Strategy 8** – Address changing retail consumer demand; and
- **Strategy 9** – Plan for jobs closer to homes in the Metro frame.

The planning proposal is consistent with these directions as it seeks to rezone land at Heatherbrae to facilitate a key destination for bulky goods. The economic analysis completed by Hill PDA for the Raymond Terrace and Heatherbrae Strategy identified a need for bulky goods premises within the LGA. Rezoning this land will address changing retail consumer demand and create jobs which are in proximity to the existing residential centre of Raymond Terrace and the future centre of Kings Hill.

The most relevant action from the *Greater Newcastle Metropolitan Plan* is:

- **Action 2.2** - Work with Port Stephens and Newcastle City Councils to align local plans to protect transport corridors and ensure proposed changes in land uses minimise the cumulative impact on the operation of the road network.

The Planning Proposal is consistent with this action as it will not impede on transport corridors. It is noted that the site is unlikely to continue its direct

**ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.**

frontage to the Pacific Highway should the Heatherbrae Bypass be constructed.

**Q4. Will the planning proposal give effect to a council's endorsed local strategic planning statement, or another local strategy or strategic plan?**

Council does not currently have an endorsed local strategic planning statement, or another endorsed local strategy or strategic plan. However, the most relevant local strategy or other local strategic plans are:

Port Stephens Planning Strategy 2011

The *Port Stephens Planning Strategy* (the Strategy) was released in 2011.

The Strategy pre-dates the most recent strategic planning guidance that has been provided by the NSW Government in the form of the *Hunter Regional Plan* and *Greater Newcastle Metropolitan Plan*. In turn, it is expected that it would be replaced by the required housing strategy.

The Strategy states that it is one of a suite of high-level strategic documents produced by Port Stephens Council to guide the operations of the council, and the future growth and sustainability of the Local Government Area (p.1). The Strategy identifies Heatherbrae as an 'Enterprise Corridor' and then goes on to explain:

*'The 186ha Heatherbrae industrial precinct has far more diverse industry types than Tomago. The largest amount of floorspace is occupied by the construction industry related manufacturing uses. Heatherbrae has been identified, in the first instance, as the target area for bulky goods retailing as it is considered the most suitable location from a strategic planning and marketing perspective' (p.52).*

The planning proposal is consistent with the direction provided by the *Port Stephens Planning Strategy* of seeking to identify Heatherbrae as the key destination for bulky goods premises within the Port Stephens Local Government Area.

Raymond Terrace and Heatherbrae Strategy 2015-2031

The *Raymond Terrace and Heatherbrae Strategy 2015-2031* (the strategy) was adopted by Port Stephens Council in 2015. The strategy is a strategic plan produced by Port Stephens Council that was funded by the NSW Department of Planning, Industry and Environment. The vision of the Strategy is 'A strong regional centre and a great place to live work and play' (p.10).



## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

The strategy contains a number of directions and specific actions that seek to facilitate Heatherbrae as the key destination for 'bulky goods premises' in the Port Stephens LGA which are as follows:

- **Direction 1.1** – Growing a regionally competitive centre by providing lands to strengthen the retail offering of Raymond Terrace and facilitating Heatherbrae as a destination for bulky goods; and
- **Direction 2.1** – Enabling development that supports compatible land clustering 'like with like' land uses by the identification of key precincts, such as Kangaroo Street for Light Industrial and Heatherbrae for bulky goods.

These directions were informed by the Hill PDA, 2012, '*Raymond Terrace and Heatherbrae Economic Land Use Study*' that identified there is an undersupply of bulky goods (pp. 75-77). The Hill PDA Study identified that the opportunity exists for Heatherbrae to position itself as a leading destination for bulky goods shopping in the Port Stephens LGA. Based on retail expenditure modelling undertaken, sufficient demand exists to support approximately an additional bulky goods floor space of:

- 5,000sqm by 2016 (1.3ha of land);
- 8,200sqm by 2021 (2.1ha of land); and
- 12,000sqm by 2031.

It is understood that no additional lands were provided to bulky goods premises at Heatherbrae when the *Port Stephens Local Environmental Plan 2013* was developed. This rezoning would assist the above development demand by achieving a rezoning in 2020 and a subsequent subdivision approval and development commencement by 2021.

From this, it can be seen that the proposal is the result of the *Raymond Terrace and Heatherbrae Strategy 2015* adopted by Port Stephens Council, and is therefore consistent with the strategy.

#### Port Stephens Integrated Plans 2018

The Integrated Plans (the Plans) were adopted by Port Stephens Council in early 2018.

The Integrated Plans seek are a combination of the Community Strategic Plan, Delivery Program and Operational Plans. They seek to guide the operations of Port Stephens Council over a four-year term of Councillors. It contains a number of actions relevant to place, community environment and the council. The Plan makes no specific reference to employment lands, Heatherbrae or bulky goods premises.

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

**Q5. Is the planning proposal consistent with applicable State Environmental Planning Policies (SEPPs)?**

An assessment of relevant State Environmental Planning Policies (SEPPs) against the Planning Proposal is provided in the table below.

**Table 1 – Relevant State Environmental Planning Policies**

SEPP	Relevance	Consistency and Implications
<b>SEPP 44 – Koala Habitat Protection</b>	This SEPP applies to land across NSW that is greater than 1 hectare and is not a National Park or Forestry Reserve. The SEPP encourages the conservation and management of natural vegetation areas that provide habitat for koalas to ensure permanent free-living populations will be maintained over their present range.	The site contains a number of isolated trees, which Port Stephens Council Officers have identified are koala feed trees. A Preliminary Ecological Assessment will be undertaken post-gateway to address the Port Stephens CKPoM for rezoning proposals.
<b>SEPP 55 – Remediation of Land</b>	This SEPP applies to land across NSW and states that land must not be developed if it is unsuitable for a proposed use because of contamination.	No indication or evidence has been provided to indicate that the site is contaminated. A contamination assessment will be undertaken post-gateway, if required.
<b>SEPP Primary Production &amp; Rural Development (2019)</b>	This SEPP applies to land across NSW and aims to facilitate the orderly economic use and development of lands for primary production.	The relevant Ministerial Direction is discussed below, which provides greater relevance to the rezoning of rural lands through a planning proposal.

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

**Q6. Is the planning proposal consistent with applicable Ministerial Directions?**

An assessment of relevant Ministerial Directions against the Planning Proposal is provided in the table below.

**Table 2 – Relevant Ministerial Directions**

Ministerial Direction	Aim of Direction	Consistency and Implications
<b>1. EMPLOYMENT AND RESOURCES</b>		
<b>1.1 Business and Industrial Zones</b>	The objectives of this direction are to encourage employment growth in suitable locations, protect employment land in business and industrial zones and support the viability of identified centres.	The planning proposal seeks to encourage employment by creating an employment centre identified under a number of land-use strategies, therefore is consistent. This proposal will encourage competition, which is a key principle in the establishment of effective economic markets. Monopolies can lead to inefficient market economies and should be discouraged.
<b>1.2 Rural Zones</b>	The objective of this direction is to protect agricultural production of rural land.	The planning proposal is inconsistent with this direction, but it is of minor significance due to its consistency with the Greater Newcastle Metropolitan Plan.  Furthermore, the site is not identified to have agricultural value and is located within an existing centre, which Council is trying to promote as the 'destination for bulky goods development' within the Port Stephens LGA.
<b>1.3 Rural Lands</b>	The objective of this direction is to protect agricultural land and minimise land use fragmentation and conflict.	The planning proposal is inconsistent with this direction, but it is of minor significance due to its consistency with the Greater Newcastle Metropolitan Plan.  Furthermore, the proposal seeks to rezone rural land to

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

		<p>achieve the aim of contributing to Heatherbrae becoming a key destination for bulky goods. This aim is identified by the Raymond Terrace and Heatherbrae Strategy.</p> <p>Heatherbrae can be seen to have been the location of significant investment in public infrastructure (i.e. Pacific Highway), which provides the exposure required for bulky goods premises. Although the land is currently zoned rural, it is not being used for significant rural purposes, but housing.</p>
<b>2. ENVIRONMENT AND HERITAGE</b>		
<b>2.3 Heritage Conservation</b>	<p>The objective of this direction is to conserve items, areas, objects and places of environmental heritage significance and indigenous heritage significance.</p>	<p>The existing LEP has been informed by previous Environmental Planning Instruments (EPIs), heritage studies and archaeological studies. Schedule 5 – Environmental Heritage of this LEP does not identify the site to contain any heritage item, be located within a heritage conservation area or be part of or adjacent to an Archaeological site.</p> <p>A Basic Search of the Aboriginal Heritage Information Management System (AHMIS) identified no heritage items or places within 50m of the site.</p> <p>The planning proposal is consistent with this Direction, as there is will be no impact.</p>
<b>3. HOUSING, INFRASTRUCTURE AND URBAN DEVELOPMENT</b>		
<b>3.4 Integrating Land Use</b>	<p>The objective of this direction is to ensure that urban structures, building forms, land use</p>	<p>The proposal is consistent with this direction because it seeks to encourage employment within the</p>

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

<b>and Transport</b>	locations, development designs subdivision and street layouts achieve the sustainable transport objectives.	existing centre of Heatherbrae. The subject site adjoins the Pacific Highway, a major arterial road where public transport is currently available and increased service is feasible. An existing bus stop is located adjacent to the subject site.
<p>Additionally, the most relevant aims, objectives and principles of Improving Transport Choice – Guidelines for Planning and Development and The Right Place for Business and Services – Planning Policy and a response are:</p> <p><u>Improving Transport Choice – Guidelines for Planning and Development</u></p> <ol style="list-style-type: none"> <li>1. Concentrate in centres - The proposal immediately adjoins the Pacific Highway, which is a well-serviced location for public transport in Port Stephens. At the same time, we could expect people purchasing bulky goods to use private motor vehicles.</li> <li>2. Mix uses in centres - The proposal represents the transition of Heatherbrae to the key destination for bulky goods in Port Stephens. This will contribute to the existing mix of housing and industry.</li> <li>3. Align centres within corridors - The proposal is located within the Pacific Highway Corridor, which links the regional centre of Raymond Terrace to the major centre of Newcastle and other regional centres, such as Maitland.</li> <li>4. Link public transport with land use strategies - The proposal is in response to the Raymond Terrace and Heatherbrae Strategy. By responding to this Strategy, the proposal is concentrating desired development in a desired location.</li> <li>5. Connect streets - The proposal will enable an internal street network that facilitates future northern connections to adjoining lots. At the same time, when Heatherbrae is by-passed, the Pacific Highway will have significant capacity for local traffic.</li> <li>6. Improve pedestrian access - The proposal will enable subdivision that will provide pedestrian pathways. At the same time, we could expect people purchasing bulky goods to use private motor vehicles.</li> <li>7. Improve cycle access - The proposal will enable subdivision that will provide pedestrian pathways, which could be used by cyclists and/or a road network that can be used by cyclists. At the same time, we could expect people purchasing bulky goods to use private motor vehicles.</li> <li>8. Manage parking supply - Appropriate parking will be provided at the subdivision stage depending on the use.</li> <li>9. Improve road management - The connection to the Pacific Highway will be designed and constructed in consultation with Council and the NSW Roads and Maritime Services.</li> </ol>		

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

10. Implement good design - The proposal is over flat land with relatively few constraints and in turn opportunity exists for good design at the subdivision stage.

The Right Place for Business and Services – Planning Policy

1. The Right Location - The proposal is responding to a Strategy, which identifies Heatherbrae as the right location for bulky good outlets. This Policy discusses how bulky goods require space to display and handle large goods and how they can be located in centres. Heatherbrae is an existing employment centre that has been identified as the most appropriate location for bulky goods premises.
2. The Right Centre - The proposal is located within a centre that has good highway exposure, land for large floorspaces and near growing residential populations. This is why Heatherbrae was identified by the Raymond Terrace and Heatherbrae Strategy as the key destination for bulky goods.

**4. HAZARD AND RISK**

<b>4.1 Acid Sulfate Soils</b>	<p>The objective of this direction is to avoid significant adverse environmental impacts from the use of land that has a probability of containing acid sulphate soils.</p>	<p>The existing LEP has been informed by previous Environmental Planning Instruments (EPIs), which identifies the site as Acid Sulfate Soils – Class 4.</p> <p>The planning proposal does not propose physical works. When physical works are proposed as part of a future subdivision, the earthworks will be associated with the filling of the land as opposed to cutting and therefore should be consistent. This clause will be addressed through a future Development Application.</p>
<b>4.3 Flood Prone Land</b>	<p>The objective of this direction is to prevent damage to life, property and the environment on land identified as unstable or potentially subject to mine subsidence.</p>	<p>The site is mapped as flood prone land.</p> <p>The planning proposal only seeks to rezone land that is 'Minimal Risk Flood Prone Land' (i.e. land that is above the 1/100 Event, but below the Probable Maximum Flood). This was discussed with the Port Stephens Council Flood</p>



## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

		<p>Engineers at the meeting with Council held 4 December 2018.</p> <p>This approach is consistent with the approach taken for commercial/industrial development across Port Stephens. The approach to commercial/industrial development on flood prone land is outlined within the Port Stephens Development Control Plan 2014 (B5 – Flooding).</p> <p>For the purposes of this Ministerial Direction, the planning proposal does not include land that is mapped as flood prone land below the 1/100 Event.</p>
<b>4.4 Planning for Bushfire Protection</b>	<p>The objectives of this direction are to protect life, property and the environment from bush fire hazards, by discouraging the establishment of incompatible land uses in bush fire prone areas, to encourage sound management of bush fire prone areas.</p>	<p>The site is identified as bushfire prone land. The bushfire prone land maps identify that a small eastern part of the site is 'Vegetation Buffer'.</p> <p>Given that the planning proposal will enable commercial/industrial development, which only needs to demonstrate consistency with the aims/objective of the NSW RFS, 2006, <i>'Planning for Bushfire Protection'</i> and that the bushfire threat is not located on the site, a Strategic Bush Fire Assessment or Bushfire Assessment Report is not considered to be required. This information can be provided at the Development Assessment stage of the development process. Therefore, it is considered</p>

## ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.

		this proposal is consistent with this Direction.
<b>5. REGIONAL PLANNING</b>		
<b>5.4 Commercial and Retail Development along the Pacific Highway</b>	The objectives for this direction are to protect the highway, prevent inappropriate development and to reinforce the role of retail and commercial development in town centres.	The proposal is inconsistent with this Direction because the speed limit is 80km/h along the Pacific Highway to which the proposal has connection and site frontage. However, the inconsistency is considered to be of minor significance because the proposal is responding to the identification of Heatherbrae as the key destination for bulky goods premises in Port Stephens by the Raymond Terrace and Heatherbrae Strategy. This Strategy is seeking to prepare Heatherbrae for its transition from a highway service centre for when the Pacific Highway bypass is constructed. The proposal is within an existing centre.
<b>5.10 Implementation of Regional Plans</b>	The objective of this direction is to give legal effect to the vision, land use strategy, policies, outcomes and actions contained in regional plans.	This direction applies because the site is identified in the area covered by the <i>Hunter Regional Plan</i> and the <i>Greater Newcastle Metropolitan Plan</i> . The planning proposal has demonstrated consistency with both the <i>Hunter Regional Plan</i> and the <i>Greater Newcastle Metropolitan Plan</i> .

**ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.****Section C – Environmental, social and economic impact**

**Q7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?**

The rezoning seeks to improve environmental outcomes by enabling development within an existing centre where infrastructure is present. This places downward pressure on more isolated lands that may contain remnant vegetation and therefore be less suitable.

The site contains a number of isolated trees, which Port Stephens Council Officers have identified are koala feed trees. A Preliminary Ecological Assessment will be undertaken post-gateway to address the Port Stephens CKPoM for rezoning proposals.

**Q8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?**

The likely environmental effects have been discussed through either addressing consistency with the relevant SEPPs or Ministerial Directions.

**Q9. Has the planning proposal adequately addressed any social and economic effects?**

The proposal has the potential to provide lands for employment. These lands will create employment during construction and through the subsequent uses that eventuate. The provision of employment has positive social (i.e. jobs provide wages for basic needs) and economic effects (i.e. construction has a high value chain for job creation).

**Section D – State and Commonwealth interests**

**Q10. Is there adequate public infrastructure for the planning proposal?**

Adequate public infrastructure is available. The site has access via the Pacific Highway and potential access to existing reticulated water. An on-site solution for sewer will be required, which would be consistent with the existing bulky goods precinct on the opposing side of the Pacific Highway (i.e. Bunnings). A Preliminary Servicing Inquiry would be lodged with Hunter Water post-gateway.

Further traffic analysis will be determined by the NSW RMS in consultation with Council. Given that the proposal will have direct access to the Pacific Highway, the RMS will have a legislated role at the Development Application stage and in turn no further analysis is required at the rezoning stage.

**ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.****Q11. What are the views of state and Commonwealth public authorities consulted in accordance with the Gateway determination?**

It is proposed that the following government agencies be consulted:

- NSW Rural Fire Service (Bush Fire Prone Land);
- NSW Roads and Maritime Services; and
- Local Aboriginal Land Council.

**PART 4 – Mapping**

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The proposed map layer amendments are included as attachments to the Planning Proposal as follows:

**Attachment 1** – Current Land Zoning Map LZN\_002

**Attachment 2** – Proposed Land Zoning Map – Map Amendment to Land Zoning Map – Sheet LZN\_002 from RU2 Rural Landscape to B5 Business Development Zone

**Attachment 3** – Current Lot Size Map LSZ\_002

**Attachment 4** – Proposed Lot Size Plan – Map amendment to Lot Size Map – Sheet LSZ\_002 to remove the identification of the site as 20ha

**PART 5 – Community consultation**

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Community consultation will be undertaken in accordance with the Gateway determination. It is suggested that the proposal will be exhibited for 28 days.

Notice of the public exhibition period will be placed in the local newspaper, The Examiner. The exhibition material will be on display at the following locations during normal business hours:

- Council's Administration Building, 116 Adelaide Street, Raymond Terrace
- Raymond Terrace Library, Port Stephens Street, Raymond Terrace

The planning proposal will also be available on Council's website.

**PART 6 – Project timeline**

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The additional technical information, studies and investigations identified in the planning proposal will be completed within the timeframes listed below, should the planning proposal receive a Gateway determination:

- Site Survey
- Preliminary Contamination Assessment

**ITEM 3 - ATTACHMENT 3 PLANNING PROPOSAL.**

- Preliminary Ecological Assessment
- Preliminary Servicing Inquiry

The planning proposal is expected to be reported to Council following the completion of the public exhibition period. The following timetable is proposed:

**Table 3 – Indicative timeframe for the proposal**

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Lodgement													
Council Assessment													
Further Studies													
Council Report													
Gateway Determination													
Further Studies													
Public Exhibition													
Council Report													
Parliamentary Counsel													

**Port Stephens Local Environmental Plan 2013**

**Land Zoning Map - Sheet LZN\_002**

**Zone**

- Residential General
- Residential Medium Density
- Residential Low Density
- Residential Medium Density
- Residential Medium Density
- Residential Medium Density
- Residential Medium Density
- Residential Medium Density
- Residential Medium Density
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**Category**

- Category 1 (Rural) Land and Property
- Category 2 (Rural) Land and Property

**Scale**

0 1000m

**North Arrow**

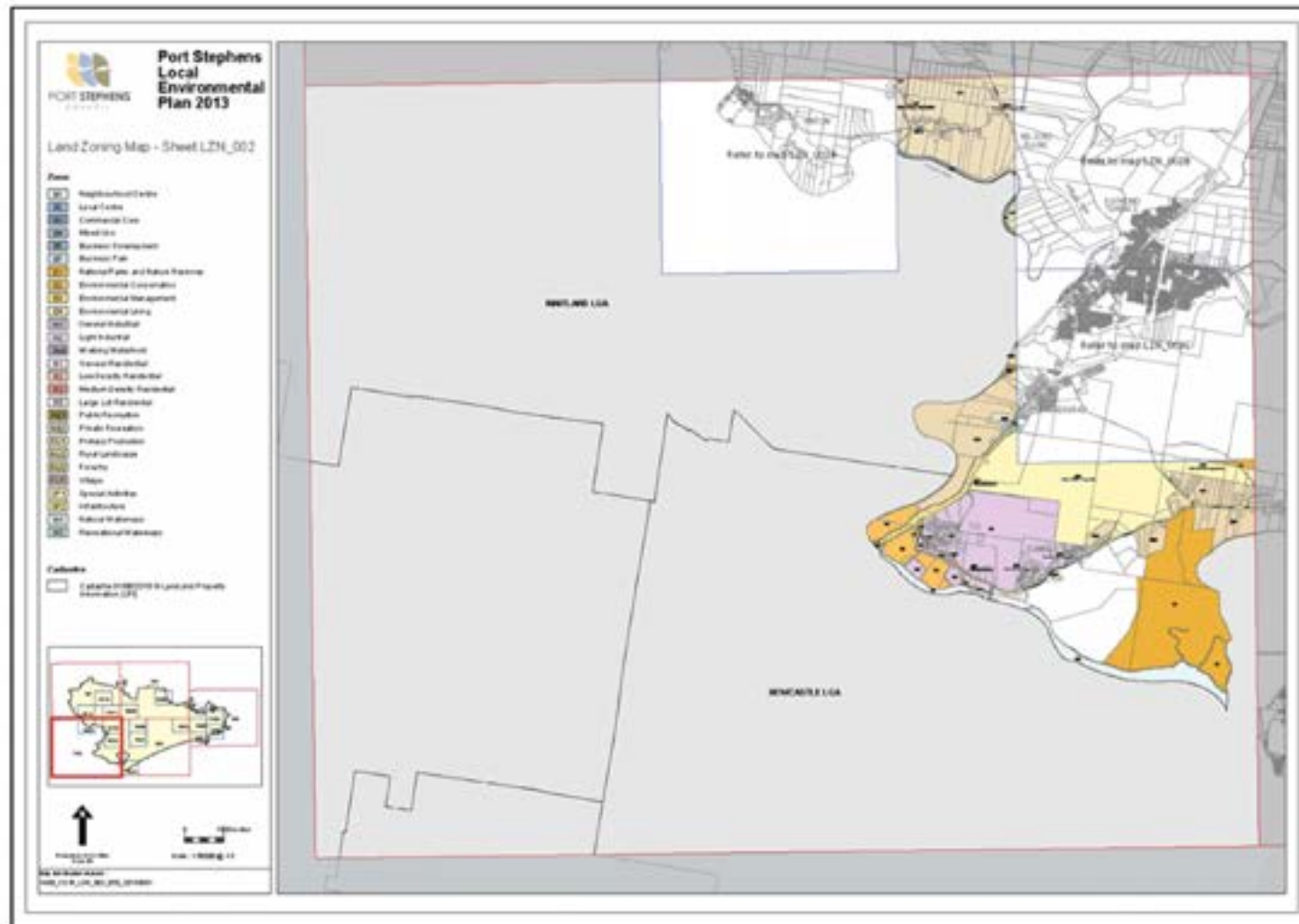
**Location Map**

**Port Stephens Local Environmental Plan 2013**

**Land Zoning Map - Sheet LZN\_002**



ATTACHMENT 2 – PROPOSED LAND ZONING MAP



[illegible]

[illegible]

**ATTACHMENT 5 – COUNCIL CORRESPONDENCE**

Information referenced in this report can be inspected upon request.

**ATTACHMENT 6 – TRAFFIC IMPACT ASSESSMENT**

Information referenced in this report can be inspected upon request.

**ATTACHMENT 7 – RMS CORRESPONDENCE**

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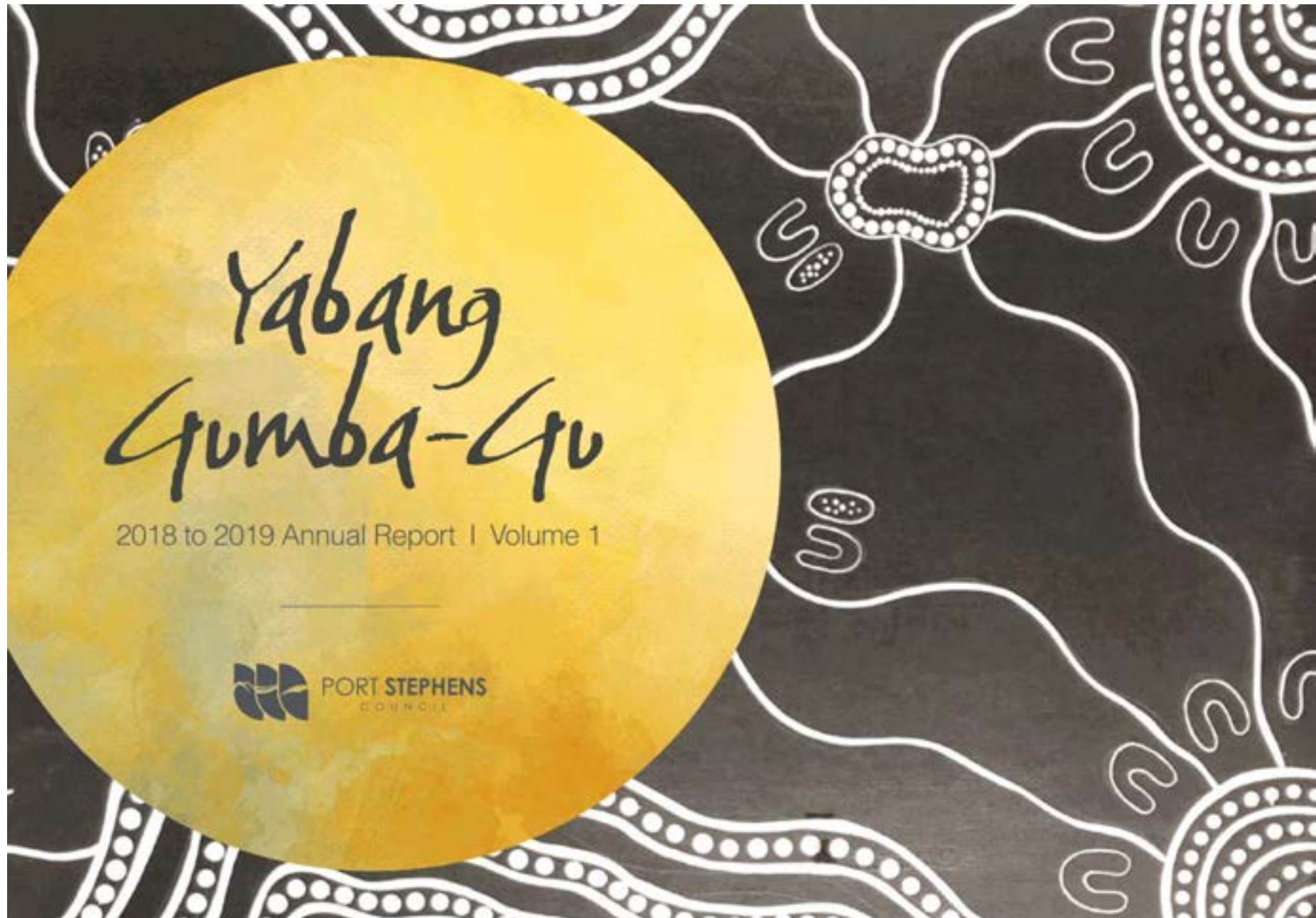
Information referenced in this report can be inspected upon request.



**ATTACHMENT 8 – COUNCIL FEEDBACK**

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Information referenced in this report can be inspected upon request.



# Contents



## Cover artwork

This year's cover artwork is by Worimi artist Jason Russell.

The artwork depicts birthing places and the community coming together in celebration.



## Year in review

Welcome

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General Manager's message

Community financial report

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## Our Port Stephens

Port Stephens snapshot

Our Council

Awards and recognitions

Having your say



## Our performance

### Overview

#### Our community

Community diversity  
Recognised traditions  
and lifestyles  
Community partnerships

#### Our place

Strong economy, vibrant local  
businesses, active investment  
infrastructure and facilities  
Thriving and safe place to live

#### Our environment

Ecosystem function  
Environmental sustainability  
Environmental resilience

#### Our Council

Governance  
Financial management  
Communication and  
engagement



## Statutory information

Statements required  
by the Local  
Government (General)  
Regulation 2005  
and other NSW  
Government acts.



## Attachment 1

Election of  
representatives on  
Council, committees,  
regional committees  
and groups



## Attachment 2

Capital works projects



# Year in review

## SECTION 1

- Highlights
- Mayor's message
- General Manager's message
- Community financial report
- Scorecard

NAIDOC Week, Raymond Terrace





## Yabang Gumba-Gu

### Welcome to our Port Stephens Council Annual Report 2018 to 2019

This report is designed to show you our highlights and challenges between 1 July 2018 and 30 June 2019.

But reflecting on the past year for our thriving, diverse community is only part of the story.

For each of our strategic goals we measure our performance then ask...what's next?

Yabang Gumba-Gu means road to tomorrow in Gathang, the traditional language of the Worimi people of Port Stephens.

These words carry significant meaning as we work to achieve our community's vision — a great lifestyle in a treasured environment. That's why we chose Yabang Gumba-Gu as our theme for this annual report.

In July 2018, we signed a historic 'road to tomorrow' agreement with the Worimi and Karuah Local Aboriginal Land Councils. You can read more about this on page 44.

This report takes a plain English, honest and authentic approach to reporting our progress towards implementing our Delivery Program 2018 to 2021.

It comprises 2 volumes:

- **Volume 1** provides an overview of our performance for the year together with statutory and governance information.
- **Volume 2** contains our audited financial accounts.

You can read an electronic version of this report and our integrated plans at [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)

Special thanks to CEO of Worimi Local Aboriginal Land Council Andrew Smith and our Aboriginal Strategic Committee for their help with this report.

We hope you enjoy this record of our year in Port Stephens — and join us in looking ahead on our road to tomorrow.





## Our environment highlights



**35tn**

OF CARBON DIOXIDE SAVED

by new solar panels on our Administration Building — that's equivalent to planting 579 trees!



**\$750,000** IN GRANT FUNDING

secured for weed and bushland management



**1488tn**

WASTE COLLECTED

at our free drop off days  
— see details on page 73



**62ha**

RESTORED

of bushland which acts  
as natural koala habitat

## Our Council highlights



**68%**

EMPLOYEE ENGAGEMENT

in our staff survey



**\$25.4m**

IN GRANT FUNDING

including \$11.7 million for  
the aerospace precinct  
Astra Aerolab



**68**

NEW CITIZENS

from 17 countries  
welcomed to Port  
Stephens in 2018 to 2019

**76%**

COMMUNITY SATISFACTION





## Mayor's message

Delivering for our community — it's the reason I ran for Mayor and continues to be my main focus as I near the end of my second year in office.

Whether that be through boosting community wellbeing, creating more vibrant places for people to enjoy, supporting our local economy or making sustainable changes — I'm committed to delivering the projects and services that matter to our community.

### Our road to tomorrow

One of my many highlights for 2018 to 2019 was signing a historic agreement with the Worimi and Karuah Aboriginal Land Councils.

Yabang Gumba-Gu, or road to tomorrow in the Worimi language of Gathang, sets out the roadmap of projects we want to deliver together for the benefit of Port Stephens. I'm proud to say we're already making significant progress.

As we've journeyed along the road to tomorrow, there have been many twists and turns. One of the biggest challenges our Council faced this year has been our application for a Special Rate Variation.

I'll be the first to admit it was an ambitious plan. Our vision was to deliver a \$100-million-plus program of infrastructure projects across Port Stephens — projects

that our community asked us to deliver.

More footpaths and cycleways, more sealed roads, more sporting fields and more for our town centres. We wanted to boost our local economy and deliver quality facilities for all to enjoy, now and for years to come.

After months of community consultation, we lodged our application with the NSW Independent Pricing and Regulatory Tribunal (IPART). IPART deemed us as financially fit and while our community wanted these projects, they told us they were not willing to pay for them through increased rates.

While I'm disappointed by the outcome, I stand by this Council's decision to set a bold vision for the future of Port Stephens and attempt to make it happen.

### My personal commitment

When I stood for election in 2017, I made it clear I wanted to make a real difference to Port Stephens — the place I've loved since childhood, where I've grown up and raised my family.

My desire to deliver for our community has only been made stronger through this process. And while we can't do everything, I won't stand by and do nothing.



That's why we went back to the community in July 2019 with a shortlist of projects that could be delivered without increasing rates. The consultation process was overwhelmingly positive, with hundreds of people having their say on the projects they would like to see fast-tracked.

### Clear priorities for the future

As a result, our Port Stephens 2020 projects represent an extra \$15.9 million of community priority projects to be carried out over the next 18 months.

This is just one of the ways we'll continue to deliver value for money for our community, now and into the future. You can read more about our highlights and challenges over the past year in this annual report and I hope you'll join us as we walk together on the road to tomorrow.

*Ryan Palmer*  
Mayor of Port Stephens





## General manager's message

In 2018 to 2019 our Council has been firmly focused on the future — what it could look like, where our community's priorities lie and how we can best work together to deliver their vision.

### Investing in the future

Standing at a fork in the road, our Council had a decision to make. We could continue to deliver the standard services and facilities our community values or invest in the future of Port Stephens to improve the lives of our community.

The first road was adequate but well-worn. Our Council has been lean for a long time — turning our \$13 million deficit around to a modest surplus in a decade.

The second road was uncharted territory for our Council but the benefits to our community were clear. After 6 months of consultation, Council applied for a rate rise to deliver an extensive program of works.

But being financially fit and having a reasonable infrastructure backlog worked against us and IPART rejected our application. Our community told us they still want these projects but not if it means raising rates.

After further community engagement, we've committed to delivering an extra \$15.9 million of major projects over the next 18 months, bringing our total program to almost \$50 million. We'll achieve this by leveraging our existing funds and finding new funding sources.

I want to pay tribute to all of the staff who worked tirelessly throughout this process — engaging with our community, fielding enquiries, investigating projects and crunching numbers. It has truly been a team effort and a great result for all.

### Building a better Port Stephens

We've delivered more than \$25.6 million of major projects in 2018 to 2019 and made significant progress on 2 priority projects. The Medowie Sport and Community Facility is taking shape, while construction is well underway on our Koala Sanctuary — a unique eco-tourist destination and koala hospital.



### Strengthening our relationships

Relationships are key to our Council's success. This year, we signed a historic agreement with the Worimi and Karuah Local Aboriginal Land Councils that paves the way for our mutual success. Yabang Gumba-Gu details the actions we will take together for the benefit of Port Stephens.

We've been successful in securing grant funding of \$25.4 million in 2018 to 2019, including \$11.7 million for the aerospace precinct Astra Aerolab. I attribute much of this success to the strong relationships we have with all levels of government, which enable us to advocate for more for Port Stephens.

### Striving to meet our new targets

I'm proud to say we're continuing to achieve our high targets for our key metrics — service delivery, governance, risk management and financial sustainability.

At 68%, our employee engagement score is high for any organisation (65% is engaged). It's just short of our target of 70% engagement.

Our community satisfaction score of 76% is considered high in the local government sector. We've shifted our target to an ambitious 80% satisfaction as part of our commitment to continuous improvement.

Our commitment to a culture of excellence was recognised with a host of awards and acknowledgements, including TAFE NSW's Overall Trainee of the Year and Nintex's Solution Innovation Award. From digital innovation to making housing more affordable, these recognitions tell us we're on the right track with achieving the best outcomes for Port Stephens.

These are just some of the ways we've worked together to deliver for our community over the past 12 months. I'm proud of what we've been able to achieve and I'm excited for what's to come as we walk together on the road to tomorrow.

*Wayne Wallis*  
General Manager



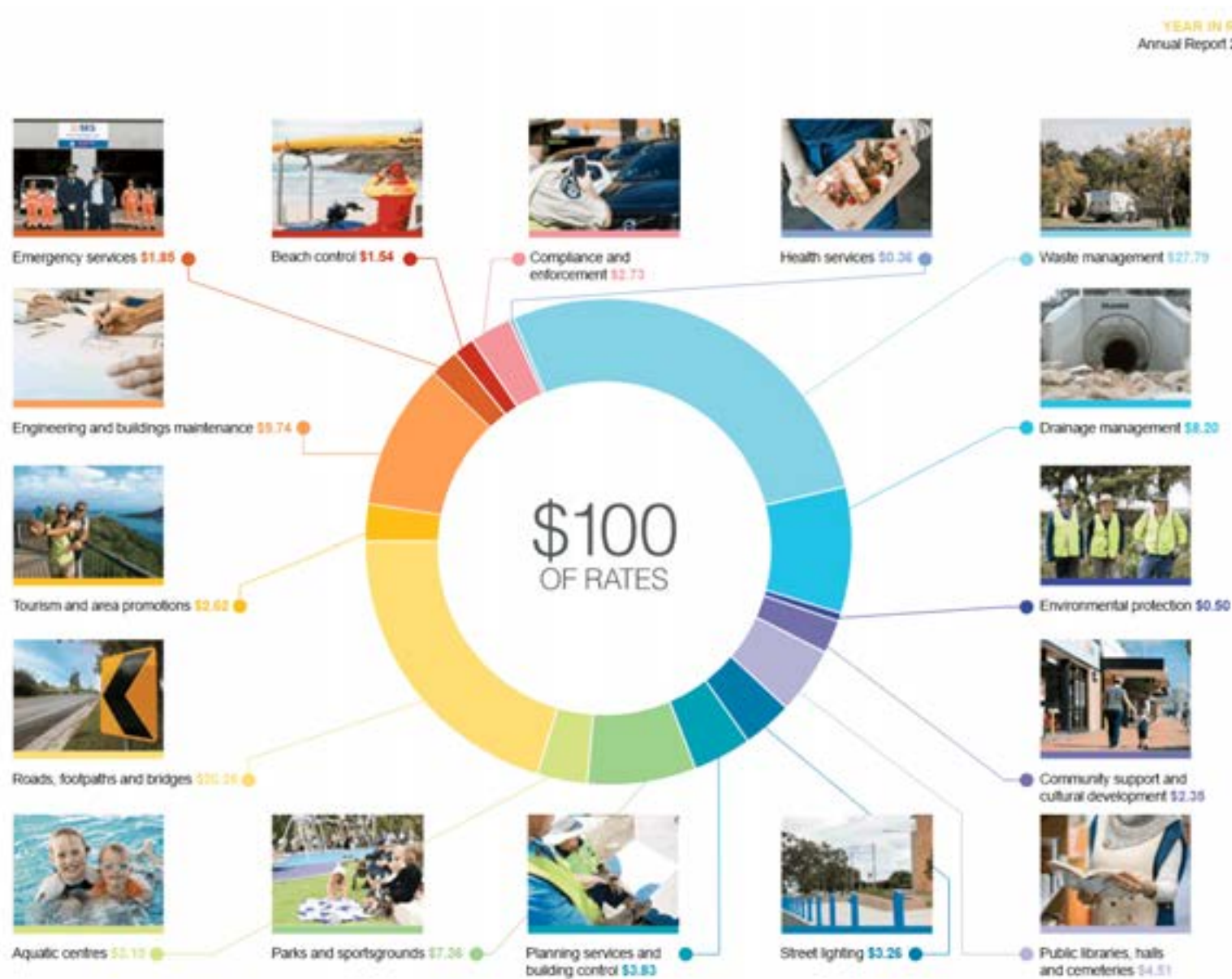


# Community financial report

Where your rates go



Fitzgerald Bridge, Raymond Terrace



## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

### Financial summary

Port Stephens Council is financially sustainable and fit for the future. We have maintained our financial position in 2018 to 2019 while:

- keeping our rates at the lowest level in the lower Hunter region
- continuing to meet our asset renewal targets, while improving service delivery to our community.

### Financial overview 2018 to 2019

Including capital income, our operating result was a surplus of \$25.2 million — higher than last year's surplus of \$20 million.

When capital grants and contributions are excluded, our operating result is a surplus of \$3.9 million. This is consistent with the 2017 to 2018 surplus of \$4.9 million.

The total income from continuing operations was higher in 2018 to 2019 compared last year due to:

- additional operating income from Newcastle Airport (this is consolidated into the Port Stephens Council Financial Statements)
- income from Roads and Maritime Services for additional work done on State Roads.

Total expenses from continuing operations were higher due to an impairment loss.

The balance sheet provided is a snapshot of our financial position including assets, liabilities and net wealth (equity) at 30 June 2019. For detailed information on our financial performance, refer to Volume 2 of this report.

Income statement \$'000	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019
Total income from continuing operations	114,916	134,694	132,227	136,833	147,497
Total expenses from continuing operations	107,169	114,678	109,511	116,759	122,293
Operating result from continuing operations	7747	20,016	22,716	20,074	25,204
Net operating surplus/(deficit) before grants and contributions provided for capital purposes	(2747)	8032	8407	4949	3892

Balance sheet \$'000	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019
Total current assets	50,918	59,197	72,902	65,380	63,701
Total current liabilities	28,938	24,989	27,999	31,856	35,876
Total non-current assets	890,064	886,034	927,128	981,134	1,015,884
Total non-current liabilities	25,595	22,412	19,261	20,910	15,806



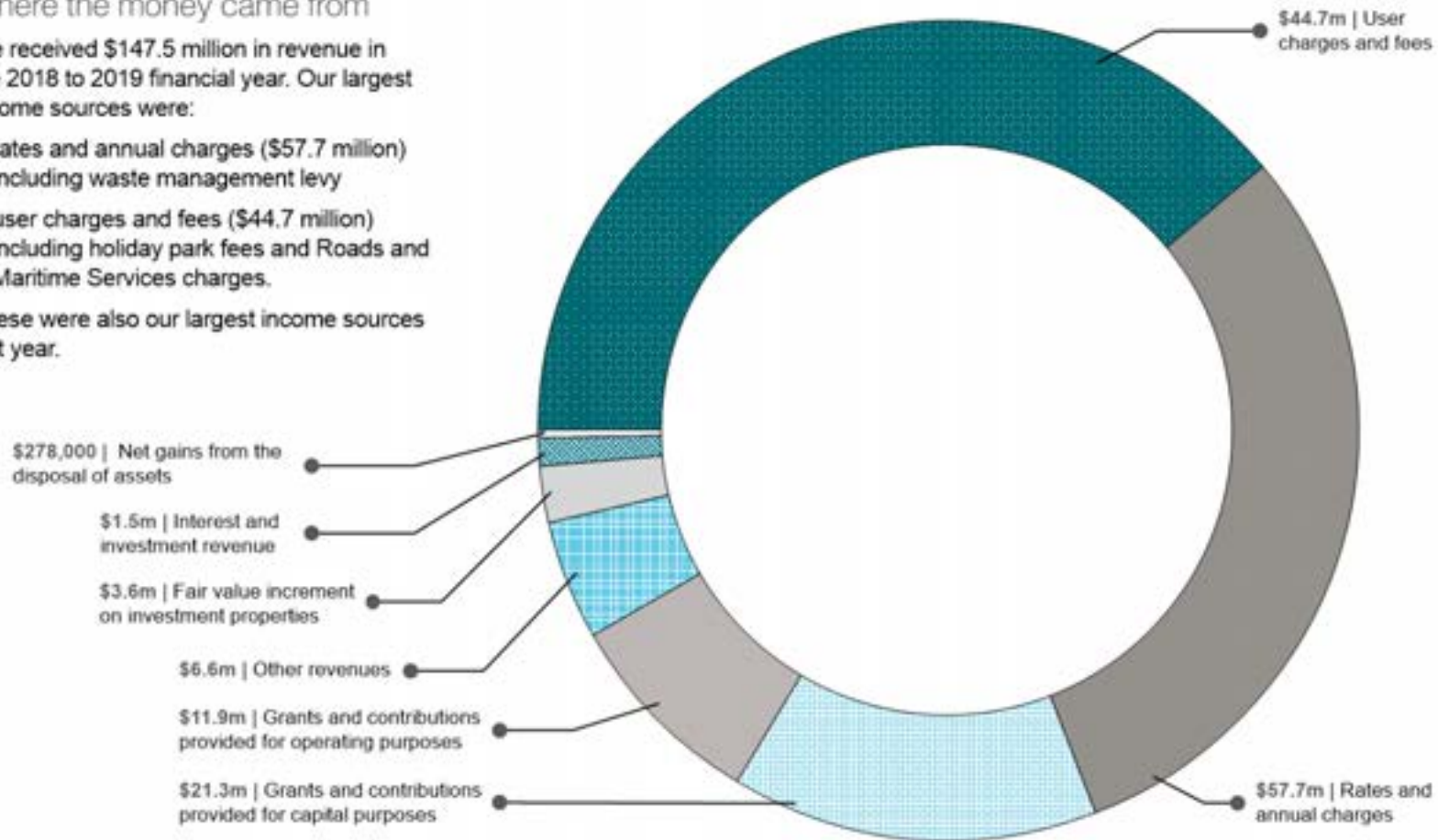
## Our revenue

Where the money came from

We received \$147.5 million in revenue in the 2018 to 2019 financial year. Our largest income sources were:

- rates and annual charges (\$57.7 million) including waste management levy
- user charges and fees (\$44.7 million) including holiday park fees and Roads and Maritime Services charges.

These were also our largest income sources last year.





## Our expenses

Where the money was spent

We spent \$160 million during the year — \$122.3 million on operations and \$37.7 million on capital additions. Major infrastructure spending included:

-  Roads \$8.2 million
-  Drainage \$4.2 million
-  Buildings \$4 million
-  Newcastle Airport \$3.3 million
-  Other open space or recreational assets \$2.3 million
-  Footpaths \$1.8 million

The above figures include assets that have been dedicated to Council. The total amount of assets dedicated to Council in 2018 to 2019 is \$10.4 million.

## Our assets

What we own

Our infrastructure, property, plant and equipment were valued at \$961 million and our investment property assets were valued at \$35.6 million at 30 June 2019. The value of our infrastructure is:

- |  |  |
|--|--|
|  Roads \$390 million                |  Newcastle Airport \$30.7 million                       |
|  Drainage \$196 million             |  Plant and equipment \$11.5 million                     |
|  Land \$112.7 million               |  Land improvements \$6.8 million                        |
|  Other infrastructure \$102 million |  Other assets \$5 million                               |
|  Buildings \$95 million             |  Office equipment, furniture and fittings \$1.7 million |

## Total equity

What we own, minus what we owe

Port Stephens Council community equity (defined as our net worth) was \$1 billion at 30 June 2019.



# Scorecard

Six key result measures underpin everything we do at Port Stephens Council. You can read more about our result measures and integrated plans on our website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)

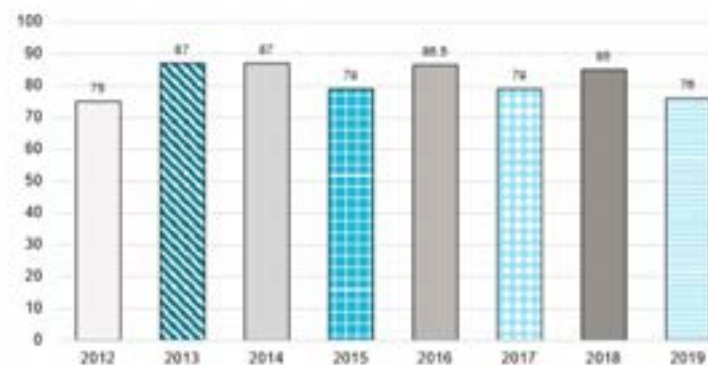
## Service delivery

- 🎯 Target: > 95%  
Integrated plans  
delivered on time
- ☆ Achievement:  
97.8% of actions in  
the Operational Plan  
achieved



## Community satisfaction

- 🎯 Target: > 80%  
community  
satisfaction
- ☆ Achievement: 76%

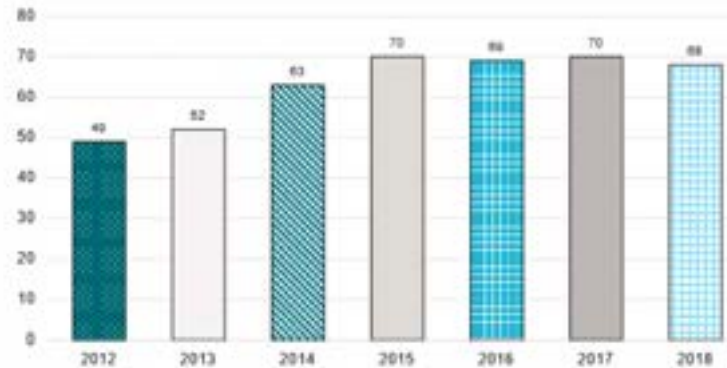


ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Employee engagement

🎯 Target: >70% employee engagement

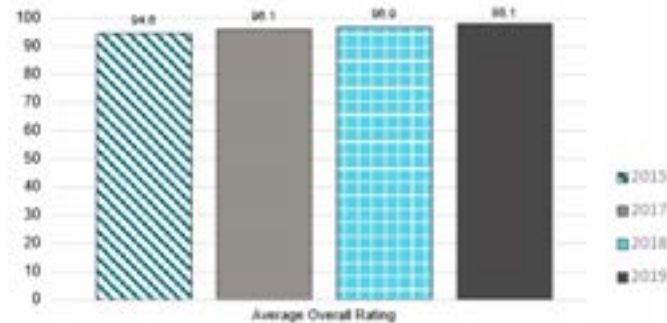
☆ Achievement: 68%



Governance

🎯 Target: > 95% Governance Health Check

☆ Achievement: 98.1%

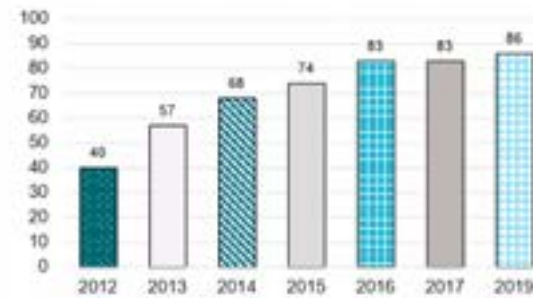


ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

**Risk management**

🎯 Target: > 80% risk management maturity score

☆ Achievement: 86%



**Financial sustainability**

🎯 Target: underlying financial surplus

☆ Achievement: \$1.003 million













OUR PORT STEPHENS | 23  
Annual Report 2018 to 2019

## Port Stephens snapshot

Located on the east coast of Australia about 2 hours north of Sydney, Port Stephens is known for its stunning natural beauty, unique wildlife and strong community spirit. These characteristics make our place an ideal recreation, tourist and retirement destination as well as a great place to live, work and play.

The Worimi people are the traditional owners of the Port Stephens local government area (LGA). We value the unique status of Aboriginal people as the custodians of these lands and waters.

Port Stephens was named after Sir Philip Stephens, First Secretary of the Admiralty in the late 1700s and later a Lord Commissioner of the British Admiralty between 1795 and 1806.

ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Region: Hunter

Area: 858.5 square kilometres

Population: 72,795 people (2018 Estimated Residential Population)

Population projection: 90,384 by 2038

Median age: 45

Population density (persons/ha): 0.81

Population by ward: West 37% (73% of the land area),  
Central 32% (21% of the land area), East 31% (6% of the land area)

Major population centres: Raymond Terrace, Medowie, Nelson Bay

Labour force: 29,754 (ABS 2016)

Unemployment: 5.5% (March 2019)

Number of businesses: 4591

Gross Regional Product: \$5.049 billion

Main employing industries: Public Administration and Safety (15%),  
Manufacturing (12%), Construction (11%)

Source: Remplan 24 July 2019

You can read the full Port Stephens Economic Profile on our website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)









## Our Council

### Community's vision

A great lifestyle in a treasured environment.

### Council's vision

Engaged people, working together, delivering valued services.

### Council's purpose

To deliver services valued by our community in the best possible way.

### Values

Respect — creating a unique, open and trusting environment in which each individual is valued and heard.

Integrity — being honest and inspiring trust by being consistent, matching behaviours to words and taking responsibility for our actions.

Teamwork — working together as one Council, supporting each other to achieve better results for everyone.

Excellence — improving the way we work to meet the challenges of the future.

Safety — providing a safety focused workplace culture to ensure the wellbeing of staff, their families and the community.



## Elected Council

17 September 2017 to current



Mayor  
Ryan Palmer

### West Ward



Councillor  
Giacomo Amott



Councillor  
Ken Jordan



Councillor  
Paul Le Mottee

### Central Ward



Councillor  
Chris Doohan



Councillor/Deputy Mayor  
Sarah Smith



Councillor  
Steve Tucker

### East Ward



Councillor  
Jaimie Abbott



Councillor  
Glen Dunkley



Councillor  
John Nell



### Councillor attendance — 1 July 2018 to 30 June 2019

	Ordinary meeting	Extra-ordinary meeting	All meetings combined	2 way conversations <sup>1</sup>
Number of meetings	22	1	23	73
Mayor Palmer	21	1	22	67
Councillor Abbott	17	1	18	36
Councillor Arnott	21	1	22	49
Councillor Doohan	15	0	15	42
Councillor Dunkley	17	1	18	54
Councillor Jordan	15	1	16	40
Councillor Le Mottee	19	1	20	69
Councillor Nell	20	1	21	71
Councillor Smith	19	1	20	72
Councillor Tucker	19	1	20	51

<sup>1</sup>2 way conversations are informal meetings held between the Mayor, Councillors and staff with specific subjects that the Mayor or Councillors wish to discuss.



## Councillor induction and professional development

In May 2019, Council adopted its Councillor Induction and Professional Development Policy. This followed the release of the new Councillor Induction and Professional Development Guidelines by the Office of Local Government.

Clause 5.17 of the policy requires the General Manager to report annually on all councillor induction programs, ongoing professional development and training sessions provided throughout the year.

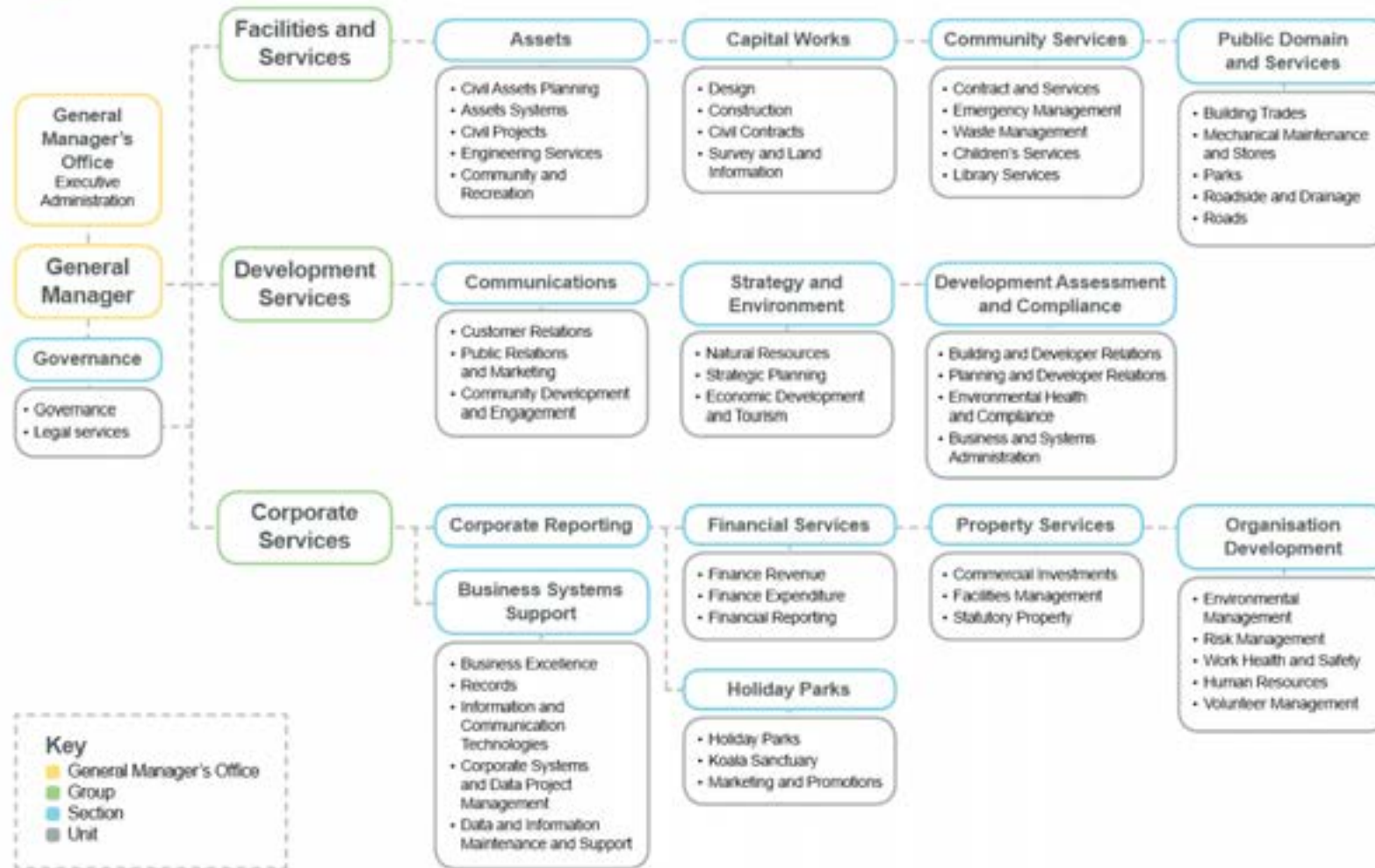
There was no councillor induction program during this period as it was provided in the first year of the Council term in 2017 to 2018.

The following professional development opportunities were provided to all elected members. The table shows those who participated. The total costs of professional development (including accommodation and training) for this period is \$59,938.

Professional development	Attendees
2018 LGPA National Congress & Business Expo	Mayor Palmer, Cr Dunkley, Cr Le Mottee, Cr Smith
2018 LGNSW Annual Conference	Mayor Palmer, Cr Arnott, Cr Le Mottee, Cr Tucker
2018 NSW Coastal Conference	Cr Nell
AICD Company Directors Course	Mayor Palmer, Cr Abbott, Cr Dunkley, Cr Nell
2019 LGNSW Tourism Conference	Mayor Palmer, Cr Dunkley, Cr Smith
2019 ALGA National General Assembly	Mayor Palmer, Cr Dunkley, Cr Le Mottee



## Organisational structure





## Awards and recognitions

At Port Stephens Council, we believe in doing the right things in the best way. We are proud of our culture of excellence and the recognition we have received for achieving the best outcomes for Port Stephens.

Awarding body	Award
TAFE NSW	Overall Trainee of the Year and Business Administration Trainee of the Year — Kaitlin Smith
Australasian Reporting Awards	Silver award — Annual report
Nintex	Nintex Solution Innovation Award for Promapp
Local Government NSW	Finalist — Excellence Award for Environmental Management System
Local Government NSW	Finalist — Excellence Award for Capability Framework and extension to Human Resource Information System
Rural Management Challenge	Winner
NSW Premier's Award	Finalist — Making housing more affordable
Local Government NSW	First place — Customer service mystery shop
Sister Cities Association	Outstanding relationship with the Worimi People awarded at Global Dialogue for Community Solutions



## Having your say

We are committed to engaging our residents, stakeholders and staff in the development of policies, plans and the delivery of services for our community. Our Community Engagement Policy recognises that community information sharing, consultation and participation are vital for effective decision-making.

There are many ways you can have your say on the governing of Port Stephens and the future of our LGA:

-  Vote for Councillors every 4 years through the local government election for Port Stephens Council
-  Arrange to speak at a public access meeting
-  Write to or telephone elected members of the Council
-  Get social and connect with us on our social media channels, including Facebook, Twitter and Instagram
-  Make a submission on Council's Delivery Program including the one year Operational Plan when on exhibition yearly, or on our Community Strategic Plan every 4 years
- Make submissions on major projects or notified consents that are consulted or advertised throughout the year
-  Participate in the annual Community Satisfaction Survey in May/June each year

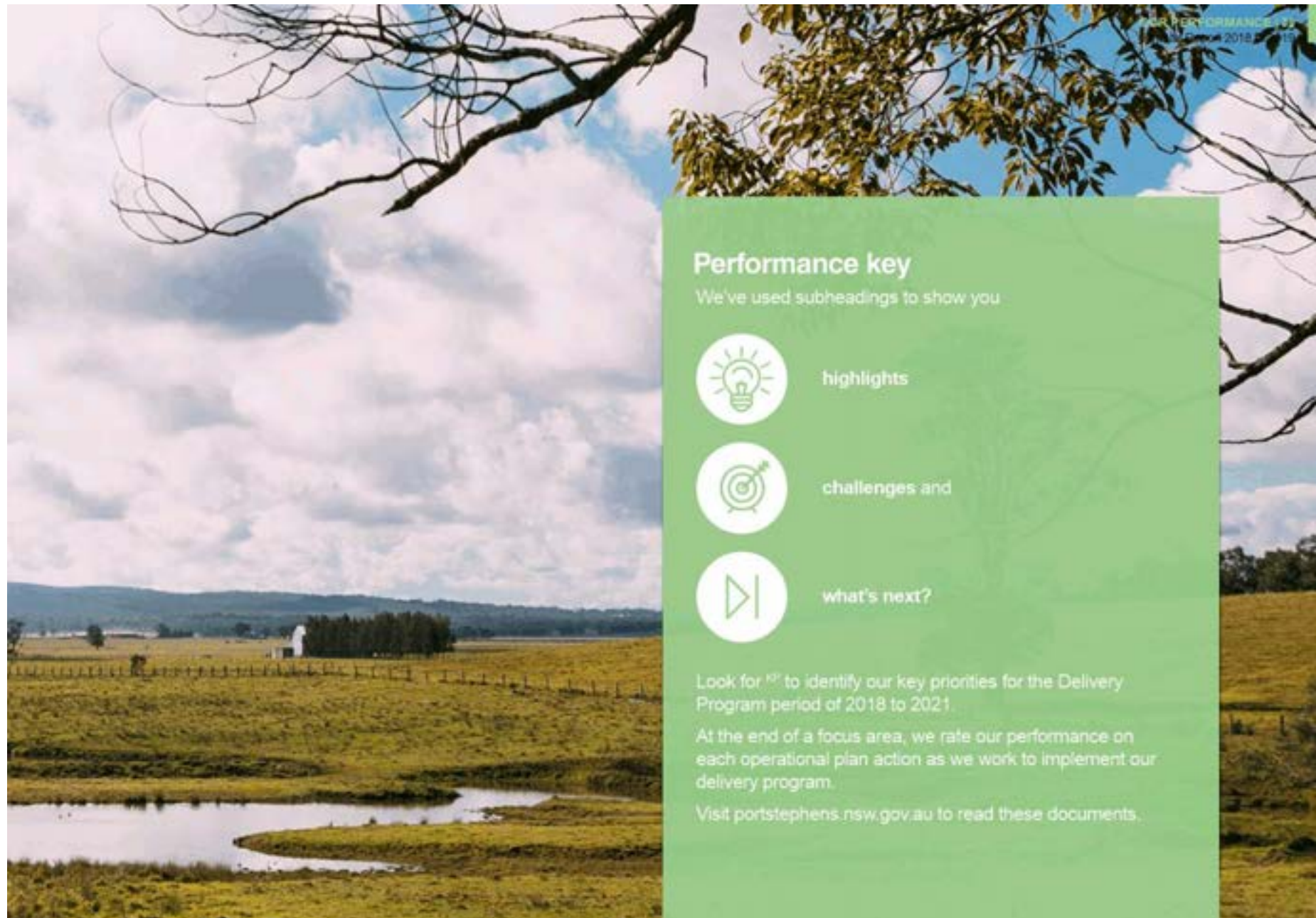












# Overview: our focus areas

The Port Stephens Council Community Strategic Plan 2018 to 2028 outlines our 4 main focus areas. Each goal is a key direction in our Delivery Program 2018 to 2021.



## Our community

Port Stephens is a thriving and strong community respecting diversity and heritage.

Goal 1: Community diversity

Our community accesses a range of services that support diverse community needs.

Goal 2: Recognised traditions and lifestyles

Our community supports the richness of its heritage and culture.

Goal 3: Community partnerships

Our Council works with community to foster creative and active communities.



## Our place

Port Stephens is a liveable place supporting local economic growth.

Goal 1: Strong economy, vibrant local businesses, active investment

Our community has an adaptable, sustainable and diverse economy.

Goal 2: Infrastructure and facilities

Our community's infrastructure and facilities are safe, convenient, reliable and environmentally sustainable.

Goal 3: Thriving and safe place to live

Our community supports a healthy, happy and safe place.





## Our environment

Port Stephens' environment is clean, green, protected and enhanced.

### Goal 1: Ecosystem function

Our community has healthy and dynamic environmental systems that support biodiversity conservation.

### Goal 2: Environmental sustainability

Our community uses resources sustainably, efficiently and equitably.

### Goal 3: Environmental resilience

Our community is resilient to environmental risks, natural hazards and climate change.



## Our Council

Port Stephens Council leads, manages and delivers valued community services in a responsible way.

### Goal 1: Governance

Our Council's leadership is based on trust and values of Respect, Integrity, Teamwork, Excellence and Safety (RITES).

### Goal 2: Financial management

Our Council is financially sustainable to meet community needs.

### Goal 3: Communication and engagement

Our community understands Council's services and can influence outcomes that affect them.



Our community



Our place



Our environment



Our Council



# Our community

Port Stephens is a thriving and strong community respecting diversity and heritage.



## Goal 1: Community diversity

Our community accesses a range of services that support diverse community needs.

### Boost to childcare places

Wow! It's been a massive year of growth and change for our Port Stephens Council childcare services.

The number of children attending OOSH (out of school hours and vacation care) has increased significantly, resulting in 13,700 more childcare places offered compared to last year.

Our trusted OOSH service now offers more than 50 thousand childcare places before and after school.

What's changed?

In April 2019 we took over 2 privately run OOSH services at Shoal Bay and Tomaree. These added to our existing services at Raymond Terrace, Medowie and Seaham. We opened our seventh facility at the growing suburb of Fern Bay in July 2019.

We developed the brand Thrive Kids so all our Council-run childcare options are now

under the same banner. This includes family day care, OOSH (including vacation care) and mobile preschool.

25 new family day care educators joined our service. We now have 70 trained educators covering 7 local government areas from the Central Coast to Port Stephens. This includes 5 registered relief educators who step in when a team member is sick or on leave, solving a significant issue for working parents who rely on family day care.

We expanded our mobile preschool thanks to a successful grant application for \$60,000 from the NSW Department of Education. This enabled the preschool to operate 5 days a week instead of 4 days. We added Fern Bay to its rotation and continued weekly visits to Grahamstown, Anna Bay, Medowie and Raymond Terrace.

### What's next?

We're gearing up to grow our new brand Thrive Kids in 2019 to 2020 and further increase the number of children attending our high-quality early education and childcare programs. It's a tangible way we help our community live, work, play and grow in Port Stephens.



### Local student addresses NSW Parliament

'I hope that in the near future, young people will have a bigger presence and their opinions counted in the decision-making processes that affect them, whether in Port Stephens or other regions of Australia,' declared Tomaree High School student Doeun Kim.

Doeun is a Port Stephens Council Youth Advisory Panel (YAP) member. She addressed NSW Parliament on Children's Youth Parliament Day in Youth Week 2018.

'I represented the youth of Port Stephens and spoke on the topic of opportunity,' said Doeun.

'It was wonderful to be able to interact with other youth representatives from around New South Wales. And to voice my opinions about the many opportunities that already exist in our regions such as wine-making, aerospace industries, the marine environment...and the need for continual enhancement in these areas.'



Almost 20,000 families live in Port Stephens with an average of 1.8 children.





### Young people focus on 'things that make them feel valued'

In November 2018 our YAP panel members produced their inaugural newsletter The Catch-up. They received minimal feedback and decided their efforts were better spent on other projects.

'Young people are very busy. They focus on things that make them feel most valued,' says our Community Development and Engagement Officer James Campbell who works with the panel.

Enter Pathways and Possibilities.

It's a research and advocacy project designed by our YAP members. In January 2019, the project was awarded a \$19,000 Youth Opportunities grant from the NSW Government.

Members have been working hard to deliver the Pathways and Possibilities project by the end of 2019.

Their brief is to define key priorities for the youth of Port Stephens, aligned to our strategic goals. As part of this they've been asking: what would an ideal youth-friendly space in Port Stephens look like?

Their consultation has focused on what young people want to see in a future youth space at Tomaree and how to make Raymond Terrace Library more youth-friendly.



### Youth Week highlights

In April 2019 we supported successful events including:

- Twilight Markets at Raymond Terrace showcasing young local creative artists
- Skate and scooter competition at Nelson Bay
- Snak N Rap youth celebration at Mallabula Skate Park



### What's next?

The YAP will use their advocacy and leadership skills to help develop our Youth Plan 2020 to 2022. We'll use the results of their Pathways and Possibilities project to plan more effective spaces for young people in Port Stephens on our road to tomorrow.







#### Inclusion for every body <sup>KP</sup>

If a picture tells a thousand words, that smile is a great way to explain why we're making changes to boost social inclusion across Port Stephens.

'We want more people with disabilities, their families and their carers to be able to enjoy Port Stephens,' says our Mayor Ryan Palmer.

'It's our goal to provide the best opportunities for inclusion we can offer our community and visitors.'

You can read our Disability Inclusion Action Plan on our website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)

#### What we did to promote inclusion in 2018 to 2019

- We completed 2 major upgrades to Little Beach, one of our most popular beachfronts. To complement our new beach access ramp, Ability Links (a NSW Government initiative) funded access improvements. Now there's better signage for accessible parking plus wheelchair-friendly picnic seating and pathways.
- Floating wheelchairs were demonstrated at an Accessible Beach Day at Fingal Beach. They're now in regular use at Fingal, One Mile and Birubi beaches.



- We opened a brand new all-abilities playground at Shoal Bay's Bernie Thompson Reserve. The location was chosen by community vote.
- We made access improvements to Mallabula's Caswell Reserve. The car park was sealed and there are now wheelchair-accessible pathways to the play area, amenities and BBQ.
- We started working on more user-friendly communication channels to deliver our messages more effectively for people with disabilities. We commissioned an Accessibility Audit of our website and brochures, and are in the process of implementing the recommendations.

#### Changing times for our outdoor volunteers

In August 2018, we decided to move away from our committee model (known as section 355c committees) for volunteers in our parks, reserves and cemeteries.

We've already dissolved 8 committees and we'll fully transition to the new model over the next year.

Why the change?

Feedback from a service review told us many of our outdoor volunteers were

feeling burdened by the administrative and governance work associated with 355c committees.

We realised we were placing too much strain on our outdoor volunteer workforce.

We want to make volunteering more meaningful, fun and safe, and less onerous on volunteers.

Our new system reduces the administrative burden for outdoor volunteers so they can concentrate on doing what they're passionate about — activities like bush regeneration, town pride and park improvements.

#### What's next?

We'll focus on making sure our 700-plus volunteers feel valued by:

- increasing opportunities for our volunteers to learn new skills
- establishing a new on-ground support officer
- implementing a new Volunteers Recognition Policy that features regular thank-you cards, letters and certificates, media promotion and an annual awards event.

We'll also look to expand our volunteering opportunities to encourage more members of our community to get involved.

Our  
community's  
vision is  
a great  
lifestyle in  
a treasured  
environment  
for every  
body.

## Goal 2: Recognised traditions and lifestyles

Our community supports the richness of its heritage and culture.

### Historic agreement is our future road map

In the Gathang language of the Worimi people, Yabang-Gu-Butunga means road to tomorrow. These words now carry new meaning for our community in Port Stephens.

During NAIDOC Week in July 2018, our Council signed a unique agreement developed in conjunction with the local Worimi and Karuah Aboriginal Land Councils. We named the agreement Yabang-Gu-Butunga.

They're not just words. Yabang-Gu-Butunga includes a code of cooperation and lists projects we'll complete over the next 3 years. The agreement sets the tone for a respectful, forward-thinking relationship between our Council, Local Aboriginal Land Councils and the Traditional Owners of the Port Stephens area. After 3 years, we'll measure the success of each objective and set new ones.

'This has been in the works for a number of years. So, I'm proud to be here to sign this agreement with both land councils,' said our Mayor Ryan Palmer.

'It's a roadmap of how we'll work together to improve the lives of Aboriginal people living in our region both now and into the future — not just through talking, but through achieving outcomes.'

You can read the full Yabang-Gu-Butunga: Road to Tomorrow agreement on our website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)

### Discovering Yabang Gumba-Gu

Our road to tomorrow is a journey of discovery and shared benefits — and here's a great example.

Since signing our Yabang-Gu-Butunga agreement, we've been meeting regularly with local Aboriginal community members and Elders. They're in the process of reviving their traditional language Gathang (pronounced gut-tongue) which was spoken across a large region extending beyond Port Stephens, throughout the Hunter region and as far north as Port Macquarie.

Use of Gathang has been in serious decline since colonisation, resulting in the language being dormant for many years. Thanks to the commitment of Aboriginal people — who spent valuable time sharing their language with historians, linguists, settlers and early explorers — the archives have been reopened.

Some of our first objectives are:

-  new 'Welcome to Worimi Country' signs at the gateways to Port Stephens
-  improving the Aboriginal content on our website
-  developing community connections with other agencies to strengthen Aboriginal families and communities
-  building educational resources in our libraries and children's services
-  cultural awareness training for staff and Councillors.

We're proud to say that many of these objectives have already been achieved at the time of writing.







Each Gathang-speaking Nation including Warrimay (Worimi) has unique words, sounds, structures and dialects.

The Worimi have launched a revitalisation of this wonderful sounding language — waking it from its slumber and bringing it back to life by sharing their traditional knowledge and language of the land we know as Port Stephens.

Identifying and implementing the correct translation is expected to be a long and challenging process. But the Worimi are determined to get it right.

Working in conjunction with the Gathang Language Group and local Aboriginal language advocates, we have discovered what's believed to be a more precise local translation of road to tomorrow: Yabang Gumba-Gu.





### What's next?

The agreement will be updated to reflect this new knowledge. We're also working with the Local Aboriginal Land Councils to develop a process for using Gathang across Port Stephens to highlight significant areas, land features and developments.

It's an important journey that we're walking together and a great example of reconciliation in practice.

### Birubi Information Centre <sup>KP</sup>

This year we prepared a Development Application (DA) for the Birubi Information Centre on Gan Gan Road, Anna Bay.

This will be a gateway to Birubi Point Aboriginal Place and the world-famous Worimi Conservation Lands. These are the largest moving sand dunes in the southern hemisphere and are home to middens, artefacts and burial sites belonging to the Worimi people.

We successfully applied for a \$5.4 million grant to build this landmark project. The grant is part of the NSW Government's Growing Local Economies Fund.

The Information Centre will dramatically improve traffic flow and safety in a precious, environmentally sensitive area that's regularly packed with locals, tourists, and large numbers of buses and cars.

### What's next?

The Hunter and Central Coast Regional Planning Panel approved our DA in September 2019. This means we can now progress our environmental assessments, permits and detailed design drawings ready for construction in late 2020.







### A fine Walk of Art

Street banners were transformed into a public gallery when we turned artworks by 5 local artists into a unique Walk of Art at Nelson Bay.

Artworks by Anna Webster, Denise Duffy, Ian Marriner, Kimberly Swan and Matthew Johnstone were featured.

Walk of Art takes you through Apex Park and our recently completed Yacaaba Street extension, where 3 buildings were demolished to open up pedestrian access between Nelson Bay town centre and foreshore.

### Public libraries need more funding

In July 2018, we joined the Renew Our Libraries campaign to double the current funding for public libraries across NSW so they are sustainable long-term.

Public libraries play a vital role in communities like ours.

As well as our libraries at Raymond Terrace, Salamander Bay and Lemon Tree Passage, our Mobile Library visits 15 locations fortnightly.

We run popular children's programs, including our early literacy program Stories in the Street. Our community programs help adults learn about technology and writing, while author visits, movie screenings and book clubs bring people together to have fun.

Renew Our Libraries was supported by more than 90 councils, as well as the NSW Public Libraries Association and Local Government NSW.

Together, we achieved a commitment from the NSW Government to increase library funding by \$60 million over 4 years.

While this is an incredible result, the campaign is now pushing to secure the long-term future of public libraries by indexing funding.

Why? Libraries today are about more than just books.

'They provide literacy support for young children, bridge the digital divide, serve as a meeting place for older and newly arrived Australians, and bring people together from all walks of life,' says our Library Services Manager Kris Abbott.

We believe our council-owned libraries are a vital part of our social infrastructure, now and on our road to tomorrow.

Our libraries in 2018 to 2019:

-  1845 new members bringing total membership to 25,065
-  299,000 items borrowed
-  183,254 total visitors
-  Internet used 19,707 times
-  Wi-Fi used 13,114 times
-  Staff helped with 29,120 enquiries
-  562 children's programs with 8230 people attending
-  Stories in the Street early literacy program reached 67 families
-  Overall use was down by around 15% compared to last year's figures\*

\*This is likely due in part to Tomaree Library at Salamander Bay being closed for several weeks for renovations.



Raymond Terrace Library






Kathy Rimmer —  
Australia Day ambassador

'A fantastic example of someone who has given back to this community across almost every facet of her life'  
— Mayor Ryan Palmer.

### Goal 3: Community partnerships

Our Council works with community to foster creative and active communities.

 Breaking with tradition:  
why we chose a local  
Australia Day ambassador

Every year on 26 January, it's routine for celebrities and high-profile Australians to be invited into a city as its Australia Day ambassador.

This year we decided to do things differently.

For the first time in several years, we chose a local ambassador to give the Australia Day address in Port Stephens.

Kathy Rimmer is a mother of 2 young children, business coach, President of Nelson Bay Rotary Club, and a member of Tomaree Business Chamber and Port Stephens Women in Business.

'Kathy is an upstanding member of our community who is passionate about helping others reach their potential and I'm proud to have her as our local ambassador,' said Mayor Palmer.

The honour wasn't lost on Kathy, who has multiple sclerosis. She described her passion for Port Stephens.

'Port Stephens is such a supportive and tight-knit community. I'm excited to be able to share my love of this place and its people,' said Kathy.

'To me, Australia Day is all about celebrating our diversity. We all have different upbringings, perspectives and cultures.

'It's wonderful to come together on this day to celebrate each other's differences and everything that makes us Australian.'



### Stinking hot: remembering Australia Day 2019

It was already 32 degrees by 9am at Raymond Terrace, which may explain why crowds were down compared to last year for official festivities at Raymond Terrace, Nelson Bay, Lemon Tree Passage and Karuah.

Nevertheless, spirits were high for thousands of locals and holiday-makers who celebrated the day at homes, parks and waterways across Port Stephens.

We welcomed 24 new citizens in citizenship ceremonies at Raymond Terrace and Nelson Bay, and presented our annual Australia Day awards to:

#### Citizen of the Year — Ben Niland

Ben is Secretary of Medowie Sports and Community Club and Chairman of Port Stephens Council Audit Committee. In 2018 he established a fundraiser called Medowie Bale Out the Drought which raised \$80,000 for drought-affected farmers. Ben is very community-minded and heavily involved in leadership and sponsorship of numerous local sports.

#### Young Citizen of the Year — Amy Dufour

Amy started playing touch football at the age of 8 for Nelson Bay Touch, has represented Australia and is a consistent mentor to younger players. She is renowned for her sense of fair-play and abundance of natural talent.

#### Sportsperson of the Year — Graeme Chamberlain

Graeme is a local Ironman who pushes himself to be his best, while encouraging others through his work as a volunteer. He is Club Captain at Birubi Point Surf Life Saving Club, and a member of Tomaree Tri Club and Nelsons Bay Hash Harriers.

#### Cultural Endeavour — Michael Francis

Michael is a Board Director of Port Stephens Community Arts Centre and a natural leader who has promoted artistic culture in our region for more than 20 years. In fact, more than 1400 people have been members of the arts centre during his tenure.

#### Port Stephens Medallists

Hunter Region Botanic Gardens were established on 130 hectares at Heatherbrae in 1985. They are managed, maintained and developed by a non-profit company of around 200 dedicated volunteers, who collectively won this award.

Michael Murray is an expert in business strategy, leadership and systems. He brought his wealth of experience to the Port Stephens Suicide Prevention Network, serving as chairperson for the past year.

Lee Anlezark is the outgoing president of Tomaree Parkinson's Support Group. Lee has Parkinson's disease himself and established the group 10 years ago. He has led with optimism, hope and enthusiasm to the great benefit of others.



## Our performance

Operational  
plan items  
on track:



### Community diversity

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
C1.1.1 Deliver early education and care of children	Customer satisfaction with Thrive Kids	≥ 85%	99%	98%	✓
	Annual accreditation	Compliant	100%	100%	✓
C1.2.1 Deliver youth projects and support youth services provided by other agencies	Actions completed or commenced in Family & Community Services delivery schedule	≥ 95%	95%	100%	✓
C1.3.1 Identify and plan for an inclusive and access friendly community	Actions completed in Disability Inclusion Action Plan	≥ Baseline	5 of 23	7 of 23	✓
C1.4.1 Identify and plan for the needs of an ageing population	Actions completed in Ageing Strategy	≥ Baseline	2 of 7	4 of 7	✓
C1.5.1 Coordinate Council's volunteer program	Variety of activities volunteers support at Council	Maintain	6"	6"	✓



## Recognised traditions and lifestyles

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
C2.1.1 Support and facilitate initiatives and projects to promote and empower Aboriginal culture	Scheduled actions implemented in Yabang Gumba-Gu Agreement	≥ 95%	100%	95%	✓
C2.1.2 Support the planning and management of Aboriginal Places in Port Stephens	Develop Aboriginal Place Advisory Panel annual works plan	100%	90%	100%	✓
C2.2.1 Support initiatives and projects to encourage local cultural activities	Actions completed in Cultural Plan	≥ 90%	90%	90%	✓
C2.3.1 Support the preservation of Port Stephens heritage	Providing Heritage Projects Fund grants	Maintain	\$6000	\$6000	✓
C2.4.1 Deliver public library services, resources and community literacy programs	Community satisfaction with Library services	≥ 85%	99%	99%	✓
	Use of resources (collection items borrowed)	320,000	320,000	299,371	✗
Why weren't we effective? The use of print resources in our libraries is falling, while Internet and Wi-Fi use as well as attendance at programs, activities and events is on the rise.					

## Community partnerships

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
C3.1.1 Assist community service providers to deliver services for vulnerable people and families	Refer to C1.2.1				
C3.2.1 Provide financial, logistical and marketing support for local events	Community-run events supported and managed by Council	Maintain	7	9	✓
C3.3.1 Initiate and manage leisure contracts with recreational and leisure services	Community satisfaction with Council swimming pools	≥ 90%	90%	91%	✓
	Maintain a score above NSW 3 year average in the Royal Life Safety Assessment Audit	≥ 84.62%	91.67%	91.67%	✓
C3.4.1 Provide financial assistance for the community	Annual grant funding	Maintain	93 grants \$122,992	120 grants \$91,815	✓

✓ On track target achieved or on track to be achieved

⚠ Monitor < 5% off the target

✗ Off track > 5% off the target

\* 8 of 23 are ongoing \*\* Parks, halls, sports, community engagement, Library, Visitor Information Centre

# Our place

Port Stephens is a liveable place supporting local economic growth.



## Goal 1: Strong economy, vibrant local businesses, active investment

Our community has an adaptable, sustainable and diverse economy.

### Unanimous support for new economic strategy

Few people will argue that 'our place' is renowned for its natural beauty. That's why generations of Australians have made Port Stephens their holiday destination — and we wouldn't have it any other way.

But Port Stephens is so much more than a tourist town.

Our local economy is unique and diverse — from manufacturing, aviation and defence industries to tourism, retail and hospitality. We're also part of the Hunter region, the largest regional economy in Australia.

Our Council has been working hard to drive new ideas and support sustainable growth for all local businesses, large and small.

A new Economic Development and Tourism Strategy 2019 to 2021 was supported unanimously by our Council in March 2019.

The strategy provides the framework for creating a vibrant place that supports local economic growth. This will help Port Stephens to thrive along our road to tomorrow, regardless of whether it's peak tourist season.

### What's next?

As part of the new strategy we will:

- continue to invest in programs that make business growth easier
- partner with industry to drive overnight visitor spend across Port Stephens
- attract events that drive economic benefit
- create people-friendly, vibrant spaces for our residents, businesses and visitors.

You can read the full strategy on our website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)

POPULATION  
72,795



27,346  
JOBS



4591  
ACTIVE  
BUSINESSES

19.2%  
YOUTH 0 TO 15

22.9%  
OVER 65



SOURCE: REMPLAN July 2019

\$4.8bn  
REGIONAL EXPORTS

\$3.6bn  
REGIONAL IMPORTS



\$5bn +  
GROSS REGIONAL  
PRODUCT

\$10,913m  
OUTPUT



\$141.7m  
RESIDENTIAL  
BUILDING  
APPROVALS

OUR PERFORMANCE | 55  
Annual Report 2018 to 2019

## Visitor economy

\$539m  
in visitor  
expenditure

1.5m  
visitors per  
annum

2221  
people  
employed

SOURCE: Tourism Research Post 2018

## Employment by industry

Public safety and administration 15%

Manufacturing 12%

Construction 11%

Retail trade 10%

## Key drivers of output

Manufacturing 29%

Construction 15%

Public admin and safety 13%

Renting, hiring and real estate 9%

## Strategic infrastructure assets

Newcastle Airport

RAAF Base Williamtown

Port of Newcastle

Defence and Airport Related Industrial Zone

(DAREZ)

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Place activation will grow our economy <sup>KP</sup>

Place activation is a deliberate effort to bring a public space to life. The idea is to create a vibrant setting where people want to spend time for all sorts of activities such as catch-ups, sport, recreation, events and relaxation.

Creating people-friendly spaces across Port Stephens is part of our new Economic Development and Tourism Strategy. This year we recruited an Events and Place Activation Team Leader to drive programs to achieve our goal.

A great example of place activation is the inaugural Port Stephens Seaside Scavenge held in April 2019 at Robinson Reserve, Anna Bay. We invited our community to a fun event where they could trade trash for treasure. Picking up rubbish from the waterway rewarded participants with Seaside Scavenge currency for use at a pop-up market featuring pre-loved clothes, books and other goods. All these items had been donated by the community.

This event was a huge success. As well as creating a positive community vibe, a staggering total of 146 kilos of rubbish was removed, including 60 kilos of recycling picked up from Birubi Beach.

Koala Sanctuary construction <sup>KP</sup>

We're excited to report construction is underway at our Port Stephens Koala Sanctuary at One Mile Beach.

The sanctuary will feature a hospital for sick, injured or orphaned koalas as well as a tourist information centre. An elevated boardwalk will allow visitors to view our resident koalas in their natural habitat. On the ground, overnight accommodation in the form of 'glamping tents' will offer a unique experience for our guests.

This is the culmination of several years planning and raising the necessary funds, around \$7 million. The sanctuary has been made possible through a partnership with the NSW Government and volunteer group Port Stephens Koalas. Stage 1 includes the koala pens, accommodation, the elevated boardwalk and internal access roads.

We're fortunate to share our place with one of the few remaining koala populations on Australia's east coast and we're doing all we can to protect them.

## What's next?

We expect the Koala Sanctuary to be complete in early 2020. Stage 2 including the hospital, tourist centre and car parks started in August 2019.

After an expression of interest process, we've commissioned a local artist to create a unique artwork telling the story of the koala, to feature at the new facility.



## It's time for a new brand

The heart-felt brand 'P.S. I love you' has been a huge success for Port Stephens over the past 8 years. No doubt, this has helped to grow and sustain our \$500 million-plus annual tourism industry.

The time is right to refresh our marketing pitch. This year we helped Destination Port Stephens (a non-profit industry body supported by our Council) to start searching for a new brand. We took part in a workshop with other key stakeholders to develop the foundations for a new domestic marketing campaign leading into summer 2019 to 2020.

Our Visitor Information Centre welcomed almost 78,000 people during 2018 to 2019. In partnership with Destination Port Stephens, we generated almost \$1 million in accommodation and tour sales for local tourism operators.

More interstate visitors from Victoria stayed overnight in Port Stephens — a 40% increase.



We see Victoria as a key growth market, especially as Newcastle Airport continues to promote direct flights between Melbourne and Newcastle (Port Stephens) as an easy, accessible option.

Domestic visitor data for 2018 to 2019 shows an overall 10% increase in visitors to 1.8 million. On average they stayed 13% longer than the previous year.

### ▶ What's next?

The new Destination Port Stephens brand will be revealed in early 2020 and our Visitor Information Centre team is reviewing our current booking system to make it more user-friendly. This will be increasingly important as we look to expand into international markets like New Zealand. You can read more about this on page 79.



This year we held or supported **123 events** held on Council owned or managed land

These included: Port Stephens Surf Pro, Love Seafood, Tastes at the Bay, TreX, Nations of Origin and Sail Port Stephens.



Port Stephens Seaside Scavenge, Anna Bay



## Goal 2: Infrastructure and facilities

Our community's infrastructure and facilities are safe, convenient, reliable and environmentally sustainable.



### Major projects on track <sup>KP</sup>

Construction of our major projects and works program was on track at the end of the 2018 to 2019 financial year, reflecting a total expenditure of \$25.6 million across Port Stephens.

Among our completed projects:

- makeover of Caswell Reserve at Mallabula featuring new playground, accessible public amenities, pathways and car park

- Lancaster Park at Soldiers Point established as dog off-leash area with fencing
- significant road upgrades of Hinton Road, Holdom Road Karuah, Gan Gan Road intersection, Nelson Bay Road/Medowie Road roundabout Williamtown and Waterfront Road Swan Bay
- installed new signage at gateways to Port Stephens and some localities (stage 1)
- Apex Park amphitheatre with grass and sandstone-block tiers
- Longworth Park seawall replaced
- new cashless parking meters at Nelson Bay to improve ease of use
- CCTV (closed circuit television) upgraded or replaced at 13 remote sites to improve public safety

- Integrated Vehicle Management System installed in 90 council vehicles to drive efficiencies and improve safety by monitoring driving times

- Anna Bay Cemetery extension with 400 new burial sites and columbarium walls.

You'll find a full list of our major projects and works for 2018 to 2019 in Attachment 2 of this report.



### What's next?

We expect to open the \$6.3 million Medowie Sport and Community Facility in early 2020.

After extensive community consultation, we've added to our list of projects for the next 18 months. You can read more about our Port Stephens 2020 projects on page 81.



Lancaster Park, Soldiers Point

### ☉ Dry times punish our road patching program

Extreme temperature fluctuations cause asphalt road surfaces to expand and contract excessively. In periods of drought it's near-impossible to make lasting repairs to growing numbers of potholes.

We managed by successfully heavy patching 20,000 square metres of road using 2400 tonnes of asphalt. To improve quality, we've increased the patch thickness and reduced the surface area where needed.

Like much of drought-affected New South Wales in 2018 to 2019, we're doing the best we can to keep on top of road repairs despite the challenging conditions.

### ☉ Action needed on Council depot buildings <sup>KP</sup>

Our ageing Council depot buildings do not meet modern expectations for condition and functionality.

We have 2 large depots, Nelson Bay and Raymond Terrace. These facilitate our heavy machinery and equipment, workshops, stores and 85 team members. Our parks and gardens staff occupy other smaller depots.

Our depots were designed in a different era. In fact, the former Municipality of Raymond Terrace used the existing depot site to store plant and equipment from as early as 1935.

Our depots have served us well for more than 50 years but it's time to consider substantial upgrades or relocation.

The way that we (and all councils) use our depots has changed dramatically in recent times. These days our teams use technology to get the job done safely, adhering to strict environmental controls. We don't need large stores to stockpile supplies such as chemicals and fuel because most can be readily purchased.

As a starting point, we're committed to upgrading our Raymond Terrace depot to bring it in line with modern requirements.



Raymond Terrace Depot





### Elite award for Nelson Bay Foreshore Regional Park

What an honour! Until this year only capital city parks in Sydney, Brisbane and Melbourne had received a prestigious Green Flag Award.

Green Flag Awards originated in the United Kingdom in the 1990s. They aim to raise the standard of green spaces and bring people back into parks.

Parks and Leisure Australia's judging process is renowned for being rigorous with 27 criteria plus an on-site inspection for finalists.

'Taking care of Nelson Bay Foreshore and all our parks is a real team effort so it's great to see all that hard work recognised,' says our Parks Program Coordinator Michael Reay.

Nelson Bay Foreshore Regional Park is visited by around 250,000 people each year to enjoy the spectacular waterfront, access dolphin and whale-watching tours, and use our free outdoor gym and play equipment.



This year our parks and maintenance crews **mowed 26,500m** of grassy drains.











### Goal 3: Thriving and safe place to live

Our community supports a healthy, happy and safe place.



#### Breathing new life into 'the Bay' <sup>KP</sup>

We now have a clear roadmap to make Nelson Bay Town Centre a thriving place on our road to tomorrow. The Nelson Bay Public Domain Plan is the result of robust community debate and hard work by our Council. Our shared goal is to revive the iconic area that locals and holiday makers call 'the Bay'.

We listened to what our community loves about Nelson Bay and set a long-term vision for its streets, paths, parks and foreshore. This will promote year-round activity and boost the viability of businesses.

The main features will be a greener town centre, enhanced opportunities for walking and cycling, better parking and quality spaces where people want to spend time.

The Nelson Bay Public Domain Plan is part of a broader strategy adopted by our Council in September 2018 called Progressing the Nelson Bay Town Centre and Foreshore Strategy: A Revised Implementation and Delivery Program.

This Delivery Program recommends taller buildings in some parts of the Bay — 5 storey developments in the town centre to retain its village character and 8 storeys along the edges. Initially we proposed a 10 storey limit but a compromise was reached in response to community feedback.

To ensure high-rise buildings don't impact the Bay's character, there will be controls to assure that excellent quality designs will maximise view-sharing and natural light in public areas.

We asked community members and businesses to be part of the Nelson Bay Implementation Panel to keep us accountable and drive action on the Delivery Program.

We also established an Independent Nelson Bay Citizens Parking Panel to workshop ways to improve parking in the town centre and foreshore. Want more details? Find the full documents at [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)



#### What's next?

We submitted a planning proposal to the NSW Government to implement the Nelson Bay Delivery Program and we're waiting on approval to exhibit the proposed changes to local planning controls.

We'll also establish a plan and funding strategy to implement parking improvements in 2019 to 2020, based on recommendations from our independent panel.

We listened to what our community loves about Nelson Bay and set a long-term vision.



### Development and planning highlights

**We're now the fastest council in the Hunter region** for processing of planning certificates. Our team has worked hard to reduce wait times from an average of 5 days to just 24 hours.

**2703 planning certificates** were issued this year with almost two-thirds processed using our new online system.

**Over 800 Development Applications (DAs)** were determined with a total capital investment value of \$244 million.

**A 37-day turnaround for DAs** was achieved (net median) and this was under the Premier's target of 40 days.

**The Fern Bay and North Stockton Strategy** was drafted, including a vision for a new town centre, diverse housing choices, accessible open spaces and community facilities. We're working with City of Newcastle to publicly exhibit this strategy in November 2019.

**We established implementation panels** to drive the actions in our adopted plans for Medowie, Nelson Bay and Raymond Terrace/Heatherbrae town centres. The panels include community members, business representatives and Councillors.



### What's next?

In 2020, we'll complete our new Local Housing Strategy to plan for future housing across Port Stephens based on local population trends and forecasts.



### Creating a 20-year vision for land-use <sup>KP</sup>

Our Council is in the process of developing a Local Strategic Planning Statement (or LSPS) on land use. These statements are a new legislative requirement for local government. Our LSPS will reflect the views of our community and spell out our vision for land use across Port Stephens.

The LSPS must be succinct and easy to understand. It will describe our priorities, the special character and values we plan to preserve, and how we plan to manage and monitor change.

It will also detail how we plan to achieve the actions in the NSW Government's regional land use plans.

This won't replace our Community Strategic Plan 2018 to 2028, which has a much broader focus than land use, but will help us manage growth and change into the future.



### Illegal dumping and land-use continues

A trend of illegal dumping in and around building sites across Port Stephens has continued this year.

Our Waste Compliance team increased proactive surveillance and this resulted in a total of \$100,000 in penalty infringements being issued.

This approach has helped us to reduce illegal dumping in hotspot locations by 90% compared to last year.

We also successfully applied for 2 significant grants totalling \$164,000 for an illegal dumping and litter prevention project.

We hope this will encourage our community to report illegal dumpers — and let the perpetrators know we're determined to stamp it out.

We investigated 226 new complaints of unauthorised development and/or land use this year. However, by adding an extra compliance officer to our team we reduced the volume of outstanding complaints by 60%.





There was a 90% reduction in illegal dumping hot spots compared to last year.

# Our performance

Operational  
plan items  
on track:



## Strong economy, vibrant local businesses, active investment

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
P1.1.1 Support sustainable business in Port Stephens	Number of active businesses in Port Stephens	Annual increase	New	4591	New
P1.1.2 Provide funding support to business initiatives that create economic benefit	Business satisfaction survey — Port Stephens is a good place to conduct business	≥ Good	New	57%	New
P1.1.3 Coordinate place management and activation	Refer to P3.3.1				
P1.1.4 Develop the Port Stephens Koala Sanctuary	Delivery of project on time and on budget	Maintain	New	100%	New
P1.2.1 Manage an integrated event licensing process	Number of licences issued	Annual increase	127	123	⚠
P1.2.2 Manage the Nelson Bay Visitor Information Centre	Visitor Information Centre attendance	Maintain	88,682	77,968	✖
Why weren't we effective? A reduction in attendance at the Visitor Information Centre has been offset by a 12% increase in visitors to portstephens.org.au					
	Visitors to portstephens.org.au	% annual increase	New	12% increase	New
	Tour and accommodation bookings on behalf of operators	Maintain	5627 bookings	6523 bookings	✓
P1.2.3 Provide strategic and financial support to Destination Port Stephens	Financial support for Destination Port Stephens	Maintain	\$397,500	\$397,500	✓
	Overnight visitor spend per annum	Annual increase	\$2,292,000	\$2,599,000*	✓
P1.2.4 Attract and facilitate major events that deliver economic benefit	Economic benefit from major events	Annual increase	\$8,260,000	\$10,071,000	✓

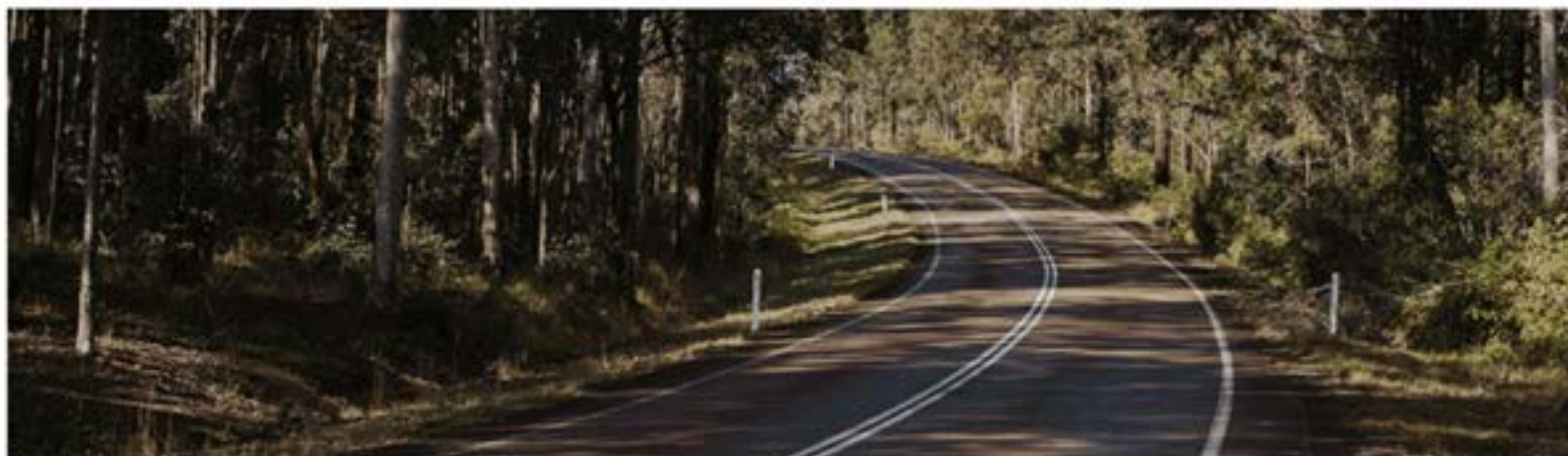
On track target achieved or on track to be achieved
 Monitor < 5% off the target
 Off track > 5% off the target



## Infrastructure and facilities

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
P2.1.1 Plan for and initiate civil assets	Asset Management Plan complies with IP&R checklist	Compliant	Compliant	Compliant	✓
	Civil assets work initiated on time	100%*	100%	100%	✓
P2.1.2 Plan for the operation, maintenance and replacement of Council's fleet	Fleet utilisation hours per annum	≥ 67,080	75,264	67,540	✓
P2.1.3 Plan for the operation, maintenance and renewal of Council's civil assets	High risk civil assets inspection program up to date	100%	100%	100%	✓
P2.1.4 Plan, design and provide advice services for drainage and flooding	Flooding and drainage development application referrals completed on time	100%	100%	100%	✓
P2.1.5 Provide traffic engineering services and conduct road safety programs	Road Safety Projects conducted (funded by RMS) and completed on time	100%	100%	100%	✓
P2.1.6 Provide development engineering assessment and advice services	Engineering development application referrals completed on time	100%	100%	100%	✓
P2.1.7 Provide, manage and maintain community and recreation assets	Community and recreation assets inspection program up to date	100%	100%	100%	✓
P2.1.8 Coordinate and report on asset finances and data systems	Meeting customer needs	90%	90%	92%	✓
P2.2.1 Provide survey services	Deliver Capital Works program on time, on budget*	≥ 95%	100%	100%	✓
P2.2.2 Provide design and specialist engineering services	Deliver Capital Works program on time, on budget*	≥ 95%	100%	100%	✓
P2.2.3 Provide project and contract management services	Deliver Capital Works program on time, on budget*	≥ 95%	100%	100%	✓
P2.2.4 Construct Council's Capital Works projects	Deliver Capital Works program on time, on budget*	≥ 95%	100%	100%	✓
P2.3.1 Provide roads maintenance	High priority road defects fixed on time	Maintain	100%	92%	✗
	Why weren't we effective? High priority defects were actioned but were outside Council's allocated timeframe.				
	Community satisfaction with roads maintenance	≥ Baseline	75%	71%	⚠

\*As at March 2019 \*\* Project pre-initiated prior to agreed timeframe \*Including approved variations



### Infrastructure and facilities continued

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
P2.3.2 Provide roadside and drainage maintenance	Community satisfaction with roads and drainage maintenance	≥ Baseline	84%	81%	⚡
	High priority roadside drainage and maintenance defects fixed within required timeframes	100%	100%	100%	✅
P2.3.3 Provide open space and foreshore maintenance	Community satisfaction with maintaining parks	≥ Baseline	85%	84%	⚡
	High priority open space and foreshore maintenance defects fixed within required timeframes	100%	100%	95%	⚡
P2.3.4 Provide building trades services	High priority actions fixed within required timeframes	≥ Baseline	92%	88%	⚡
P2.3.5 Provide depot, stores and workshop services	Number of pre rego check repairs conducted	≥ Baseline	142	184	✅
P2.3.6 Provide cemetery administration and cemetery maintenance services	Community satisfaction with cemetery services	Maintain	94%	95%	✅
P2.4.1 Maintain roads as contracted with RMS	Average RMS contractor performance grading	≥ Good	Good	Good	✅

## Thriving and safe place to live

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
P3.1.1 Manage Council's key planning documents	Adoption of Community Participation Plan (CPP) December 2019, Local Housing Strategy (LHS) September 2020, and Local Strategic Planning Statement (LSPS) July 2020	100% adoption	New	CPP 80% LHS 70% LSPS 70%	New
P3.1.2 Optimise land use to maximise social, economic and environmental needs of area	No overdue planning certificates (issue within 7 days)	None overdue	0	0	✓
P3.2.1 Provide development assessment services	Median net determination time for Development Applications	< 40 days	34 days	37 days	✓
P3.2.2 Provide building certification services	Market share of certification	Maintain	Maintain	Maintain	✓
	Premises added to the fire safety program	Increase	1095	1103	✓
P3.2.3 Provide environmental health services	Onsite sewer management systems inspected	≥ Baseline	881/800 110%	892/800 111%	✓
	Food premises inspected*	≥ Baseline	514/500* 103%	657/638* 103%	✓
P3.2.4 Provide land use compliance services	Development compliance customer requests closed	> 95%	89%	96%	✓
P3.2.5 Provide regulatory ranger services	Ranger customer requests closed	> 95%	99%	99%	✓
P3.2.6 Provide illegal waste compliance services	Number of successful** waste investigations	> 85%*	91%	88%	✓
P3.3.1 Develop and monitor town centre strategies	Completed actions in town centre strategies: Medowie (M), Nelson Bay (NB), Raymond Terrace & Heatherbrae (RTH)	Annual increase	New	M 5 of 10 NB 19 of 27 RTH 4 of 15	New
P3.4.1 Maintain facilities for Rural Fire Service and State Emergency Service	RFS and SES facility maintenance defects carried out within best practice levels	100%	100%	100%	✓
P3.4.2 Manage asset protection zones and fire trails on Council property	Contractor's performance against agreed program	100%	100%	100%	✓
P3.4.3 Maintain and implement a Local Emergency Management Plan	Review Local Emergency Management Plan every 3 years	100%	100%	100%	✓

\*Schedule changes each year depending on number of inspections and inspection frequency \*\*Perpetrator found \*Include total number of reported incidents as well as proportion successfully investigated



# Our environment

Port Stephens' environment is clean, green, protected and enhanced.



## Goal 1: Ecosystem function

Our community has healthy and dynamic environmental systems that support biodiversity conservation.



Flying foxes are an important part of our ecosystem

In some neighbouring towns and cities, flying foxes are seen as a menace. Here in Port Stephens they play a critical role in keeping our native bushland healthy.

We share our environment with a native population of grey-headed flying foxes and little-red flying foxes. They live in a 'camp' at Raymond Terrace, extending through Newbury Park and Ross Walbridge Reserve.

Grey-headed flying foxes are a threatened species, protected by NSW and Commonwealth legislation. They were first observed at the camp in 2011.

The little-reds joined in 2016, probably to enjoy feeding on the area's mass-flowering spotted gums (eucalyptus trees).

Our flying foxes are hard workers but they are often misunderstood. They do a fly-in-fly-out night shift, leaving at dusk and returning to camp before dawn to sleep through the day. Their important work is spreading pollen and seeds over a 50 kilometre stretch of our dynamic natural environment, every night.

Our Council adopted the Raymond Terrace Flying Fox Camp Management Plan in August 2018. It outlines community concerns caused by the presence of flying foxes, including noise, smell, excrement and perceptions of a potential health risk.

So far, we haven't seen the same destructive impacts as other councils. However, the camp is close to residential areas and Raymond Terrace shopping district. This plan describes how we'll manage the camp should any significant issues or conflict arise on our road to tomorrow.

Want more information about the Raymond Terrace Flying Fox Camp Management Plan? Go to our website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)

## How we protected our natural environment in 2018 to 2019

- Reviewed our Tree Vandalism Policy to reaffirm penalties and raise awareness. Deliberate damage/removal of trees and vegetation on Council-managed land is an ongoing issue as perpetrators try to enhance views or development opportunities.
- Focused on restoring natural koala habitat and other areas containing rare and threatened species. Volunteers and contractors helped with maintenance works on 62 hectares of significant natural environment to minimise weeds, pests, and human disturbance.



- Prepared a draft report on koala hubs or source populations in Tomago, Medowie and Kings Hill. This will form part of a broader project to identify and assess the health of koala populations across Port Stephens.

### War on weeds: some success but invasion continues

We liken it to a war — and this is no exaggeration given the environmental risk posed by 32 invasive weed species in Port Stephens. These are priority-listed for attack and control as part of our compliance with the Biosecurity Act 2015.

Weeds such as Pampas Grass, Chinese Violet, Frogbit, African Olive, Alligator Weed, Water Hyacinth and Giant Salvinia might look pretty but they cause serious harm to our environment and economy.

It was our most successful year to date in terms of funding for our weeds campaign. Our Invasive Species team worked hard to secure more than \$750,000 for weed and bushland management programs over the year.

'We live in a beautiful part of the world but unfortunately woody weeds like African Olive are threatening our native species, and taking over our natural bushland and farming land,' says Steve Peart, our Council's Strategy and Environment Section Manager.

### How we fought the war on weeds in 2018 to 2019:

- successfully applied for a \$100,000 grant to rehabilitate and protect the Mambo Wetlands at Salamander Bay for future generations
- treated more than 250 kilometres of aquatic areas for weed invasion
- issued 34 biosecurity directions, including one seizure of 30 plants
- inspected 371 sites covering more than 1000 hectares with an 82% success rate for adequate control of high-risk infestations
- held 2 African Olive awareness days, including a successful field day featuring Costa Georgiadis, host of ABC TV's Gardening Australia program and passionate biosecurity advocate

### What's next?

From 1 July 2019, the Biosecurity (Chinese Violet) Control Order came into effect. This invasive plant was first found in Boat Harbour in 1999 and has spread throughout Port Stephens. The order means landowners must immediately destroy all Chinese Violet on their property. We'll continue raising awareness and working with our community to eradicate it.

A full list of priority weeds in Port Stephens is available at [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)



## Goal 2: Environmental sustainability

Our community uses resources sustainably, efficiently and equitably.



### Rule change causes compost challenge

In October 2018, the NSW Environment Protection Authority (EPA) made a surprise announcement that significantly affects how we manage domestic waste in Port Stephens.

A regulation known as the Resource Recovery Exemption Order was revoked for mixed organic waste, effective within 24 hours. According to the EPA, this was due to new independent research that posed potential environmental concerns about compost made from mixed domestic waste.

Previously, the order allowed this compost to be used on land for grazing agriculture, in forestry plantations and rehabilitated mine sites. Suddenly, this was forbidden due to potential physical contaminants and environmental risks.

This meant an immediate stop to an important part of our waste management process.

No longer were we permitted to use the compost material from mixed domestic waste in ordinary garbage bins. This had been a key feature of the successful Newline Road Waste and Composting Facility, commercially operated by SUEZ.

While many other councils are just starting to compost food waste, we've been doing it for 20 years with this state-of-the-art system.

We've been advised by the EPA that further discussions will be held with our Council to determine the financial impacts on our waste management system — with a view to providing compensation.

A review is underway but for now, we have no choice but to send the waste to landfill. This will clearly impact our waste-reduction targets.



### We're aiming high with hundreds of solar panels

More than 350 solar panels now cover the roof of our Raymond Terrace administration building. We installed them in February 2019 and we're already seeing the benefits.

The 99.96 kilowatt solar photovoltaic system generates about 20% of the building's annual energy consumption and is estimated to save us about \$30,000 per year. It has produced 76 megawatt hours at the time of writing — the equivalent of 35 tonnes of carbon dioxide.

'We're looking for ways to save money and reduce our environmental footprint, and solar power is a proven way to make real and lasting savings,' says our General Manager Wayne Wallis.

Our building will use approximately 85% of the solar power generated by the panels.

The remaining 15% will be put back into the grid, especially on weekends and public holidays when our energy use is low.

By taking advantage of Commonwealth Government rebates for solar power, we expect to achieve a return on our investment in about 4 years.



### What's next?

A review is underway to quantify our sustainability targets and we're provisioning solar power at our aquatic centres.



## Waste collection in tonnes



## E-waste and chemicals




● 2017 to 2018 ○ 2018 to 2019



A 10-year Coastal Management Program will go a long way towards helping us build resilience against environmental risks.

### Goal 3: Environmental resilience

Our community is resilient to environmental risks, natural hazards and climate change.

 Long term strategy underway <sup>KP</sup>

Our stunning, diverse coast is an incredible asset. Making sure it's protected from environmental peril on our road to tomorrow is not only our responsibility — it's common sense.

Threats from natural hazards and climate change such as erosion, inundation, land-clearing and soil run-off have the potential to destroy our treasured natural environment and our way of life.

A 10-year Coastal Management Program (or CMP) will go a long way towards helping us build resilience against environmental risks.

We're in the process of developing a CMP with neighbouring councils, state agencies and other stakeholders. This is a 5-stage program and the result will be a long-term strategy to manage our coastal land sustainably.

The first stage of the CMP was a scoping study to map the Port Stephens Coastal Zone, and examine how it's used and valued



by our community. This zone stretches from Fern Bay in the south to Yaccaba Headland in the north, including the vast Port Stephens estuary.

Our scoping study was reviewed by the NSW Office of Environment and Heritage in February 2019 and completed in July 2019.

#### What's next?

Stage 2 has commenced and is expected to be complete in late 2019. This involves detailed studies to identify, analyse and evaluate risks, vulnerabilities and opportunities.

#### Update on PFAS contamination <sup>KP</sup>

We continued supporting landholders at Williamstown affected by PFAS contamination with a special sub-category of rates in 2018 to 2019.

This gave a discount of 50% for residents in the primary zone, 25% in the secondary zone and 10% in the broader zone.

The contamination was caused by the historical use of firefighting foam containing chemicals known as PFAS (per and poly fluoroalkyl substances) at RAAF Base Williamtown.

We remain concerned about the impacts on our community and environment from PFAS contamination.

In 2018, our General Manager presented to a Commonwealth senate inquiry into the management of PFAS contamination in and around Defence bases, and our submission was accepted by the Joint Standing Committee.

In November and December 2018 we undertook mechanical maintenance works to parts of Williamstown's drainage. The works were in line with approved environmental management plans and procedures, and will help the drains operate as efficiently as possible.

#### What's next?

We'll continue the Williamstown sub-category of rates. We'll also continue advocating for our community and environment.



We've installed a **99.96 kilowatt solar photovoltaic system** on our administration building.

#### Our climate change policy delayed

This year we did not complete our Port Stephens Climate Change Policy due to resourcing constraints. While a preliminary literature review was completed in November 2018 and a draft project plan was developed, the strategy did not progress as planned.

This hasn't stopped us from completing actions from our 2009 Climate Change Adaptation Plan, including installing a 99.96 kilowatt solar photovoltaic system on our administration building.

#### What's next?

Undertaking a review of our Climate Change Adaptation Plan is a priority in 2019 to 2020. We're also committed to working with our community and local businesses to reduce our overall impact on climate change in Port Stephens.



## Our performance

Operational  
plan items  
on track:



### Ecosystem function

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019
E1.1.1 Develop and monitor environmental policies, strategies and technical information	Refer to E1.1.2, E1.1.3, E3.1.2 and E3.3.1			
E1.1.2 Develop and implement a range of nature conservation programs	Scheduled actions completed in the Bushland Enhancement Program	> Baseline	New	71 work programs*
E1.1.3 Provide environmental impact assessment services	Number of Environmental Impact Assessments conducted within agreed timeframes	Maintain	New	66%
E1.1.4 Manage biosecurity risks (weeds and pests)	Actions completed in the Hunter Strategic Weed Management Plan 2017 to 2022	Increase	New	29/37
E1.2.1 Provide environmental education programs to the community	Number of environmental education programs developed and implemented	Maintain	New	28
	Number of participants	Increase	New	312

On track target achieved or on track to be achieved
 Monitor < 5% off the target
 Off track > 5% off the target

## Environmental sustainability

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
E2.1.1 Reduce waste going to landfill	Community satisfaction with garbage collection and access to waste depot/transfer stations	≥ 90%	91%	92%	
	Participation in 'problem waste' days	New	New	42%	New
	Waste diverted from landfill	≥ 60%	50%	33%	
	Why weren't we effective? Read more on page 72.				
E2.1.2 Improve Council's energy usage	MWh usage year on year	Maintain	8,400MWh	8,400MWh	

## Environmental resilience

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
E3.1.1 Implement coastal, estuary and foreshore management projects	Draft plan endorsed by external agencies and adopted by Council	Refer E3.1.2			
E3.1.2 Develop a Coastal Management Program	Complete stage 1 — deliver scoping study and community engagement plan	Maintain	New	Stage 1 completed	New
E3.1.3 Develop an emergency response coastal management plan for priority coastal area	Draft plan endorsed by external agencies and adopted by Council	Refer E3.1.2			
E3.2.1 Support affected communities in the Williamstown PFAS Management Area and surrounds	Participation in consultation/advocacy activities	Maintain	Yes	Yes	
E3.2.2 Monitor and manage environmental impacts from decommissioned waste landfill sites	Scheduled gas and water monitoring undertaken	100%	100%	100%	
E3.3.1 Review Climate Change Adaptation Action Plan	Development and implementation of actions in the Climate Change Adaptation Action Plan	Maintain	New	13/35**	New
Why wasn't it completed? Read more on page 75.					

\* 479ha of natural areas under restoration, 5527 trees planted \*\* Recommended actions commenced



# Our Council

Port Stephens Council leads, manages and delivers valued community services in a responsible way.



## Goal 1: Governance

Our Council's leadership is based on trust and values of Respect, Integrity, Teamwork, Excellence and Safety (RITES).

### How we changed our risk management

We worked hard to develop a new risk management system last year and won an award at the Statewide Risk Management Excellence Awards in August 2018.

Our Council was named the overall winner in the Large Regional or Metropolitan Councils division for best strategic enterprise risk management initiative.

This cements our Council as a leader in the field of risk management. But how does it benefit our community?

Behind the scenes, our new Integrated Risk Management System combines multiple processes into a unified tool. This includes our:

- methodology — matching what we do to our strategic and operational plans
- reporting — documenting what we've done and haven't done.

The system makes every part of our governance visible and accountable, and this in turn affects our risk profile.

It's a big change for the better in the way our Council does business. It greatly improves our ability to effectively manage risk to our community, employees, environment and organisation.

### Workforce changes we made in 2018 to 2019

We adopted a new Workforce Plan in January 2019. This sets out the strategies we'll use to plan our Council's human resources requirements for the next 3 years and beyond. Making sure we have the right people with the right skills is critical so we can successfully deliver our strategic goals.

A new Capability Framework introduced in June 2018 will help develop the skills and aspirations of our employees. The framework outlines a team member's current skill levels and identifies future growth areas. It does this in a way that's easy to understand, positive and encourages progression. This is consistent with our leadership values of Respect, Integrity, Teamwork, Excellence and Safety (RITES).



### Slight drop in community satisfaction rating

The 2019 Community Satisfaction Survey asked more questions than previous years. We also set an ambitious new target of 80% as part of our commitment to continuous improvement.

We sought more detailed input from our community on their perceptions of our performance — and their vision for places, services and access on our road to tomorrow.

Our overall community satisfaction rating this year was 76%. Our services with the highest level of satisfaction were:

- libraries at 99%
- children's services at 98%
- garbage collection services at 95%.

While our overall rating is less than last year's 85% rating, it's still considered a high result for a local government organisation. For the sake of comparison our 2017 result was 79%.

A likely factor in this year's rating was our proposal to increase rates by a Special Rate Variation and we've taken that on board as we strive to do better.

### What's next?

We've listened to feedback and we'll continue to focus on what matters most to our community. This feedback will also be helpful as we begin a conversation with our community in 2020 to review the Community Strategic Plan.

### We won 'Major Airport of the Year'

Newcastle Airport landed a major national award — the Australian Airport Association's Major Airport of the Year 2018.

As co-owners of this tremendous asset with City of Newcastle, it's our responsibility to develop effective shareholder value. A record 1.28 million travellers passed through the airport in 2018 to 2019, marking 5 years of steady growth.

Our partnership with Newcastle Airport will have major implications on our Council's road to tomorrow and this year we helped to propel several exciting developments designed to deliver long-term benefits.

A new route was announced on a 3-year basis for international flights from Newcastle-Port Stephens to Auckland during the summer period between November 2018 and February 2019.

We jointly announced a successful application for NSW Government funding of \$11.7 million to help develop the proposed Astra Astrolab aerospace business park, located on 76 hectares next to Newcastle Airport. This will be an international centre for defence and aerospace related industries, creating jobs and economic benefit for the entire Hunter region.

Our Mayor Ryan Palmer was appointed to the Boards of Newcastle Airport Pty Ltd (NAPL) and its associated entity Greater Newcastle Aerotropolis Pty Ltd (GNAPL) in May 2019. This will help to further build a strong and effective partnership between our Council and both entities.

### What's next?

Development of Astra Aerolab aerospace business park by NAPL will proceed over the next year. The NSW Government has agreed to investigate Special Activation Precinct status which, if approved, would fast track development of the broader Williamstown area.

We'll continue to advocate for critical runway upgrades at Newcastle Airport to increase aircraft capacity and unlock the Hunter region's potential.



## Goal 2: Financial management

Our Council is financially sustainable to meet community needs.

 Vision for change:  
our proposed SRV <sup>KP</sup>

It was an ambitious plan to kickstart a \$100 million-plus program of Council-led capital infrastructure across Port Stephens on our road to tomorrow. This year we applied for a Special Rate Variation (SRV) over a 7 year period to fund improvements our community asked us to deliver.

These were identified during consultation on our Community Strategic Plan in 2017. They included revitalising our town centres, better paths and cycleways, car parks, community amenities, drainage, street lighting and sports facilities.

Our Council was motivated by a vision to deliver priority projects and stimulate the local economy.

We held 20 community consultation events during July and August 2018 to get feedback on the proposal.

'The community has unequivocally told us they want more than we can provide with our current income,' said Mayor Ryan Palmer.



'While our Council is financially fit, we simply don't have the resources to deliver the major projects our community wants.'

So, in February 2019 we asked the NSW Independent Pricing and Regulatory Tribunal (IPART) for permission to increase rates by 7.5% per year for 7 years. This included the standard increase (or rate peg) set by IPART for all councils.

#### Why our application was refused

IPART's report told us we only partly demonstrated a financial need — the proposed rate increase was not necessary to meet an infrastructure backlog or renewal benchmarks.

The SRV was not critical to our financial sustainability. This is largely due to our Council's strong financial position, having achieved a modest surplus for the past 7 years. There was also a lack of community willingness to pay for all of the proposed works and this was demonstrated by the majority of submissions to IPART.

Our application was refused in May 2019 and although it wasn't the outcome our Council wanted, the large number of submissions (681) showed we had achieved clear and effective communication with our community. They understood what the SRV was, the projects it would pay for and how this would impact them.

#### What's next?

We're determined to fund as many local projects as we can by optimising our investment returns, taking out low-interest loans and matching local projects with a broader range of state and federal government grants.

In July 2019 we went back to the community to refine our SRV projects down to a shortlist that we can implement without increasing rates. These are called our Port Stephens 2020 projects.

Hundreds of people had their say during the consultation process and were strongly in favour of the proposal.

As a result, our Council voted to fast-track \$15.9 million of projects identified as priorities for our community. This includes \$5 million for footpaths and cycleways, \$2.4 million for town centre revitalisation and \$2 million for roads.

These will be carried out over the next 18 months in addition to our regular program of works.



We welcomed **78,000 guests** to our holiday parks at Halifax, Fingal Bay, Shoal Bay, Treescape and Thou Walla.

#### Holiday parks highlights

Our Council-owned holiday parks welcomed more than 78,000 guests and customer satisfaction was high. Fingal Bay and Halifax holiday parks achieved Net Promoter Scores higher than 70% and this is considered world-class based on global standards. Shoal Bay, Treescape and Thou Walla holiday parks achieved scores above 50%. Overall, these are pleasing results for an important revenue source for our Council.

To guide their future operation and ensure continuing success, we drafted new plans of management for Shoal Bay and Halifax holiday parks.

#### What's next?

Work to replace the amenities at Shoal Bay and Halifax holiday parks will be completed in late 2019. Our new Koala Sanctuary located at Treescape Holiday Park is expected to be complete in early 2020 (you can read more about this on page 56).

### Goal 3: Communication and engagement

Our community understands Council's services and can influence outcomes that affect them.



#### New customer charter is a work in progress

Last year our Council embarked on a whole new way of providing high quality customer service. We introduced an organisational framework called Customer First, which places our customers (ratepayers, community and colleagues) at the heart of everything we do.

'Closing the loop' is an important part of this change.

In practice this means following through on promised actions to resolve any issues or queries customers bring to us on the phone, online or in person. The same goes for internal customers who might be colleagues working in a different team.

We're making progress. However, we recognise that creating a Customer First organisation requires significant cultural change — and this will take time.

A year down the track, 'closing the loop' is a phrase you'll hear often around our Council.

The Customer First Framework makes our team members accountable for closing the loop and we have key performance indicators to ensure this happens.

We are striving to help customers as best we can, as soon as we can — and measure our performance every time.

For example, we now track customer enquiries from their first point to resolution. Our success rate for team members handling calls without needing to transfer customers to other Council sections improved from 52% in June 2018, to 69% in June 2019. We're aiming to reach our ambitious target of 80%.

Last year we reported working towards a monthly target of 90% of customer requests completed within 21 days. In 2018 to 2019, we've made a small gain from 80% to 83%.

#### What we did to improve our customer service in 2018 to 2019

As part of the first stage of the Customer First Framework we:

- updated our Customer Service Charter
- developed a draft Customer Matrix to explain how our service delivery is

prioritised from our customer point of view and not our Council (staff) view

- provided training to all frontline staff, including our Libraries and Thrive Kids teams
- moved several processes to our Customer Relations team rather than our Records team, including email and hardcopy correspondence, online certificates, driveway applications and road opening applications
- moved development and construction certificate processes from Customer Relations to our Development Services Business Support team.

Each of these changes is designed to streamline processes for customers and increase their satisfaction with our Council's performance. They will also help us to record, monitor and track each correspondence — and close the loop.



#### What's next?

We'll implement Stage 2 of the Customer First Framework, focusing on our Customer Request Management (CRM) system. A service review will examine how CRM can be better utilised to meet the needs of internal and external customers.





### Social media success

We're seeing results! Our social media presence and engagement increased substantially this year.

Social media and especially Facebook proved an effective way for us to communicate with our community for all sorts of reasons. From handy reminders about waste collection, road repairs and events, to what's coming up for debate at the next council meeting. Not to mention critical information in emergencies such as bushfires and storms.

Social media helps us to deliver and exchange information in a way that's accessible, interactive and helpful.

In the year to 30 June 2019 we grew our Facebook page likes by 23% from 7733 to 9473. Our organic engagement on Facebook (non-sponsored content) rose by a steady 8% from 342,000 to 371,000.

We predict that social media will continue to be a valuable tool to converse with our

community on our road to tomorrow. That's why we're working hard to establish trust in our messages by offering our community consistently high-quality, useful information and getting back to enquiries as quickly as possible.

#### What we did to build engagement in 2018 to 2019

- Held numerous drop-in information sessions and promoted the call-to-action 'have your say' on major projects including the design for a new skate park and playground at Birubi Point Aboriginal Place, Apex Park Master Plan and our SRV proposal.
- Our Public Relations and Marketing team took responsibility for both our website and intranet to streamline our internal and external communications.
- Focused on communicating clearly and effectively with our audience/customers, using plain English and clean design.
- Updated our Brand Identity Style Guide and started rolling it out across our Council to encourage clear, effective communication and plain English writing.
- Finalised our Social Media Strategy to ensure we communicate with our community on platforms they prefer.
- Focused on producing quality video content to make our stories more accessible for our community.
- Made improvements to our website to make it more user-friendly in line with recommendations from an accessibility audit.



### What's next?

We're in the process of putting more application forms online and will continue our 'soft launch' of Online Services, to encourage and help our community complete their business with us online. A marketing campaign for this will take place once bugs are fixed.



**9473 people** like us  
on Facebook





## Our performance

Operational  
plan items  
on track:



### Governance

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
L1.1.1 Manage and deliver the Human Resources program	Employee engagement	≥ 70%	70%	68%	⚠
	Complies with IP&R checklist for workforce plan	Maintain	Compliant	Compliant	✓
L1.2.1 Coordinate and deliver Councilor and executive support services	Councilor's satisfaction with services	Maintain	100%	100%	✓
L1.2.2 Conduct citizenship ceremonies	Number of citizens conferred	Citizens conferred	61	68	✓
L1.2.3 Develop and manage relationships with all levels of government and stakeholders	Participation in consultation/advocacy activities with other levels of government or agencies	Maintain	Yes	Yes	✓
L1.2.4 Develop shareholder value through an effective partnership with Newcastle Airport	Participation in NAPL/GNAPL Board meetings	Maintain	Yes	Yes	✓
	Airport traveller numbers per annum	≥ Baseline	1,272,634	1,277,473	✓
	Airport dividends received per annum	≥ Baseline	\$1,903,000	\$1,943,000	✓

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

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What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
L1.2.5 Work with Hunter councils to enhance the Hunter region	Participation in Hunter Joint Organisation meetings	Maintain	Yes	Yes	✓
L1.3.1 Coordinate and deliver governance and legal services	Governance Health Check score	> 95%	97%	98%	✓
L1.3.2 Coordinate and report on the internal audit process	Audit-identified issues resolved within expected timeframe	≥ Baseline	83%	100%	✓
L1.3.3 Undertake a community satisfaction survey	Overall community satisfaction with Council	> 80%	85%	76%	⚠
L1.3.4 Manage the Integrated Planning & Reporting Framework	Integrated Plans delivered on time	> 95%	97%	98%	✓
	IP&R documents conform with IP&R checklist	Compliant	Compliant	Compliant	✓
L1.3.5 Manage access to information and privacy processes	Number of privacy complaints/breaches	< Baseline	5	4	✓
L1.4.1 Facilitate the four-year rolling Service Review of Council's processes and services	Number of reviews completed — Service Reviews (SR) and mini reviews (ADRI)	Completion	19 SRs 3 ADRI	16 SRs 17 ADRI	✓
L1.4.2 Manage the Corporate Improvement and Business Systems program of work	Maintain system uptime	Maintain 99.99%	100%	100%	✓
L1.5.1 Manage the Integrated Risk Management System program of works	Maintain risk management maturity score	≥ 80%	83%	86%	✓
	Rolling projected workers compensation deposit premium (rounded)	Pay < base < 100%	Base \$1m Paid \$0.7m 67%	Base \$1.2m Paid \$0.8m 70%	✓
	Percentage of incidents reported to Corporate Risk outside 24 hours	< Baseline	12.8%	13%	⚠
	Implementation of the Integrated Risk Management software solution	100%	Project initiation	50%	✗

Why wasn't it completed? After beta testing the proposed software solution, it was determined the technology was not mature enough for implementation.

 **On track** target achieved or on track to be achieved
  **Monitor** < 5% off the target
  **Off track** > 5% off the target



## Financial management

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
L2.1.1 Manage Council's financial resources	Underlying financial surplus of 1% of budget	Maintain	Achieved	Achieved	✓
	Unqualified Annual Financial Statements	Achieve	Unqualified	Unqualified	✓
	Complies with IP&R checklist for Long Term Financial Plan	Maintain	Compliant	Compliant	✓
L2.2.1 Manage Council's commercial businesses and investment assets	Maintain yield on commercial investment portfolio	7 to 10%	7%	8%	✓
	Property vacancy rate	< 20%	20%	14%	✓
L2.2.2 Deliver the Property Services capital works program	Scheduled works delivered on time, on budget	≥ Baseline	100%	100%	✓
L2.2.3 Manage land acquisition, development projects and biodiversity sites	Scheduled works delivered on time, on budget	≥ Baseline	100%	100%	✓
	Review and develop Property Investment Strategy	30 June 20	New	100%	New
L2.2.4 Manage Council's tourist accommodation	Average nightly rate (per site / cabin)	≥ Baseline	Cabins \$173 Sites \$51	Cabins \$192 Sites \$52	✓
	Net promoter scores for Council's Holiday Parks	≥ Baseline	63.95%	64.20%	✓

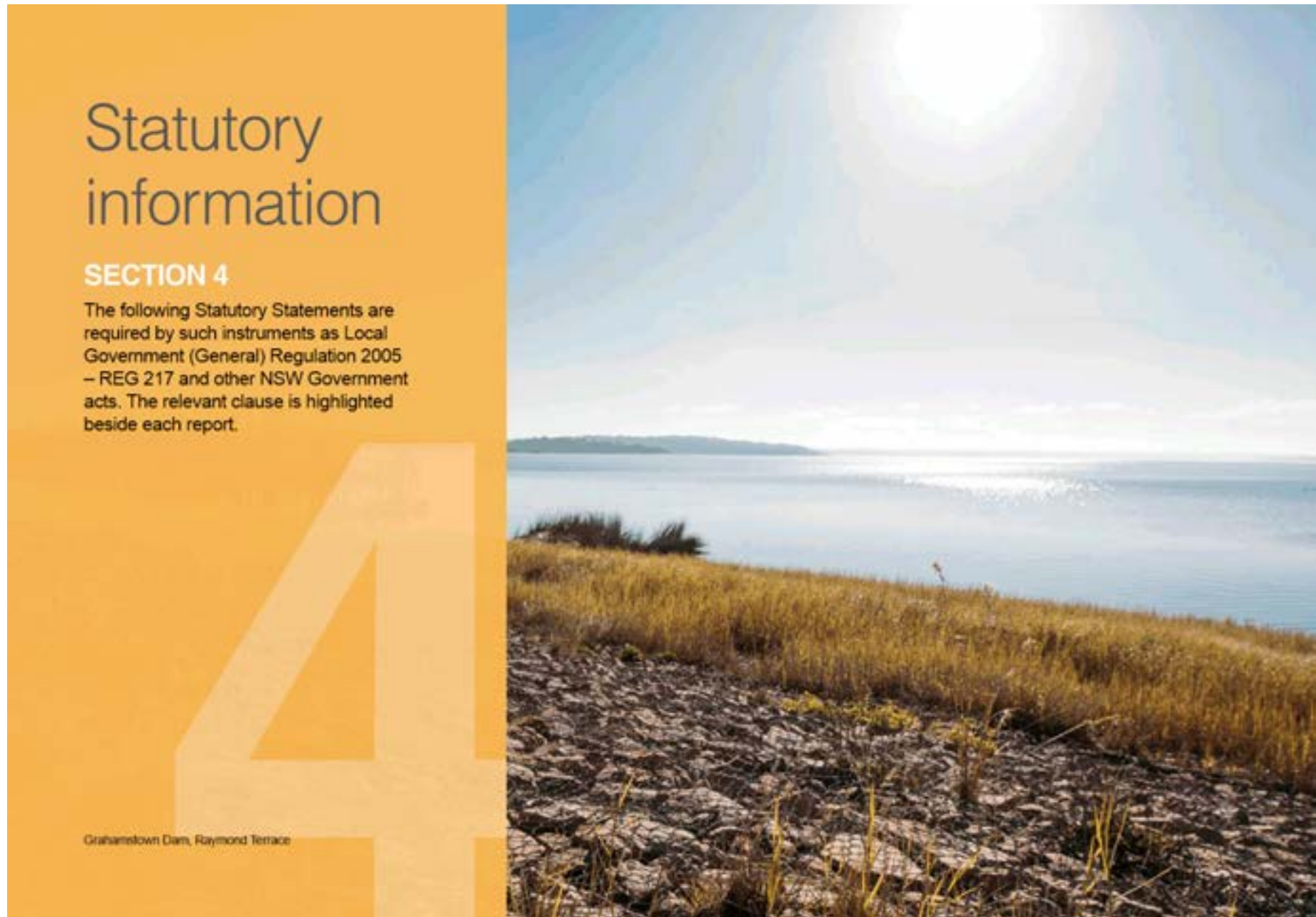




## Communication and engagement

What we said we'd do	How effective were we?	Target	Baseline 2017 to 2018	Actual 2018 to 2019	
L3.1.1 Develop, implement and monitor Council's Customer First Framework	Scheduled actions in Customer First Framework completed (Stage 1)	≥ 95%	100%	100%	✓
	Customer first point of contact resolution	≥ Annual target	Target 70% Actual 52%	Target 80% Actual 69%	✗
	Why weren't we effective? We have set an ambitious target of 80% as part of our commitment to continuous improvement. Read more on page 82.				
L3.2.1 Manage Council's communications	Proportion of internal and external communication plans completed on time	≥ 95%	90%	95%	✓
L3.2.2 Manage Council's digital services	Growth in website users per year	> 2%	2%	1.7%	⚡
L3.3.1 Manage Council's brand and reputation	Refer to L3.2.1				
L3.4.1 Conduct Council's community engagement activities	Scheduled community engagement activities in Capital Works program completed or started	≥ 95%	85%	100%	✓





## Statutory information

Port Stephens Council is committed to open and transparent reporting. The information contained in this section of the report is legislated and supplements information provided elsewhere in the report.

Council's general reporting requirements are set out in section 428 of the Local Government Act 1993 (the Act) and clause 217 of the Local Government (General) Regulation 2005 (the Regulations). References to 'section' refer to the Act, while references to 'clause' refer to the Regulations, unless otherwise stated. To access copies of the Act and Regulations visit [legislation.nsw.gov.au](http://legislation.nsw.gov.au)

### Council's achievements in implementing the Delivery Program 2018 to 2021

#### Section 428(1)

This report outlines our achievements in implementing the Delivery Program for the 2018 to 2019 financial year, including how we have performed and

our effectiveness. It was completed within 5 months of the end of the financial year.

### Council's achievements in implementing the Community Strategic Plan 2018 to 2028

#### Section 428(2)

An End of Term Report is not required for 2018 to 2019. A full report on Council's achievements in implementing the Community Strategic Plan will be prepared for the outgoing Council in the year the election is held. Visit [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au) to access Council's End of Term report for 2012 to 2017.

### Integrated Planning and Reporting Guidelines

#### Section 428(3)

The annual report has been prepared in accordance with the Integrated Planning and Reporting Guidelines.

### Audited Financial Reports

#### Section 428(4)

Council's audited financial reports have been prepared in accordance with the Local Government Code of Accounting Practice and Financial Reporting. They are featured in Volume 2 of this report.

### Annual report copies

#### Section 428(5)

Following Council's adoption of the 2018 to 2019 Annual report, it will be made available on our website and at our libraries. An electronic copy will also be provided to the Minister for Local Government's office.

### State of the Environment Report

#### Section 428(A)

A State of the Environment Report is not required for 2018 to 2019.



## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

## Amount of rates and charges written off during 2018 to 2019

Clause 132

Type	Amount
Pensioner concessions	\$1,515,510
Postponed rates	\$7610
Small debts	\$953
Conservation agreements	\$2235
Uneconomical to recover	\$1160
Not legally recoverable	\$4826
Interest on late payments beyond ratepayer's control or hardship	\$824
Total	\$1,533,118

## Overseas travel undertaken by Mayor, Councillors and staff

Clause 217(1)(a)

The Mayor and General Manager attended the Sister Cities Mayoral Summit in Bellingham, USA from 4 to 6 September 2018. The summit brought Sister City Mayors together to share success stories, discuss challenges and discover beneficial ideas and solutions. The cost of attendance was partially covered by the Bellingham Sister Cities Association with the balance paid by attendees.

The Mayor and General Manager also attended the Newcastle Business Delegation's visit to Auckland, New Zealand from 3 to 5 February 2019. This event was hosted by Newcastle Airport Pty Ltd and coordinated by the Hunter Business Chamber. The visit provided an opportunity for business, government and tourism leaders from Newcastle and Auckland to discuss local and regional issues. The cost of flights, accommodation and transfers was paid by Newcastle Airport Pty Ltd.





## Mayoral and Councillors' fees and provision of facilities

### Clause 217(1)(a1)

The following is a summary of the expenses incurred in performing the functions of Mayor and Councillors and associated allowances in 2018 to 2019.

Our policy recognises the Mayor and Councillors, in performing their civic functions, are entitled to be provided with certain facilities and be reimbursed for certain expenses. The policy was adopted on 26 September 2017 and is reviewed annually.

Allowances	Amount
Mayoral allowance	\$61,235
Councillors' fees and allowances	\$179,835
Councillors' expenses (see below)	\$178,427
Total	\$419,497

Expenses	Cost
Mobile phone rental	-
Mobile phone calls	\$1936
Landline phone rental	-
Landline phone calls	-
Fax rental	-
Fax calls	-
Internet	\$1092
Intrastate travel	\$26,657
Intrastate out of pocket expenses	-

Expenses	Cost
Interstate travel (out of NSW)	\$5318
Interstate out of pocket expenses	-
Interstate accommodation (out of NSW)	\$6239
Intrastate accommodation	\$12,755
Conferences	\$13,124
Training	\$3535
Partners' expenses	\$2141
Computers	\$6421
Stationery	\$638
Awards and ceremonies	\$4436
Child care expenses	\$273
Communications bundle	\$8785
Professional development	\$31,721
Catering	\$38,348
Cost of Mayoral Vehicle	\$15,008
Total	\$178,427



## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

## Contracts awarded greater than \$150,000

## Clause 217(1)(a2)

Name of contractor	Contract details and purpose	Number	Contract value
Boral Resources (NSW) Pty Ltd Bultai Gravel Pty Ltd T/A Daracon Quarries Hunter Quarries Pty Ltd	Supply and delivery of quarry materials	T03-2018	Schedule of Rates*
Clean Coast Pty Ltd Hunter Land Management KleinFelder Pty Ltd Toolijooa Pty Ltd Trees In Newcastle	Bush regeneration and weed control services	T08-2018	\$800,000
Graph Builders Pty Ltd	Medowie Sports and Community Facility	T12-2018	\$5,043,649
ERM Power Retail Pty Ltd	Small Sites Electricity	T13-2018	Schedule of Rates*
M & L Sullivan Pty Ltd D & M Shaw Plumbing Pty Ltd Temper Plumbing and Gasfitting Pty Ltd Gerrard Murphy (Drainage) Pty Ltd IPS Plumbing Services Pty Ltd Mullane Maintenance Pty Limited	Plumbing maintenance services	T14-2018	Schedule of Rates*
Sam Mulholland Electrical Pty Ltd Novocastrian Electrical Contractors Pty Ltd Comserv Industries Pty Limited (T/A Comserv Electrical) Bluewater Electrical Services	Electrical maintenance services	T15-2018	Schedule of Rates*
Veolia Energy Technical Services Pty Ltd	Heating Ventilation and Air Conditioning (HVAC) maintenance services	T16-2018	Schedule of Rates*
Intellifleet Pty Ltd	Port Stephens Council Individual Vehicle Management System (IVMS)	T17-2018	\$300,576
EcoProjects Australia Pty Ltd	Longworth Park seawall upgrade	T18-2018	\$81,300
All About Linen Pty Ltd (T/A South Pacific Laundry)	Linen supply for Port Stephens Council Holiday Parks	T19-2018	\$385,925
Bellingham Marine Pty Ltd	Karuah boat ramp pontoon upgrade and wharf demolition	T20-2018	\$184,385
BKA Architecture Pty Ltd	Koala Sanctuary — detailed design and construction documentation	T21-2018	\$211,650



Name of contractor	Contract details and purpose	Number	Contract value
AMEK Engineering Pty Ltd	Air conditioning upgrade and replacement at 528 Hunter Street	T22-2018	\$182,350
Refer to Local Government Procurement for live Service Providers and Schedule of Rates at lgp.org.au	Supply of electricity for large buildings and facilities for NSW Councils	EL0117-22	Schedule of Rates*
ERM Power Retail Pty Ltd	Supply of electricity for Council street lighting	T30-2017-21	Schedule of Rates*
Timberline Cabins Pty Limited	Shoal Bay Holiday Park amenities building	T02-2019	\$1,096,174
Timberline Cabins Pty Limited	Halifax Holiday Park amenities building	T03-2019	\$1,190,343
Moir Landscape Architecture Pty Ltd	Birubi Point Aboriginal Place recreation precinct — detailed landscape design	T06-2019	\$119,388
Grind Projects Pty Ltd	Robinson Reserve skate park — design and construct	T07-2019	\$200,000
Michlis Pty Ltd	Koala Sanctuary — stage 1	T09-2019	\$1,463,638
UnderCover Canvas	Koala Sanctuary — glamping tents	T13-2019	\$1,298,376
Soil Conservation Service	Raymond Terrace Riverside Park foreshore	SA2019-01	\$331,640

## Legal proceedings

### Clause 217(1)(a3)

Expenses incurred by Council in relation to legal proceedings during 2018 to 2019 are detailed below. Council also recovered \$83,837 in legal costs. Workers Compensation and other employment matters, public liability and professional indemnity claims are not included in the summary.

Legal matter	Details	Status	Cost
Supreme Court			
Shoal Bay Developments Pty Ltd, Snoogal Pty Ltd and Community Association DP 270468	Proceedings seeking declarations and damages regarding drainage at Nelson Bay	Ongoing	\$314,746
Development Appeals			
Bowtell T/A Port Stephens Gardenland	Applications seeking to extend time for compliance with deferred commencement conditions of consent and to modify consent — granted	Finalised	\$2358
Unicomb	Appeal against refusal to grant development consent for single storey dwelling	Discontinued by consent	\$17,190
Anna Bay Resort	Appeal against Council Order to complete development	Ongoing	\$968
Kobra & Shevket	Appeal against Council Order to demolish	Ongoing	\$3786

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Legal matter	Details	Status	Cost
District Court			
Dates	Appeal against sentencing and conviction in Local Court	Ongoing	\$1650
Local Court Prosecutions			
Divine Designer Homes	Fail to comply with clean-up notice — defendant found guilty, fined \$8000 and ordered to pay costs	Finalised	\$2072
Shuttleworth	Pollute waters and development not in accordance with consent — defendant fined \$5500 and ordered to pay costs	Finalised	\$5604
Hunter Sofas	Development without consent	Withdrawn by consent	\$1906
Wells	Noise abatement matter	Withdrawn by consent	\$2134
Dates	Dog attack matter — defendant found guilty, fined \$1450 and ordered to pay costs	Finalised	\$20,811
Tullipan Homes	Pollute waters — defendant fined \$1300 and ordered to pay costs	Finalised	\$4192
Other matters			
Webb	Appeals to the NSW Civil and Administrative Tribunal (NCAT) Internal Appeal Panel against Tribunal findings in administrative review applications and subsequent redetermination hearing	Ongoing	\$13,439
Webb	Contempt application — matter withdrawn by Applicant, dismissed by NCAT	Finalised	\$7313
Webb, McEwan	Appeals to the NCAT Internal Appeal Panel against Tribunal findings in administrative review applications and subsequent redetermination hearing	Finalised	\$29,510
Webb	Applications for administrative review	Ongoing	\$36,999
TOTAL			\$464,678





### Private works resolutions

#### Clause 217(1)(a4)

Council did not carry out any work on private land requiring a resolution under section 67 of the Act during 2018 to 2019.

### Financial assistance

#### Clause 217(1)(a5)

Each year, Council provides financial assistance to community and cultural groups in Port Stephens in accordance with section 356 of the Act. During 2018 to 2019, we made available the following financial assistance:

#### Annual grant programs, Ward and Mayoral funds

Category	Amount
Cultural projects fund	\$80,000
Aboriginal projects fund	\$35,000
Community projects fund (including Ward funds)	\$49,515
Heritage projects fund	\$6000
Environmental projects fund (355c committees)	\$10,350
Environmental projects fund (schools)	\$3640
Mayoral funds	\$42,299
Total	\$206,804

### Hardship rate relief and rate donations

Council provided hardship rate relief and rate donations under sections 601 and 356 of the Act amounting to \$3660.

### Waste services

Under Council's Financial Assistance for the Disposal of Waste in Port Stephens Policy, \$56,958 in financial assistance was provided to the following organisations:

Organisation	Amount
1st Anna Bay Cubs & Scouts	\$631
Marine Rescue Port Stephens Unit	\$161
Medowie Assembly of God	\$2945
Scope Home Access Hunter Region	\$2743
Port Stephens Uniting Church	\$474
Raymond Terrace Early Education Centre	\$355
Raymond Terrace Men's Shed	\$1426
Salamander Bay Men's Shed	\$4515
Salamander Bay Recycling	\$7586
Salvation Army Port Stephens	\$7577
Salvation Army Raymond Terrace	\$1819
St Vincent De Paul Society, Anna Bay	\$4735
St Vincent De Paul Society, Nelson Bay	\$13,905
St Vincent De Paul Society, Raymond Terrace	\$4514
St Vincent De Paul Society, Tanilba Bay	\$1451
Port Stephens Koalas	\$1514
Tilligerry Habitat Association	\$513
Lemon Tree Passage Rural Fire Service	\$94
Total	\$56,958

### External bodies exercising the functions delegated by Council

#### Clause 217(1)(a6)

There were no external bodies exercising the functions of Council.

### External bodies of which Council has controlling interests

#### Clause 217(1)(a7)

Council must report on all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which Council (whether alone or in conjunction with other councils) held a controlling interest during the reporting period.

- Newcastle Airport Partnership Company 3 Pty Ltd
- Newcastle Airport Partnership Company 4 Pty Ltd

Following the corporate restructure of the Newcastle Airport Ltd on 9 October 2013, there are 4 partners of the Newcastle Airport Partnership. City of Newcastle owns Newcastle Airport Partnership Company 1 Pty Ltd (as trustee for Newcastle Airport

Partnership Trust 1) and Newcastle Airport Partnership Company 2 (as trustee for Newcastle Airport Partnership Trust 2). Port Stephens Council owns Newcastle Airport Partnership Company 3 Pty Ltd (as trustee for Newcastle Airport Partnership Trust 3) and Newcastle Airport Partnership Company 4 Pty Ltd (as trustee for Newcastle Airport Partnership Trust 4).

Following the incorporation of the Greater Newcastle Aerotropolis Pty Ltd on 20 December 2018, there are 4 partners of the Greater Newcastle Aerotropolis Partnership. City of Newcastle owns Newcastle Airport Partnership Company 1 Pty Ltd (as trustee for Newcastle Airport Partnership Trust 1) and Newcastle Airport Partnership Company 2 (as trustee for Newcastle Airport Partnership Trust 2). Port Stephens Council owns Newcastle Airport Partnership Company 3 Pty Ltd (as trustee for Newcastle Airport Partnership Trust 3) and Newcastle Airport Partnership Company 4 Pty Ltd (as trustee for Newcastle Airport Partnership Trust 4).

Port Stephens Council holds 100% interest in Newcastle Airport Partnership Company 3 Pty Ltd and Newcastle Airport Partnership Company 4 Pty Ltd.

## External bodies in which Council has participated

### Clause 217(1)(a8)

Council must report on all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which Council participated during that year.

- Newcastle Airport Pty Ltd (NAPL)
- Newcastle Airport Partnership (NAP)
- Greater Newcastle Aerotropolis Pty Ltd (GNAPL)
- Greater Newcastle Aerotropolis Partnership (GNAP)

Newcastle Airport Pty Ltd operates the Newcastle Airport as agent for the Newcastle Airport Partnership. Under this structure, City of Newcastle and Port Stephens Council hold the rights to their share of the assets and their share of the obligations in the partnership.

Greater Newcastle Aerotropolis Pty Ltd manages the development of the Astra Aerolab aerospace park, comprising 76ha of land adjacent to the Newcastle Airport, on behalf of the Greater Newcastle Aerotropolis

Partnership. Under this structure, City of Newcastle and Port Stephens Council hold the rights to their share of the assets and their share of the obligations in the partnership.

Port Stephens Council has a 50% interest in NAPL, NAP, GNAPL and GNAP, with the City of Newcastle holding an interest in the remaining 50%.

### Hunter Joint Organisation Group Entities

The Hunter Joint Organisation group is the hub for local government collaboration — strengthening our communities by being the local voice on regional strategic issues and delivering tailored local government solutions. For over 60 years, Hunter councils have found significant benefit in working together through positive cooperation and resource sharing. There are 4 key entities created and operating as part of the current enterprise:

**Hunter Joint Organisation** — a statutory body under the Local Government Act 1993 (NSW) established in 2018 to identify, advocate for and collaborate on regional strategic priorities for the Hunter.



**Strategic Services Australia Limited** and its wholly owned subsidiary **Hunter Councils Legal Services Limited** — companies limited by guarantee under the Corporations Act 2001(Cth) established to improve the quality and efficiency of local government services in the Hunter region. These organisations offer tailored local government services through 5 divisions:

- Local Government Training Institute
- Local Government Legal
- Regional Procurement
- Screen Hunter which, under delegation from member councils, licences film production on council owned and controlled land
- Environment Division which delivers a regional environmental management program on behalf of member councils from the Hunter and Central Coast.

**Hunter Councils Incorporated** — an incorporated association under the Associations Incorporation Act 2009 (NSW) that holds property assets for the Hunter Joint Organisation group.

Port Stephens Council has representation on each entity's Board and shares ownership and/or control with the other 9 councils of the Hunter Region.

#### **NSW Local Government Mutual Liability Scheme (Statewide)**

Port Stephens Council is a member of the NSW Local Government Mutual Liability Scheme, known as Statewide. It started in 1993 as a joint venture forming a 'self-insurance mutual' covering public liability and professional indemnity insurance. Membership includes 117 member councils across NSW.

#### **StateCover Mutual**

Port Stephens Council is a member of StateCover Mutual. This body was established as a not-for-profit workers compensation insurer to partner with NSW local government entities in the management of their workplace risk. StateCover Mutual provides NSW Councils with an alternative option to self-insurance through an insurer that represents the interests of its members. It provides an integrated injury prevention and injury management service model to minimise the overall cost of members' workplace risk.



Farmstead, Hinton



## Equal employment opportunities activities

### Clause 217(1)(a9)

We are committed to developing an equitable and diverse workforce, which is representative of our community and region. Our Workplace Equity and Diversity Committee is actively working towards this goal and meets quarterly.

The Workplace Equity and Diversity work plan 2018 to 2022 has been developed to focus on:

- leadership and communication of equity and diversity
- creating a working environment free from discrimination and harassment
- attracting, developing and retaining a diverse workforce
- maintaining existing resources that support equity and diversity
- monitoring and reviewing workplace culture.



The committee focuses on implementing the objectives of the work plan and raising staff awareness of equity and diversity. We have conducted a number of programs for staff including anti-bullying, harassment awareness, managing equity and diversity, respectful workplaces and cultural awareness.

The committee raised awareness with staff through promoting R U OK Day, Harmony Day and World Refugee Day.

We also participate in the Elsa Dixon Aboriginal Employment Program and provide on the job training for a school-based trainee, enabling them to gain a qualification as a component of their studies.

Council holds an annual Apprentice, Trainee and Cadet Information Night as a part of our recruitment campaign for these positions. This helps anyone who has limited experience in applying for a career with Council by providing face-to-face information about the recruitment process and position.

In our commitment to workplace equity and diversity, we support trained contact officers who are available to provide support to all staff members in equity and diversity matters.

## Senior staff remuneration

Clause 217(1)(b) and (c)

Council's senior staff consists of the General Manager and 3 Group Managers. All senior staff are employed under standard contracts.

Staff	Amount
General Manager	\$337,116
Senior Staff (excluding the General Manager)	\$869,410

## Stormwater management services

Clause 217(1)(e)

Council does not levy an annual charge for stormwater management services as we received a special variation to general income in 1997 to 1998 for stormwater management activities.

## Coastal protection

Clause 217(1)(e1)

Council has not levied an annual charge for coastal protection services this year.

## Companion animals

Clause 217(1)(f), Companion Animals Act 1998, Companion Animals Regulation 2008

Council provides an annual return to the Office of Local Government on activities to enforce and ensure compliance with the Companion Animals Act 1998 and Companion Animals Regulation 2018, including lodgement of pound data collection returns. We also report information on an incident-by-incident basis related to dog attacks.

Council provides the full suite of Companion Animal functions. In the past year, the following information has been collected on the Companion Animals Register:

- 28 dog attacks — a substantial drop from 63 in the previous year
- 658 companion animals impounded — an increase of 212 compared to last year

Of the companion animals impounded:

- 214 animals were either collected by their owner or returned to their owner by Council prior to being transported to the pound

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- 125 animals were surrendered to the pound by the public
- most of the remaining animals were either sold to new owners or released to rescue organisations.

#### Companion animal management and activities

In 2018 to 2019, we spent \$227,264 on companion animal management (excluding ranger salaries and vehicle costs). Of this, \$10,630 was spent on community education programs, personal protective equipment, tools and training.

These community education programs have included:

- annual ranger conference — presentation on Barking Dog Policy.
- dangerous dog campaign — all 52 properties with declared dangerous, restricted or menacing dogs were inspected twice for compliance and education to reduce dog attack incidents
- production and distribution of promotional materials to schools and community, including stickers, pencils, dog leads, eco poo bags and dispensers, bounce balls and educational activity booklet

Rangers also attended a number of events with mascot Ranger Ralph to educate the community on companion animals. These included:

- Irrawang Primary School careers day — 180 interactions
- St Brigid's Primary School Spring Fair — 50 interactions
- Grahamstown Public School annual fair — 50 interactions
- MarketPlace Raymond Terrace Christmas event — 100 interactions
- Australia Day, Nelson Bay — 100 interactions
- African Olive Weeds Field Day — 80 interactions
- King St Heritage Festival, Raymond Terrace — 100 interactions

#### Desexing initiatives

Council contributes to Hunter Animal Watch, which carries out subsidised desexing of animals in the LGA.

#### Alternatives to euthanasia

In an effort to reduce euthanasia rates, we have actively promoted the sale of suitable unclaimed dogs and cats from its pound to the community through online advertising and partnerships with registered rescue organisations.

#### Off-leash areas

We have continued to promote and improve the 13 off-leash areas within the LGA, including making upgrades to signage and facilities. The education opportunities and continued growth of the Ranger Ralph program has raised awareness of responsible pet ownership and off-leash dog exercise areas.

#### Managing and controlling companion animals

Council collected \$52,591 in registration fees and forwarded to the Office of Local Government. We received back \$57,643 plus \$11,123 residual payment from the last financial year, totalling \$68,795. This was put towards the Companion Animal Register, animal handling training, tools and equipment and other initiatives undertaken over the reporting period.

#### Special Variation to Rates Expenditure

Section 508(2) and 508A

Council does not have a Special Variation to Rates Expenditure to be reported on in 2018 to 2019.



## Capital Expenditure Guidelines

December 2010 — Division of Local Government Department of Premier and Cabinet, Section 12

In accordance with the Capital Expenditure Guidelines, the below capital works projects have commenced as at 30 June 2019:

Name of project	Progress	Total budget	Expenditure*
Medowie Sport and Community Facility	In progress – construction underway. See page 58 for more information.	\$6.3m	\$2.4m
Birubi Information Centre	In progress – concept design and Development Application lodged. See page 47 for more information.	\$6.4m	\$0.2m
Koala Sanctuary	In progress – construction underway. See page 56 for more information.	\$7.5m	\$0.9m

\*For 2018 to 2019 financial year

## Privacy and Personal Information Protection Act 1998

The Privacy Management Plan was reviewed and adopted by Council on 28 March 2017. Council provides updates with respect to the Act to the relevant staff as required. Council conducted 3 internal reviews under the Act. As a result, there were 2 contraventions by Council with respect to release of the information. No other contraventions of any information protection principles nor of privacy codes of practice, nor disclosure of personal information kept in a public register.

## Government Information (Public Access) Act 2009

Council is required to produce an Annual Report under section 125 of the Government Information (Public Access) Act 2009 (GIPA Act).

The GIPA Act has a number of mechanisms to access information including mandatory, proactive, informal and formal release. During this period Council processed 314 informal requests for information, removing the need to make a formal access application in most cases.

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This must be reviewed at least once every 12 months.

Our agency's program for the proactive release of information involves:

- reviewing all formal applications and determining if the information sought should be released proactively in the future
- reviewing all informal requests and determining if the information should be released proactively in the future
- aligning Council's electronic records management system categories to the GIPA Act and determining if any further records should be released proactively in the future
- monitoring matters raised by staff and determining if the information should be released proactively in future.

During the reporting period, we reviewed this program by ensuring there is an ongoing monitoring program of all requests for information — whether formal, informal or other requests. The program also includes information from Council officers with respect to the information they are producing. As a result of this review, Council has not added any additional information to the proactive release provision.



## Government Information (Public Access) Regulation 2018

### Clause 8, Schedule 2

#### Review of proactive release program — clause 8(a)

Reviews carried out by the agency	Information made publicly available by the agency
Yes	No

#### Number of access applications received — clause 8 (b)

The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications).

Total number of applications received
39

#### Number of refused applications for Schedule 1 information — clause 8 (c)

The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

Number of Applications Refused	Wholly	Partly	Total
	3	1	4
% of total	75%	25%	

Statistical information about access applications — clause 8(d) and Schedule 2



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Table A: Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	1	1	0	0	0	0	1	3	6%
Not for profit organisations or community groups	1	1	0	0	0	0	0	1	3	6%
Members of the public (by legal representative)	2	0	0	0	0	0	0	0	2	5%
Members of the public (other)	8	13	6	4	0	4	0	2	37	83%
Total	11	15	7	4	0	4	0	4	45	100%

Table B: Number of applications by type of application and outcome\*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Personal information applications**	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	11	15	8	4	0	3	0	4	45	100
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0
Total	11	15	8	4	0	3	0	4	45	

\* More than one decision can be made in respect to a particular access application. If so, a recording must be made in relation to each such decision. \*\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid Applications**

Reason for invalidity	Number of applications	Percentage of total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the agency (section 43 of the Act)	1	100%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	1	100%
Invalid applications that subsequently became valid applications	0	0%

**Table D: Conclusive presumption of overriding public interest against disclosure — matters listed in Schedule 1 of Act**

	Times consideration used*	Percentage of total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	4	80%
Excluded information	1	20%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Total	5	100%

**Table E: Other public interest considerations against disclosure — matters listed in table to section 14 of the Act**

	Times consideration used*	Percentage of total
Responsible and effective government	6	15%
Law enforcement and security	4	10%
Individual rights, judicial processes and natural justice	22	55%
Business interests of agencies and other persons	8	20%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	40	100%

**Table F: Timeliness**

Reason for invalidity	Number of applications	Percentage of total
Decided within the statutory timeframe (20 days plus any extensions)	45	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	45	100%

\* More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application)

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total	Percentage of total
Internal review	0	0	0	0%
Review by Information Commissioner*	1#	0	1	100%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	2^	2	100%
Total	1	2	3	
% of total	33%	67%		

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

#The Information Commissioner conducted an external review in this financial year however the subsequent internal review under section 93 of the Act was completed in 2019 to 2020, and will be reported in the corresponding Annual Report.

^Both applications for review by NCAT were withdrawn by the applicant.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review	Percentage of total
Applications by access applicants	3	100%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	3	

**Table I: Applications transferred to other agencies**

	Number of applications for review	Percentage of total
Agency-initiated transfers	0	0%
Applicant-initiated transfers	0	0%
Total	0	





## Public Interest Disclosures

Public Interest Disclosures Act 1994 Section 31, Public Interest Disclosures Regulation 2011 Clause 4

Council must report to the NSW Ombudsman on the number and nature of disclosures received. Council has distributed policies to staff through training, intranet, staff newsletters, brochures, posters and bulletin boards. All staff give an undertaking that they have read and understood Council's Internal Reporting Policy.

Statement	Number made by public officials performing their day to day functions	Number under a statutory or other legal obligation	All other PIDs
Number of public officials who made public interest disclosures to your public authority	0	0	0
Number of public interest disclosures received by your public authority	0	0	0
Of public interest disclosures received, how many were primarily about:			
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Number of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period		0	
Have you established an internal reporting policy?			Yes
Has the head of your public authority taken action to meet their staff awareness obligations?			Yes



## Code of Conduct

Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW, section 11.1

Council is required to report complaints relating to the Mayor, Councillors and the General Manager in the year to September. In addition to this, Council provides the details of the full financial year.

### Model Code of Conduct Complaints from 1 July 2018 to 30 June 2019

#### Number of complaints

1	a) The total number of complaints received in the period about Councillors and the General Manager (GM) under the code of conduct	10
	b) The total number of complaints finalised in the period about Councillors and the GM under the code of conduct	10

#### Overview of complaints and cost

2	a) The number of complaints finalised at the outset by alternative means by the GM or Mayor	10
	b) The number of complaints referred to the Office of Local Government under a special complaints management arrangement	0
	c) The number of code of conduct complaints referred to a conduct reviewer	0
	d) The number of code of conduct complaints finalised at preliminary assessment by conduct reviewer	0
	e) The number of code of conduct complaints referred back to GM or Mayor for resolution after preliminary assessment by conduct reviewer	0
	f) The number of finalised code of conduct complaints investigated by a conduct reviewer	0
	g) The number of finalised code of conduct complaints investigated by a conduct review committee	0
	h) The number of finalised complaints investigated where there was found to be no breach	0
	i) The number of finalised complaints investigated where there was found to be a breach	0
	j) The number of complaints referred by the GM or Mayor to another agency or body such as the ICAC, the NSW Ombudsman, the Office or the Police	0
	k) The number of complaints being investigated that are not yet finalised	0
	l) The total cost of dealing with code of conduct complaints within the period made about Councillors and the GM including staff costs	\$5,208

#### Preliminary assessment statistics

3	The number of complaints determined by the conduct reviewer at the preliminary assessment stage by each of the following actions:	0
	a) To take no action	0
	b) To resolve the complaint by alternative and appropriate strategies	0
	c) To refer the matter back to the GM or the Mayor, for resolution by alternative and appropriate strategies	0
	d) To refer the matter to another agency or body such as the ICAC, the NSW Ombudsman, the Office or the Police	0

Model Code of Conduct Complaints from 1 July 2018 to 30 June 2019	
e) To investigate the matter	0
f) To recommend that the complaints coordinator convene a conduct review committee to investigate the matter	0
Investigation statistics	
4 The number of investigated complaints resulting in a determination that there was no breach, in which the following recommendations were made:	
a) That the council revise its policies or procedures	0
b) That a person or persons undertake training or other education	0
5 The number of investigated complaints resulting in a determination that there was a breach in which the following recommendations were made:	
a) That the council revise any of its policies or procedures	0
b) That the subject person undertake any training or other education relevant to the conduct giving rise to the breach	0
c) That the subject person be counselled for their conduct	0
d) That the subject person apologise to any person or organisation affected by the breach	0
e) That findings of inappropriate conduct be made public	0
f) In the case of a breach by the GM, that action be taken under the GM's contract for the breach	0
g) In the case of a breach by a Councillor, that the Councillor be formally censured for the breach under section 440G of the Local Government Act 1993	0
h) In the case of a breach by a Councillor, that the matter be referred to the Office for further action	0
6 Matter referred or resolved after commencement of an investigation under clause 8.20 of the Procedures	0
Categories of misconduct	
7 The number of investigated complaints resulting in a determination that there was a breach with respect to each of the following categories of conduct:	
a) General conduct (part 3)	0
b) Conflict of interest (part 4)	0
c) Personal benefit (part 5)	0
d) Relationship between council officials (Part 6/7)	0
e) Access to information and resources (Part 7/8)	0
Outcome of determinations	
8 The number of investigated complaints resulting in a determination that there was a breach in which the council failed to adopt the conduct reviewers recommendation	0
9 The number of investigated complaints resulting in a determination that there was a breach in which the council's decision was overturned following a review by the Office	0



### Condition of Civil Assets

Special Schedule 7 of Council's audited financial accounts in Volume 2 of this annual report contains details of the condition ratings of civil assets. Attachment 2 of this report contains Council's capital works for 2018 to 2019.

### Carers Recognition Act 2010

Council does not provide services directed at carers and/or people being cared for by carers and is therefore not considered to be a 'human services agency' as defined by the Carers Recognition Act.

### Environmental Upgrade Agreements

Section 54P(1)

Council has not entered into any environmental upgrade agreements.

### Fisheries management

Fisheries Management Act 1994

Council operates in accordance with and gives consideration to Fisheries Management Act related Threat and Recovery Abatement Plans. Council has no specific allocated tasks

to report on and has not had any need to seek permits or make notifications as a public authority to the NSW Minister for Primary Industries relating to these plans.

### Disability inclusion

Disability Inclusion Act 2014, section 13(1)

A Council must as soon as practicable after preparing its annual report, give the Minister a copy of part of the annual report relating to the council's implementation of its Disability Inclusion Action Plan. Actions are recorded in 4 categories in accordance with the Disability Inclusion Action Plan guidelines:

	Completed actions	Underway	Ongoing	Not yet commenced
Liveable communities	5	2	5	4
Improving access to services through better systems and processes	2	0	1	0
Supporting access to meaningful employment	0	1	1	0
Attitudes and behaviours	0	1	1	0
Total	7	4	8	4

### Liveable communities

During NSW Seniors Week 2018, we hosted 2 sessions delivered by Cochlear Implant Australia to provide information and awareness of hearing loss.

We held an Accessible Beach Day at Fingal Beach on 18 November 2018 where we launched our new Mobi-Mat, Davinci chair and the Mobi-Chair Floating Wheelchair. We partnered with Ability Links, Accessible Beaches Australia and Surf Life Saving NSW to make beaches in the area more accessible.

We continued to provide the inclusive event tent throughout 2018 to 2019. Through this, we made Australia Day events, NAIDOC Week Family Fun Day and the Smith Family's Garden Party more inclusive for our community.

We established an Independent Citizens Car Parking Panel, which considered traffic and parking in the Nelson Bay town centre. The Panel report made recommendations on the availability and location of disability parking in Nelson Bay and access to public transport options.

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We successfully applied for grant funding to improve inclusion and accessibility through the following projects:

- safety fencing and soft-fall rubber at Bernie Thompson playground, Shoal Bay
- accessible amenities building at Lionel Morten Oval, Karuah
- accessible toilets at Mallabula Tennis Club, Raymond Terrace Tennis Club, Raymond Terrace Athletics Club and Port Stephens Netball Club
- shared pathway through Boomerang Park
- new bus boarding ramps and accessible bus shelters
- accessible amenities, all abilities playground, accessible lookout and pathways at Birubi Point Aboriginal Place.

We have undertaken the following community and recreation projects to improve accessibility and inclusiveness:

- accessible amenities and all abilities playground at Caswell Reserve
- extended accessible parking area at Market Street, Fingal Bay

- new playground for a range of abilities at Bernie Thompson Reserve, Shoal Bay
- accessible amenities at Bob Cairns Reserve, Salamander Bay
- accessible picnic facility at Little Beach, Nelson Bay
- accessible fishing platform and upgrade of decking at Little Beach wharf (disability access for swimming), Nelson Bay
- developing a parks performance matrix to assess accessibility, asset provisions and maintenance and condition.

#### Improving access to services through better systems and processes

We have completed the action in the DIAP to review and audit Council managed outdoor spaces and buildings to determine areas where work is required. All works have been scheduled in Council's Strategic Asset Management Plan.

In March 2019, an accessibility audit was carried out on Council's website to ensure that information is accessible and site provides an inclusive user experience. We are currently implementing the

recommendations of the audit and will continue to make improvements to the accessibility of our website.

We continued to provide our Blue Dot wheel-in wheel-out garbage bin service for people with a disability living at home.

We also continued to provide programs for children with additional needs at Outside School Hours Care in Raymond Terrace and Medowie, Family Day Care and the Mobile Preschool.

#### Supporting access to meaningful employment

We continued to provide employment opportunities for people who have a disability, as outlined in our Equal Employment Opportunities activities.

We're currently in the process of supporting access to Council volunteering opportunities for people with a disability.

#### Attitudes and behaviours

We supported the International Day of People with a Disability on 3 December 2018 with Sailability at the Grahamstown Aquatic Reserve.



## Environmental Planning and Assessment Act 1979

### Section 7.5(5)

Council is required to give details of compliance with, and the effect of, the planning agreements executed and in force during 2018 to 2019.

Name	Date of agreement	Parties to agreement	Details	Status
103A Richardson Road, Raymond Terrace Planning Agreement	21 April 2016	Council and Robert Edwin Blackie and Barbara Blackie	The agreement provides details on funding contributions towards the cost of the construction of Halloran Way, Raymond Terrace.	Executed

## Swimming pool inspections

Swimming Pools Act 1992 section 22f(2), Swimming Pools Regulation 2018 clause 23

Councils are required to inspect private pools as requested and issue compliance certificates. Councils must also inspect (at least once every 3 years) any tourist or visitor accommodation or property with more than 2 dwellings where a swimming pool is situated. The following is a list of inspections for 2018 to 2019:

Number of inspections of visitor accommodation	8
Number of inspections of premises with more than 2 dwellings	9
Number of inspections that resulted in issuance of a Certificate of Compliance (section 22d)	174
Number of inspections that resulted in issuance of a Non-compliance Certificate (clause 21)	20







## Council committees

Ref	Committee name	Purpose of committee	Current delegates
1	Aboriginal Strategic Committee	To exchange information between the Aboriginal community and Council on issues affecting Aboriginal people. To promote mutual awareness and respect for the cultures of both Aboriginal and non-Aboriginal communities.	Mayor Ryan Palmer Alternate Cr Sarah Smith
2	Anna Bay/Birubi Community Hall and Landcare Group	To assist Council in the management of Anna Bay Hall. To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Sarah Smith Cr Chris Doohan
3	Audit Committee	The Audit Committee is an advisory committee of Council comprising 2 Council representatives and 2 external representatives. The objective of the Audit Committee is to enhance the corporate governance of Council through the provision of independent oversight, review and advice. The Committee will assist Council by providing independent assurance and assistance on the organisation's governance, risk, control and compliance frameworks.	Cr Glen Dunkley Cr Chris Doohan Alternate Cr Ken Jordan (DLG guidelines preclude the Mayor from being a member of the Committee)
4	Boat Harbour Parks and Reserves Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Sarah Smith Cr Chris Doohan
5	Bobs Farm Public Hall Committee	To assist Council in the management of Bobs Farm Hall.	Cr Steve Tucker Cr Sarah Smith
6	Corlette Headland and Hall Committee	To assist Council in the management of Corlette Hall and Corlette Headland (as per map included in 355c Committee Terms of Reference Appendix).	Cr Glen Dunkley
7	Corlette Parks, Reserves and Landcare Group	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr John Nell
8	Fern Bay Community Centre Committee Formerly Fern Bay Hall Committee	To assist Council in the management of Fern Bay Community Centre.	Cr Giacomo Arnott Cr Ken Jordan Cr Paul Le Mottee
9	Fingal Bay Parks and Reserves Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr John Nell

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Ref	Committee name	Purpose of committee	Current delegates
10	Heritage Advisory Committee	This committee is run by Council and supported by funds from the Heritage Office. Community members meet to raise and make recommendation on local heritage issues.	Cr Paul Le Mottee
11	Hinton School of Arts, Parks and Foreshore Committee	To assist Council in the management of Hinton School of Arts. To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Ken Jordan
12	Karuah Community Hall Committee	To assist Council in the management of Karuah Community Hall	Cr Giacomo Amott Cr Ken Jordan Cr Paul Le Mottee
13	Karuah Landcare Group	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Ken Jordan Cr Paul Le Mottee Cr Giacomo Amott
14	Lemon Tree Passage Old School Centre Committee	To assist Council in the management of Lemon Tree Passage Old School Centre and surrounds.	Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan
15	Lemon Tree Passage Parks Reserves and Landcare Group	To undertake maintenance and improvements to parks in Lemon Tree Passage (as per map included in 355c Committee Terms of Reference Appendix).	Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan
16	Mallabula Community Centre Committee	To assist Council in the management of Mallabula Community Centre.	Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan
17	Mallabula Parks and Reserves Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan
18	Mambo Wanda Wetlands, Reserves and Landcare Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr John Neil
19	Medowie Community Centre Committee	To assist Council in the management of Medowie Community Centre.	Cr Chris Doohan



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Ref	Committee name	Purpose of committee	Current delegates
20	Medowie Sports Council	To facilitate communication between the sporting public and Council in order to ensure that the existing and future needs and requirements of those persons participating and administering sports are accurately identified and brought to the attention of Council.	Cr Sarah Smith Cr Chris Doohan
21	Medowie Tidy Towns Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Chris Doohan
22	Nelson Bay Community Hall Committee	To assist Council in the management of Nelson Bay Community Hall.	Cr Jaimie Abbott
23	Nelson Bay West Landcare Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr John Neil
24	Port Stephens Australia Day Committee	To coordinate the annual celebration of Australia Day in Port Stephens in line with recommendations from Australia Day Council.	Cr Chris Doohan Cr Sarah Smith Cr Jaimie Abbott Cr Giacomo Arnott Cr Ken Jordan (1 Councillor from each ward)
25	Port Stephens Native Flora Garden Committee	To undertake maintenance and improvements to the native flora garden (as per map included in 355c Committee Terms of Reference Appendix).	Cr John Neil
26	Port Stephens Sister Cities Committee	To promote positive and ongoing relationships between international communities providing opportunities for cultural exchange.	Mayor and all Councillors
27	Raymond Terrace Parks, Reserves and Tidy Towns Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Giacomo Arnott Cr Ken Jordan Cr Paul Le Mottee
28	Raymond Terrace Senior Citizens Hall Management Committee	To assist Council in the management of the Raymond Terrace Senior Citizens Hall.	Cr Ken Jordan Cr Paul Le Mottee Cr Giacomo Arnott

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Ref	Committee name	Purpose of committee	Current delegates
29	Salt Ash Community Hall, Park and Reserves Committee	To assist Council in the management of Salt Ash Community Hall and maintenance of nearby parks area (as per map included in 355c Committee Terms of Reference Appendix).	Cr Sarah Smith Cr Chris Doohan Cr Steve Tucker
30	Salt Ash Sports Ground Committee	To assist Council in the management, maintenance and improvements to Salt Ash Sports Ground.	Cr Sarah Smith Cr Steve Tucker Cr Chris Doohan
31	Seaham Park & Wetlands Committee	To assist Council in the management, maintenance and improvements to the park and wetlands (as per map included in 355c Committee Terms of Reference Appendix).	Cr Ken Jordan Cr Giacomo Arnott Cr Paul Le Mottee
32	Section 94 Panel	To inform Council of any proposed and/or requested changes to Council's Contributions Plan and associated systems and processes.	Mayor Ryan Palmer Cr Steve Tucker Cr Giacomo Arnott Cr Glen Dunkley Cr Chris Doohan Cr Ken Jordan (Mayor and 1 Councillor from each ward)
33	Shoal Bay Beach Preservation Committee	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Glen Dunkley
34	Soldiers Point - Salamander Landcare Group	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Jaimie Abbott
35	Strategic Arts Committee	To provide input into Port Stephens Council strategic policy, plans and programs relating to culture and the arts. To assist Council identify the existing and future requirements for arts and cultural facilities across Port Stephens.	Mayor Ryan Palmer Cr Steve Tucker Cr John Nell Cr Paul Le Mottee
36	Tanilba Bay Parks, Reserves and Hall Committee	To assist Council in the management of Tanilba Bay Foreshore Hall. To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan

Ref	Committee name	Purpose of committee	Current delegates
37	Tilligerry Landcare Group	To undertake maintenance and improvements to designated parks and reserves (as per map included in 355c Committee Terms of Reference Appendix).	Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan
38	Tilligerry Sports Council	To facilitate communication between the sporting public and Council in order to ensure that the existing and future needs and requirements of those persons participating and administering sports are accurately identified and brought to the attention of Council.	Mayor Ryan Palmer Cr Steve Tucker Cr Sarah Smith Cr Chris Doohan
39	Tomaree Cemeteries Committee	To undertake maintenance and improvements to cemeteries on Tomaree Peninsula.	Mayor Ryan Palmer Cr Jaimie Abbott
40	Tomaree Sports Council	To facilitate communication between the sporting public and Council in order to ensure that the existing and future needs and requirements of those persons participating and administering sports are accurately identified and brought to the attention of Council.	Mayor Ryan Palmer Cr Jaimie Abbott Cr Glen Dunkley Cr John Nell Cr Sarah Smith
41	West Ward Cemeteries Committee	To undertake maintenance and improvements to cemeteries in West Ward.	Cr Paul Le Mottee Cr Giacomo Arnott
42	West Ward Sports Council	To facilitate communication between the sporting public and Council in order to ensure that the existing and future needs and requirements of those persons participating and administering sports are accurately identified and brought to the attention of Council.	Cr Ken Jordan Cr Paul Le Mottee Cr Giacomo Arnott
43	Williamstown Hall Committee	To assist Council in the management of Williamstown Hall.	Cr Ken Jordan Cr Paul Le Mottee Cr Giacomo Arnott







## Regional committees and groups

Ref	Committee Name	Purpose of Committee	Current delegates
44	AGL Newcastle Gas Storage Facility Community Dialogue Group	The purpose of a Community Consultative Committee is to provide a forum for discussion between a proponent and representatives of the community, stakeholder groups and the local council on issues directly relating to a specific State significant project.	Mayor Ryan Palmer
45	Birubi Point Cultural Heritage Advisory Panel	To advise Port Stephens Council on the management plan required to protect the Worimi cultural and spiritual heritage and enhance the environment of the Birubi Point Crown Reserve and Birubi Point Aboriginal Place.	Cr Sarah Smith
46	Brandy Hill Quarry Community Consultative Committee	The purpose of a Community Consultative Committee is to provide a forum for discussion between a proponent and representatives of the community, stakeholder groups and the local council on issues directly relating to a specific State significant project.	Cr Paul Le Mottee
47	Comprehensive Koala Plan of Management Implementation Committee	Responsible for overseeing the implementation of the Port Stephens Council Comprehensive Koala Plan of Management.	Cr Sarah Smith Alternate Cr John Neil
48	Community Projects Fund	To make recommendations to Council on applications received through the grants process.	Mayor Ryan Palmer Cr Ken Jordan Cr Chris Doohan Cr Jaimie Abbott (1 Councillor from each Ward)
49	General Manager Performance Review Panel	To conduct evaluation of the performance of the General Manager.	Mayor Ryan Palmer Deputy Mayor Sarah Smith Cr Giacomo Arnott (nominated by Council) Cr Paul Le Mottee (nominated by the General Manager)

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Ref	Committee Name	Purpose of Committee	Current delegates
50	Hunter Joint Organisation Formerly Hunter Councils	To discuss regional issues in the Hunter.	Mayor Ryan Palmer Alternate Deputy Mayor Sarah Smith
51	Hunter Sub-Branch Crime Prevention Network Note: This is a Committee of the Port Stephens Local Area Command. Membership is by invitation from the Local Area Commander. Council's delegate is the Mayor.	To provide a forum for local community members, service providers, businesses and the police to discuss issues and appropriate strategies relating to crime and community safety. * Attendees will be by invitation only, 1 representative will be invited by the Police from each peak body/ organisation e.g. Hunter Water / Housing NSW). Council will hold 2 positions, 1 will be Community Planner Crime, and the other will be the Mayor or his representative if unable to attend.	Mayor Ryan Palmer
52	Hunter Water Corporation Community Consultative Committee	This committee is an advisory committee to Hunter Water Corporation.	Cr Paul Le Mottee Alternate Cr Giacomo Arnott
53	Joint Regional Planning Panel	To consider development applications referred to the Panel under the legislation for development applications for the Port Stephens Local Government area. The Panel comprises 3 State members and 2 Councillors. The term is for 3 years for each Panel member.	Mayor Ryan Palmer Cr Paul Le Mottee Alternates Cr Chris Doohan Cr Giacomo Arnott
54	Local Development Committee	To provide advice to Council staff on development regarding traffic matters.	Mayor Ryan Palmer
55	Local Traffic Committee	An RTA-based committee which allows Council to have delegated authority to install or remove regulatory sign posting on public roads.	Mayor Ryan Palmer Cr Steve Tucker
56	Lower Hunter Bushfire Management Committee	The committee is a legislative requirement and is to discuss direction across local government areas and across agencies in regard to bushfire management.	Mayor Ryan Palmer Alternates Cr Paul Le Mottee Cr Giacomo Arnott

Ref	Committee Name	Purpose of Committee	Current delegates
57	Lower Hunter Community Advisory Group	The Group is managed by Hunter Local Land Services (HLLS). The purpose is to provide an opportunity for the HLLS to engage with stakeholders on a range of matters, including strategic direction and programs.	Cr Paul Le Mottee
58	Marine Parks Advisory Panel Ministerial Appointment	Community Consultative Committee regarding the proposed Marine Park in Port Stephens.	Cr John Neill
59	Newcastle Airport Partnership Company No. 3 Pty Ltd	Special Purpose Vehicle for the part ownership of Newcastle Airport.	Mayor Ryan Palmer Deputy Mayor Sarah Smith (General Manager) (Financial Services Manager)
60	Newcastle Airport Partnership Company No. 4 Pty Ltd	Special Purpose Vehicle for the part ownership of Newcastle Airport.	Mayor Ryan Palmer Deputy Mayor Sarah Smith (General Manager) (Financial Services Manager)
61	Newcastle Airport Partnership	The partnership is responsible for the development and management of Newcastle Airport and related infrastructure.	Mayor Ryan Palmer (General Manager)
62	Newcastle Airport Pty Ltd	Shareholder delegate for Newcastle Airport.	Mayor Ryan Palmer (as Port Stephens Council Shareholder representative) Deputy Mayor Sarah Smith (as Port Stephens Council shareholder representative proxy) General Manager (as Port Stephens Council appointed director)
63	NSW Public Libraries Association (Central East Zone)	The purpose of the Association is to champion the public library cause, strengthen the public library network, advocate effectively, foster cooperation and collaboration, build trust and support, initiate partnerships and share relevant information.	Cr Steve Tucker

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Ref	Committee Name	Purpose of Committee	Current delegates
64	Port Stephens Council Depot Re-development Committee	To explore the options available for re-development of the Council depot at Raymond Terrace.	Mayor Ryan Palmer Cr Ken Jordan Cr John Nell Cr Giacomo Arnott (1 Councillor from each ward)
65	Port Stephens Economic Development Advisory Panel	Act as a communication and advisory mechanism to Council on relevant Economic Development issues. Oversee the implementation of the Economic Development Strategy.	Mayor Ryan Palmer Cr Chris Doohan Cr Glen Dunkley Cr Giacomo Arnott
66	Port Stephens Floodplain Advisory Panel	To provide advice on flood/floodplain management studies and plans.	Cr Paul Le Mottee Alternate Cr Giacomo Arnott
67	Port Stephens Holiday Parks Reserve Trust	To act as Trust Managers of the Crown land and holiday parks.	All Councillors
68	Port Stephens/ Myall Lakes Estuary and Coastal Zone Management Committee	This Committee includes representatives from Great Lakes Council and is responsible for long term planning for the estuary and the coastline.	Cr John Nell Alternate Cr Paul Le Mottee
69	Property Advisory Committee	To provide a forum for the Corporate Services Group Leadership Team to address relevant issues, encouraging a strategic approach to the management of the Group.	Mayor Ryan Palmer Cr Chris Doohan Cr Paul Le Mottee Cr Ken Jordan Cr Glen Dunkley (1 Councillor from each ward)
70	Salt Ash Sand Project Community Consultative Committee	The purpose of a Community Consultative Committee is to provide a forum for discussion between a proponent and representatives of the community, stakeholder groups and the local council on issues directly relating to a specific State significant project.	Cr Steve Tucker



Ref	Committee Name	Purpose of Committee	Current delegates
71	RFS District Liaison Committee	To review the progress of the service level agreement between Port Stephens Council and NSW Rural Fire Service in the local government area.	Cr Giacomo Arnott Alternate Mayor Ryan Palmer
72	Williamtown Consultative Committee Forum	To provide a forum for the residents of Williamtown area to discuss relevant issues with Federal, State and Local Government elected members and agencies.	Mayor Ryan Palmer (General Manager)
73	Worimi Conservation Lands Board of Management Ministerial Appointment	To oversee the management of the lands owned by the Aboriginal owners and leased back to the NSW Government.	Cr Jaimie Abbott Alternate Cr Sarah Smith









## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Job description	Actual costs (\$)
Information Technology improvements	1,040,904
Shoal Bay Holiday Park improvements	533,035
Fingal Bay Holiday Park improvements	425,998
Halifax Holiday Park improvements	737,926
Treescape Holiday Park improvements	131,326
Thou Walla Holiday Park improvements	98,941
Koala Sanctuary — Treescape Holiday Park	925,506
Investment Property improvements	2,169,228
Plant upgrades	2,838,728
Library resources	236,689
CCTV improvements	330,481
Footpath and cycleway improvements	188,908
Boomerang Park shared pathway	140,483
Tomago boat ramp	182,977
Longworth Park seawall	117,444
Foreshore erosion and accretion management	17,511
Little Beach wharf	96,099
Taylor's Beach wharf	194,186
Nelson Bay Marina	17,038
Riverside Park seawall	25,394
Shoal Bay dinghy slide	20,454
Karuah boat ramp	242,089
Waste facility improvements	292,644
Seaham School of Arts	10,544
SES Training Tower Raymond Terrace	41,372
Fern Bay Hall	39,982



## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Job description	Actual costs (\$)
Anna Bay Cemetery	208,676
Anna Bay / Birubi Point Hall	13,909
Nelson Bay Cemetery drainage	30,142
Remote monitoring of pump stations	395,559
Waterfront Road, Swan Bay	491,474
Horace Street drainage	17,252
Future designs drainage	70,795
Ballal Close, Medowie	162,048
Tarrant Road Salamander Bay drainage	47,756
Bowthorne Park seating	57,715
Brandon Park upgrades	11,219
Peace Park amenities	104,735
Bob Cairns amenities	14,792
Shoal Bay foreshore playground	44,766
Bob Cairns Reserve	11,263
Nelson Bay Croquet Club	29,624
Lakeside Sports Complex	27,000
Salt Ash Sportsground	116,231
Medowie Sport and Community Facility, Ferodale	2,384,032
Longworth Park, Karuah	52,126
Raymond Terrace Pigeon Club	59,027
Apex Park revitalisation	249,059
Bagnalls Beach East playground	29,354
Caswell Reserve playground	173,653
Caswell Reserve public amenities	155,977
Fingal Bay foreshore solar lighting	94,653

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Job description	Actual costs (\$)
Lakeside Leisure Centre upgrades	87,294
Lakeside Sports Complex	51,826
Lancaster Park	35,323
Lionel Morton amenities	71,771
Little Beach Accessibility	16,845
Pirralea Gardens boardwalk	16,548
Riverside Park rotunda	19,825
Robinson Reserve, Anna Bay	304,893
Salt Ash Sports Complex	22,042
Tanilba Bay boardwalk	59,961
Tomago boat ramp	11,599
Tomaree Aquatic Centre	15,835
Yulong Oval upgrade	25,931
King Park Sports Complex Master Plan	26,731
LGA signage upgrades	92,486
Medowie Road upgrades and car park sealing	637,965
Evans Road, Medowie	160,467
Russell Street, Clarencetown	21,942
Church Street, Nelson Bay	319,616
Yacaaba Street, Nelson bay	162,818
Tomaree Road, Shoal Bay	322,780
Mitchell Street, Soldier Point	138,973
Swan Bay Road, Swan Bay	113,458
East Seaham Road, Clarencetown	98,255
Foreshore Drive, Ferodale	177,847
Brandy Hill Drive, Brandy Hill	127,531

## ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.

Job description	Actual costs (\$)
Lemontree Passage Road	901,037
Future designs	184,882
Clarencetown Road	389,963
Holdom Road, Karuah	1,011,997
Salt Ash Avenue, Salt Ash	119,331
Hinton Road, Osterley and Nelsons Plains	405,460
Gan Gan Road, Anna Bay	692,853
Port Stephens Street, Raymond Terrace	17,355
Market Street, Fingal Bay	70,071
Italia Road, East Seaham	59,987
Fingal Bay Link Road — concept planning	32,216
Shoal Bay traffic lights	13,965
Paterson Road, Duns Creek	293,491
Shoal Bay Road and Gowrie Ave	100,575
Italia Road, East Seaham	1,617,951
Council building improvements	447,922
TOTAL	25,648,436

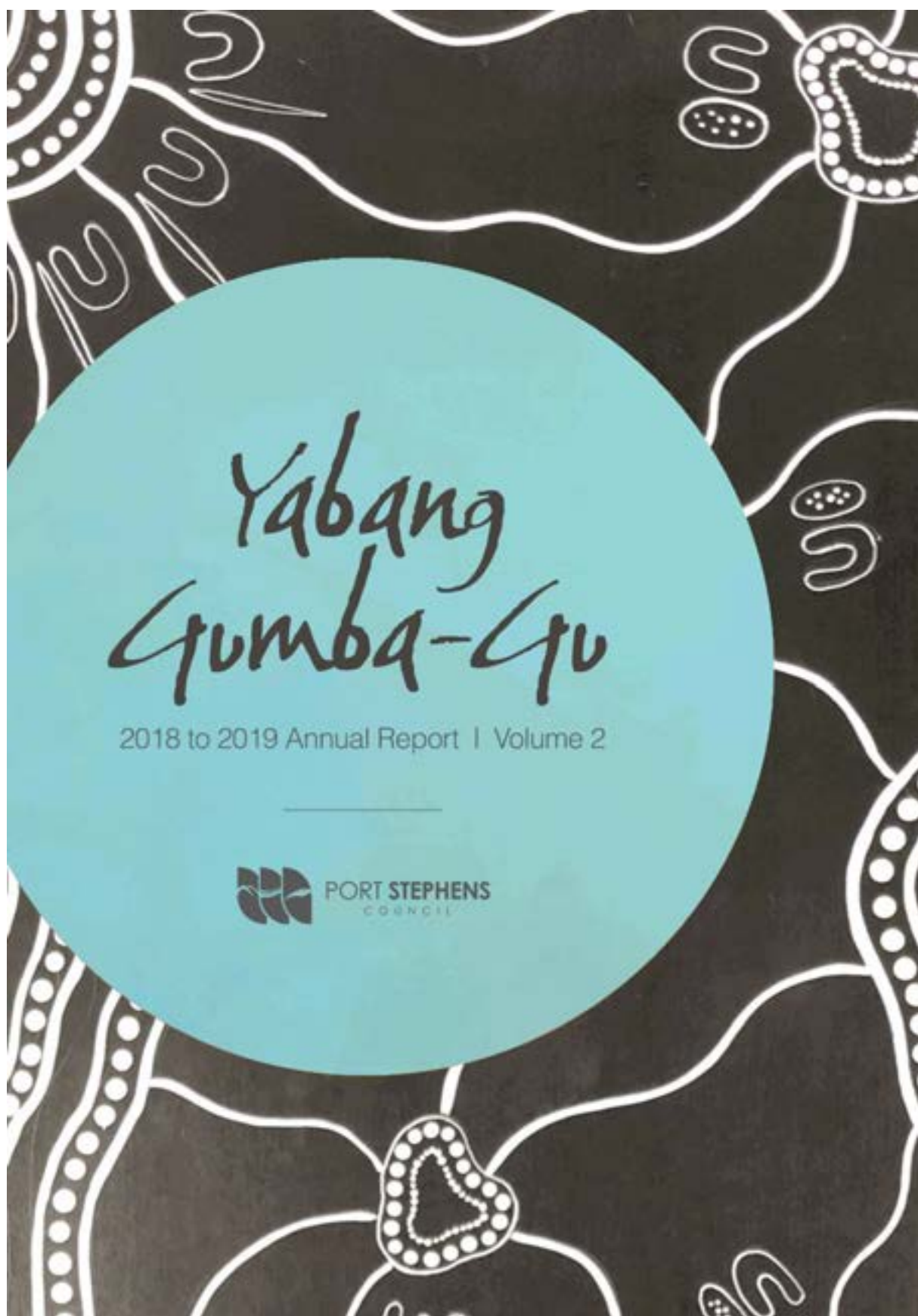






ITEM 10 - ATTACHMENT 1 ANNUAL REPORT VOLUME 1.







## Port Stephens Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019



## Port Stephens Council

## General Purpose Financial Statements

for the year ended 30 June 2019

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## Overview

Port Stephens Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

116 Adelaide Street  
Raymond Terrace NSW 2324

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.portstephens.nsw.gov.au](http://www.portstephens.nsw.gov.au)

## **Port Stephens Council**

### **General Purpose Financial Statements**

for the year ended 30 June 2019

### **Understanding Council's Financial Statements**

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#### **Introduction**

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

#### **What you will find in the Statements**

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### **About the Councillor/Management Statement**

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### **About the Primary Financial Statements**

The financial statements incorporate five "primary" financial statements:

##### **1. The Income Statement**

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### **2. The Statement of Comprehensive Income**

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### **3. The Statement of Financial Position**

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### **4. The Statement of Changes in Equity**

The overall change for the year (in dollars) of Council's "net wealth".

##### **5. The Statement of Cash Flows**

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### **About the Notes to the Financial Statements**

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### **About the Auditor's Reports**

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

**Port Stephens Council****General Purpose Financial Statements**

for the year ended 30 June 2019

**Understanding Council's Financial Statements (continued)**

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

**Who uses the Financial Statements?**

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

**ITEM 10 - ATTACHMENT 2     ANNUAL REPORT VOLUME 2.**

Port Stephens Council

**General Purpose Financial Statements**

for the year ended 30 June 2019

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

**The attached General Purpose Financial Statements have been prepared in accordance with:**

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

**To the best of our knowledge and belief, these statements:**

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 10 September 2019.**

Ryan Palmer  
**Mayor**  
10 September 2019

Sarah Smith  
**Councillor**  
10 September 2019

Wayne Wallis  
**General Manager**  
10 September 2019

Tim Hazell  
**Responsible Accounting Officer**  
10 September 2019





## Port Stephens Council

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 <sup>1, 2</sup>
Net operating result for the year (as per Income Statement)		25,204	20,074
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	(14)	8,951	20,651
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>8,951</b>	<b>20,651</b>
<b>Total other comprehensive income for the year</b>		<b>8,951</b>	<b>20,651</b>
<b>Total comprehensive income for the year</b>		<b>34,155</b>	<b>40,725</b>
Attributable to			
- Council		34,155	40,725
- non-controlling interests		-	-

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

(2) Restated due to prior period error

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Port Stephens Council

## Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	Restated 2018 <sup>1</sup>	Restated 1 July 2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalent assets	6(a)	13,048	9,828	8,093
Investments	6(b)	35,067	40,209	40,402
Receivables	7	8,914	9,068	9,659
Inventories	8a	5,162	5,849	14,313
Other	8b	610	426	435
<b>Total current assets</b>		<b>63,701</b>	<b>65,380</b>	<b>72,902</b>
<b>Non-current assets</b>				
Investments	6(b)	1,222	1,033	231
Receivables	7	188	190	176
Inventories	8a	10,030	13,102	5,721
Infrastructure, property, plant and equipment	9(a)	960,971	930,630	890,274
Investment property	10a	35,550	31,467	26,000
Intangible assets	11	6,149	4,704	4,716
Other	8b	1,774	8	10
<b>Total non-current assets</b>		<b>1,015,884</b>	<b>981,134</b>	<b>927,128</b>
<b>TOTAL ASSETS</b>		<b>1,079,585</b>	<b>1,046,514</b>	<b>1,000,030</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	12	14,345	11,167	9,322
Income received in advance	12	—	9	431
Borrowings	12	4,464	3,460	2,837
Provisions	13	17,067	17,220	15,409
<b>Total current liabilities</b>		<b>35,876</b>	<b>31,856</b>	<b>27,999</b>
<b>Non-current liabilities</b>				
Payables	12	—	8	8
Borrowings	12	15,064	20,371	18,721
Provisions	13	742	531	532
<b>Total non-current liabilities</b>		<b>15,806</b>	<b>20,910</b>	<b>19,261</b>
<b>TOTAL LIABILITIES</b>		<b>51,682</b>	<b>52,766</b>	<b>47,260</b>
<b>Net assets</b>		<b>1,027,903</b>	<b>993,748</b>	<b>952,770</b>
<b>EQUITY</b>				
Accumulated surplus	14a	618,886	593,330	572,467
Revaluation reserves	14a	409,017	400,418	380,303
<b>Council equity interest</b>		<b>1,027,903</b>	<b>993,748</b>	<b>952,770</b>
<b>Total equity</b>		<b>1,027,903</b>	<b>993,748</b>	<b>952,770</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Port Stephens Council**  
**Statement of Changes in Equity**  
for the year ended 30 June 2019

	2019			2018 <sup>1</sup>		
	Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000						
Opening balance	593,330	400,418	993,748	567,409	380,303	947,712
Correction of prior period errors	-	-	-	5,311	-	5,311
<b>Restated opening balance</b>	<b>593,330</b>	<b>400,418</b>	<b>993,748</b>	<b>572,720</b>	<b>380,303</b>	<b>953,023</b>
Net operating result for the year	25,204	-	25,204	20,336	-	20,336
Correction of prior period errors	-	-	-	(262)	-	(262)
<b>Restated net operating result for the period</b>	<b>25,204</b>	<b>-</b>	<b>25,204</b>	<b>20,074</b>	<b>-</b>	<b>20,074</b>
Other comprehensive income	-	8,951	8,951	-	20,651	20,651
- Gain (loss) on revaluation of IPPE	-	8,951	8,951	-	20,651	20,651
<b>Other comprehensive income</b>	<b>-</b>	<b>8,951</b>	<b>8,951</b>	<b>-</b>	<b>20,651</b>	<b>20,651</b>
<b>Total comprehensive income</b>	<b>25,204</b>	<b>8,951</b>	<b>34,155</b>	<b>20,074</b>	<b>20,651</b>	<b>40,725</b>
Transfers between equity items	352	(352)	-	536	(536)	-
<b>Equity - balance at end of the reporting period</b>	<b>618,886</b>	<b>409,017</b>	<b>1,027,903</b>	<b>593,330</b>	<b>400,418</b>	<b>993,748</b>

nt) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes



## Port Stephens Council

## Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
	<b>Cash flows from operating activities</b>			
	<b>Receipts</b>			
56,226	Rates and annual charges		57,360	55,080
39,283	User charges and fees		47,184	40,774
1,353	Investment and interest revenue received		1,284	1,239
15,468	Grants and contributions		23,646	22,779
-	Bonds, deposits and retention amounts received		133	62
5,887	Other		11,774	12,202
	<b>Payments</b>			
(46,193)	Employee benefits and on-costs		(47,166)	(44,132)
(36,049)	Materials and contracts		(39,120)	(44,308)
(696)	Borrowing costs		(702)	(674)
(13,212)	Other		(24,151)	(16,045)
22,065	<b>Net cash provided (or used in) operating activities</b>	15a	30,242	26,977
	<b>Cash flows from investing activities</b>			
	<b>Receipts</b>			
-	Sale of investment securities		32,950	70,600
-	Sale of real estate assets		2,255	5,460
250	Sale of infrastructure, property, plant and equipment		1,204	984
-	Deferred debtors receipts		-	14
	<b>Payments</b>			
-	Purchase of investment securities		(27,997)	(71,209)
-	Purchase of investment property		(491)	(41)
(21,583)	Purchase of infrastructure, property, plant and equipment		(27,324)	(29,966)
-	Purchase of real estate assets		(263)	(2,957)
-	Purchase of intangible assets		(2,150)	(395)
(21,333)	<b>Net cash provided (or used in) investing activities</b>		(21,816)	(27,510)
	<b>Cash flows from financing activities</b>			
	<b>Receipts</b>			
2,000	Proceeds from borrowings and advances		-	8,000
	<b>Payments</b>			
(3,485)	Repayment of borrowings and advances		(4,306)	(5,732)
(1,485)	<b>Net cash flow provided (used in) financing activities</b>		(4,306)	2,268
(753)	<b>Net increase/(decrease) in cash and cash equivalents</b>		4,120	1,735
9,828	Plus: cash and cash equivalents – beginning of year	15a	9,828	8,093
9,075	<b>Cash and cash equivalents – end of the year</b>	15a	13,948	9,828
	<b>Additional Information:</b>			
41,242	plus: Investments on hand – end of year	8(a)	36,289	41,242
50,317	<b>Total cash, cash equivalents and investments</b>		50,237	51,070

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

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**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 1. Basis of preparation**

These financial statements were authorised for issue by Council on 10 September 2019. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 20 – Material budget variations

**(a) New and amended standards adopted by Council**

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 14.

**(b) Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

**(c) Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note 10
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (iii) estimated tip remediation provisions – refer Note 13
- (iv) employee benefit provisions – refer Note 13.

## Port Stephens Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 1. Basis of preparation (continued)

##### Significant judgements in applying the council's accounting policies

###### (i) Impairment of receivables

Council has made a judgement about the impairment of a number of its receivables – refer Note 7.

###### (ii) Interests in other entities

Council has made a judgement about the relationship it has with external entities – refer Note 16

##### Monies and other assets received by Council

###### (a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

###### (b) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge

##### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

##### New accounting standards and interpretations issued not yet effective

###### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

###### AASB 16 Leases

###### Nature of the change



**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 1. Basis of preparation (continued)**

AASB 16 was issued in February 2016.

When applicable AASB 16 will result in almost all leases being recognised on the balance sheet by lessees with the distinction between operating and finance leases removed.

Under the new standard, a financial liability (ie. a lease liability) and an asset (ie. a right to use the leased item) will be recognised for nearly all arrangements where Council commits itself to paying a rental fee for the use of a specific asset.

The only exceptions are short-term and low-value leases, which are exempt from the accounting (but not disclosure) requirements of AASB 16 - Leases.

**Impact**

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19).

AASB 16 will (on the whole) affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

At the end of this reporting period, Council has non-cancellable operating lease commitments of \$1,221K - refer Note 18.

Of these commitments, approximately \$14K relate to short-term leases and \$79K to low value leases.

Both these lease types and amounts will continue to be accounted for as they currently are (being expensed on a straight-line basis within the Income Statement).

For the remaining operating lease commitments of \$1,128K, Council anticipates it will recognise lease liabilities (on its balance sheet) and also recognise complementary right-of-use assets (on its balance sheet) on 1 July 2019.

In addition to this, Council currently has a number of other operating leases not previously reported in Note 18, which are likely to be brought to account. Whilst the impact of this has not yet been fully determined, it will result in a non-current right of use asset and recognition of a lease liability which will be separated into a current and non-current component.

**AASB 15 Revenue from Contracts with Customers and associated amending standards.**

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils should assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. Assessment of the financial impact of the standards is in progress.

**AASB 1058 Income of NFP Entities**

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 1. Basis of preparation (continued)**

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

Council will assess each revenue stream but particular impact is expected for grant income where performance obligations need to be satisfied before income can be recognised.

**AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities**

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2018.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 2(a). Council functions/activities – financial information

GENERAL PURPOSE FINANCIAL STATEMENTS 10  
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	Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).		Grants included in income from continuing operations		Operating result from continuing operations		Expenses from continuing operations		Income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>\$ '000</b>												
<b>Functions or activities</b>												
Our Community	3,328	2,927	7,115	6,761	(3,787)	(3,834)	512	588	132,230	124,968		
Our Council	86,673	82,993	50,364	46,287	35,309	35,706	5,576	5,448	213,920	210,121		
Our Environment	19,040	18,509	17,814	18,229	1,226	280	467	413	4,553	4,748		
Our Place	38,456	32,404	47,000	45,482	(8,544)	(13,078)	7,829	7,000	728,882	706,676		
<b>Total functions and activities</b>	<b>147,497</b>	<b>136,833</b>	<b>122,293</b>	<b>116,759</b>	<b>25,204</b>	<b>20,074</b>	<b>14,384</b>	<b>13,449</b>	<b>1,079,585</b>	<b>1,046,514</b>		

## **Port Stephens Council**

### **Notes to the Financial Statements**

for the year ended 30 June 2019

#### **Note 2(b). Council functions/activities - component descriptions**

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

##### **Our Community**

**Port Stephens is a thriving and strong community respecting diversity and heritage**

Children's Services; Community Services; Contract and Services; Library Services.

Community Development and Engagement; Economic Development and Tourism; Strategic Planning; Volunteer Management; Delivery of Council's Financial Assistance Programs.

Management of Aboriginal Places in Port Stephens.

##### **Our Place**

**Port Stephens is a liveable place supporting local economic growth**

Asset Systems; Building and Developer Relations; Building Trades; Civil Assets Planning; Civil Contracts; Civil Projects; Community and Recreation; Community Development and Engagement; Construction; Contract and Services; Design; Emergency Management; Engineering Services; Environmental Health and Compliance; Mechanical and Maintenance Stores; Parks; Planning and Developer Relations; Roads, Roadside and Drainage; Strategic Planning; Survey and Land Information.

Economic Development and Tourism; Development, construction and maintenance of Koala Sanctuary, Hospital and Tourism Facility.

##### **Our Environment**

**Port Stephens' environment is clean, green, protected and enhanced**

Tree Assessment Services; Tree Permit System; Community and Recreation; Rehabilitate, monitor and manage decommissioned landfill sites; Waste Management.

Coastal Management; Community support and advocacy; Deliver Environmental Education and Grant Programs; Develop and implement projects to protect and enhance the local environment; Ecological and Environmental Planning Services; Management and Regulation of Biosecurity Risks; Strategic guidance, current knowledge and best practice advice.

##### **Our Council**

**Port Stephens Council leads, manages and delivers valued community services in a responsible way**

Business Excellence; Citizenship Ceremonies; Commercial Investments; Community Development and Engagement; Corporate Reporting; Corporate Systems and Business Improvement; Customer Relations; Digital and Website; Environmental Management; Facilities Management; Finance; Governance; Holiday Parks; Human Resources; Information and Communication Technologies; Information Services; Liaison with other government agencies; Manage strategic and operational matters; Marketing and Promotions; Public Relations and Marketing; Risk Management; Statutory Property; Support commercial aviation services; Support services for the Mayor, Councillors and senior executive officers; Work Health and Safety.



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations

\$ '000	2019	2018
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	33,202	32,292
Farmland	799	795
Business	7,887	7,589
Less: pensioner rebates (mandatory)	(1,061)	(1,033)
<b>Rates levied to ratepayers</b>	<b>40,827</b>	<b>39,643</b>
Pensioner rate subsidies received	581	565
<b>Total ordinary rates</b>	<b>41,408</b>	<b>40,208</b>
<b>Annual charges</b>		
<small>(pursuant to s.495, s.496A, s.498B, s.501 &amp; s.511)</small>		
Domestic waste management services	13,644	13,408
Waste management services (non-domestic)	2,805	2,664
Section 611 charges	-	19
Less: pensioner rebates (mandatory)	(454)	(447)
<b>Annual charges levied</b>	<b>15,995</b>	<b>15,644</b>
Pensioner subsidies received:		
- Domestic waste management	249	245
<b>Total annual charges</b>	<b>16,244</b>	<b>15,889</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>57,652</b>	<b>56,097</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy for rates and charges**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
<b>(b) User charges and fees</b>		
<b>Specific user charges</b>		
<i>(per s.502 - specific 'actual use' charges)</i>		
Waste management services (non-domestic)	1,607	1,474
<b>Total specific user charges</b>	<b>1,607</b>	<b>1,474</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Private works – section 67	137	167
Section 10.7 certificates (EP&A Act)	195	216
Section 603 certificates	138	179
Building inspection fees	266	309
Building services	1,106	1,070
Shop inspection fees	205	176
Subdivision fees	440	247
<b>Total fees and charges – statutory/regulatory</b>	<b>2,487</b>	<b>2,364</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Animal control	12	49
Cemeteries	165	167
Child care	1,859	1,477
Fire and emergency services levy (FESL) implementation	–	4
Holiday parks	11,306	11,075
Leisure centre	100	87
Library	105	118
Newcastle airport	17,045	15,125
Parking meters	651	606
Parks, gardens and other community services	–	1
RMS (formerly RTA) charges (state roads not controlled by Council)	7,187	4,687
Sewerage management fees	588	572
Waste disposal tipping fees	331	424
Other	1,255	1,522
<b>Total fees and charges – other</b>	<b>40,604</b>	<b>35,914</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>44,698</b>	<b>39,752</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(c) Interest and investment revenue (including losses)		
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	169	162
– Cash and investments	992	924
– Newcastle airport	290	331
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>1,451</b>	<b>1,417</b>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	169	162
General Council cash and investments	713	662
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	279	262
Newcastle airport	290	331
<b>Total interest and investment revenue</b>	<b>1,451</b>	<b>1,417</b>

## Accounting policy for interest and investment revenue

Interest income is recognised using the effective interest rate at the date that interest is earned.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2019	2018
<b>(d) Other revenues</b>			
Rental income – investment property	10	2,989	2,718
Rental income – other council properties		724	490
Ex gratia rates		57	60
Fines – parking		222	224
Fines – other		372	249
Legal fees recovery – rates and charges (extra charges)		68	111
Legal fees recovery – other		6	61
Commissions and agency fees		199	230
Insurance claims recoveries		677	158
Emergency relief		–	699
Events and promotions		91	107
Long service leave receipts		73	134
Private works		356	307
Other		762	658
<b>TOTAL OTHER REVENUE</b>		<b>6,596</b>	<b>6,206</b>

**Accounting policy for other revenue**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Current year allocation				
Financial assistance	3,272	3,279	-	-
Payment in advance - future year allocation				
Financial assistance	3,393	3,373	-	-
<b>Total general purpose</b>	<b>6,665</b>	<b>6,652</b>	<b>-</b>	<b>-</b>
<b>Specific purpose</b>				
Bushfire and emergency services	1,132	1,110	67	20
Child care	224	173	-	-
Environmental programs	407	519	-	-
Floodplain management	-	-	53	-
Heritage and cultural	15	-	-	-
Library	188	208	-	89
LIRS subsidy	58	67	-	-
Recreation and culture	-	22	2,271	1,138
Storm/flood damage	-	-	-	567
Street lighting	74	72	-	-
Transport (roads to recovery)	424	1,109	-	-
Transport	13	-	2,283	1,193
Family day care	5	129	-	-
Horticultural heritage trust	-	6	-	-
Newcastle airport <sup>1</sup>	-	-	150	-
Youth development	94	73	-	-
Other	43	20	40	139
Weed control	178	143	-	-
<b>Total specific purpose</b>	<b>2,855</b>	<b>3,651</b>	<b>4,864</b>	<b>3,146</b>
<b>Total grants</b>	<b>9,520</b>	<b>10,303</b>	<b>4,864</b>	<b>3,146</b>
<b>Grant revenue is attributable to:</b>				
- Commonwealth funding	7,117	7,904	428	433
- State funding	2,382	2,377	4,436	2,713
- Other funding	21	22	-	-
	<b>9,520</b>	<b>10,303</b>	<b>4,864</b>	<b>3,146</b>

<sup>(1)</sup> 2018 capital grant restated due to prior period error

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(f) Contributions</b>					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		398	356	5,108	4,315
S 7.12 – fixed development consent levies		–	–	446	300
Haulage		579	512	–	321
<b>Total developer contributions – cash</b>		<b>977</b>	<b>868</b>	<b>5,554</b>	<b>4,936</b>
<b>Total developer contributions</b>	24	<b>977</b>	<b>868</b>	<b>5,554</b>	<b>4,936</b>
Other contributions:					
Cash contributions					
Bushfire services		28	–	357	320
Kerb and gutter		–	–	33	–
Recreation and culture		2	5	74	25
RMS contributions (regional roads, block grant)		1,008	1,027	–	–
Other		–	3	–	–
Economic development and tourism		32	38	–	–
Environmental projects		86	145	–	–
Parking		–	–	–	46
Risk management		265	232	–	–
<b>Total other contributions – cash</b>		<b>1,421</b>	<b>1,450</b>	<b>464</b>	<b>400</b>
Non-cash contributions					
Bushfire assets		–	–	1,642	–
Dedications – subdivisions (other than by s7.11)		–	–	8,788	6,643
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>10,430</b>	<b>6,643</b>
<b>Total other contributions</b>		<b>1,421</b>	<b>1,450</b>	<b>10,894</b>	<b>7,043</b>
<b>Total contributions</b>		<b>2,398</b>	<b>2,318</b>	<b>16,448</b>	<b>11,979</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS<sup>1</sup></b>		<b>11,918</b>	<b>12,621</b>	<b>21,312</b>	<b>15,125</b>

## Accounting policy for grants and contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

**Port Stephens Council**

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

(1) 2016 capital grants restated due to prior period error

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
<b>(g) Unspent grants and contributions</b>		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	136	124
<b>Add:</b> operating grants received for the provision of goods and services in a future period	–	36
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(89)	(24)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>47</b>	<b>136</b>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	140	144
<b>Add:</b> capital grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(39)	(4)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>101</b>	<b>140</b>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	15,487	15,333
<b>Add:</b> contributions recognised in the current period but not yet spent	4,366	154
<b>Less:</b> contributions recognised in a previous reporting period now spent	–	–
<b>Unexpended and held as restricted assets (contributions)</b>	<b>19,853</b>	<b>15,487</b>



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	32,127	28,950
Salaries and wages – Newcastle airport partnership	3,456	2,798
Travel and other allowances	2,505	2,407
Employee leave entitlements (ELE)	8,591	7,220
Superannuation	4,135	3,772
Workers' compensation insurance	562	672
Fringe benefit tax (FBT)	20	36
Training costs (other than salaries and wages)	574	607
Protective clothing	167	173
Conferences	163	131
Corporate uniform	48	10
Occupational health and safety	28	32
Other	30	22
<b>Total employee costs</b>	<b>52,406</b>	<b>46,830</b>
Less: capitalised costs	(4,112)	(3,726)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>48,294</b>	<b>43,104</b>

**Accounting policy for employee benefits and on-costs**

Employee benefit expenses are recorded when the service has been provided by the employee.

*Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

*Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 18 for more information.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(b) Borrowing costs</b>		
<b>(i) Interest bearing liability costs</b>		
Interest on overdraft	4	2
Interest on loans	508	576
Interest – Newcastle airport partnership	209	200
Less: capitalised costs	(19)	(104)
<b>Total interest bearing liability costs expensed</b>	<b>702</b>	<b>674</b>
<b>(ii) Other borrowing costs</b>		
Fair value adjustments on recognition of advances and deferred debtors		
Interest applicable on interest free (and favourable) loans to Council	3	5
<b>Total other borrowing costs</b>	<b>3</b>	<b>5</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>705</b>	<b>679</b>

**Accounting policy for borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(c) Materials and contracts</b>		
Raw materials and consumables	7,514	7,634
– Waste collection and disposal contract	12,320	11,100
– Other contractor and consultancy costs	17,763	18,656
Auditors remuneration <sup>2</sup>	129	137
<b>Legal expenses:</b>		
– Legal expenses	727	2,779
– Legal provision write back	(925)	–
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>†</sup>	462	521
Other	130	153
<b>Total materials and contracts</b>	<b>38,120</b>	<b>40,980</b>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>38,120</b>	<b>40,980</b>

**Accounting policy for operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**1. Operating lease payments are attributable to:**

Buildings	114	122
Computers	292	399
Other	56	–
	<b>462</b>	<b>521</b>

**2. Auditor remuneration**

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms.

**Auditors of the Council - NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements	82	76
<b>Remuneration for audit and other assurance services</b>	<b>82</b>	<b>76</b>
<b>Total Auditor-General remuneration</b>	<b>82</b>	<b>76</b>

**Non NSW Auditor-General audit firms****(i) Audit and other assurance services**

Internal audit services: PKF Lawler	47	61
<b>Remuneration for audit and other assurance services</b>	<b>47</b>	<b>61</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>47</b>	<b>61</b>
<b>Total Auditor remuneration</b>	<b>129</b>	<b>137</b>

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of intangible assets and IPP&E			
<b>Depreciation and amortisation</b>			
Plant and equipment		1,833	1,424
Office equipment		452	277
Furniture and fittings		24	18
Land improvements (depreciable)		77	25
<b>Infrastructure:</b>			
– Buildings – specialised		4,016	4,892
– Other structures		560	317
– Roads		2,500	2,710
– Bridges		13	12
– Footpaths		256	119
– Stormwater drainage		208	191
– Swimming pools		171	309
– Other open space/recreational assets		754	846
– Other infrastructure		352	314
<b>Other assets:</b>			
– Heritage collections		2	2
– Library books		253	127
– Car parks		541	523
– Newcastle airport		1,966	1,824
– Other		–	186
Intangible assets	11	705	406
Total depreciation and amortisation costs		14,683	14,522
<b>Impairment / revaluation decrement</b>			
Land		–	573
Inventory - Real Estate		3,174	–
Total impairment / revaluation decrement costs / (reversals) charged to Income Statement		3,174	573
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT</b>		<b>17,857</b>	<b>15,095</b>

Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&amp;E

**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 11 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.



**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 4. Expenses from continuing operations (continued)**

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(e) Other expenses</b>		
Bad and doubtful debts	16	3
Bank charges	265	263
Contributions/levies to other levels of government		
– Lands department levy (holiday parks)	403	514
– NSW rural fire service levy	507	476
– Waste levy	1,742	1,758
Councillor expenses – mayoral fee	61	61
Councillor expenses – councillors' fees	180	173
Councillors' expenses (incl. mayor) – other (excluding fees above)	126	109
Donations, contributions and assistance to other organisations (Section 356)	932	951
Election expenses	–	431
Electricity and heating	1,686	1,616
Insurance	1,598	1,540
Memberships	131	112
Newcastle airport	7,925	7,100
Street lighting	1,083	1,182
Telephone and communications	264	291
Other	398	321
<b>Total other expenses</b>	<b>17,317</b>	<b>16,901</b>
<b>TOTAL OTHER EXPENSES</b>	<b>17,317</b>	<b>16,901</b>

**Accounting policy for other expenses**

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
<b>Property (excl. investment property)</b>			
Proceeds from disposal – property		452	300
Less: carrying amount of property assets sold/written off		(803)	(214)
<b>Net gain/(loss) on disposal</b>		<b>(351)</b>	<b>86</b>
<b>Plant and equipment</b>			
	5(a)		
Proceeds from disposal – plant and equipment		199	684
Less: carrying amount of plant and equipment assets sold/written off		(836)	(1,980)
<b>Net gain/(loss) on disposal</b>		<b>(637)</b>	<b>(1,296)</b>
<b>Newcastle airport partnership</b>			
	5(a)		
Proceeds from disposal – infrastructure		553	–
Less: carrying amount of infrastructure assets sold/written off		(553)	(22)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(22)</b>
<b>Real estate assets held for sale</b>			
	8		
Proceeds from disposal – real estate assets		2,255	5,460
Less: carrying amount of real estate assets sold/written off		(989)	(3,412)
<b>Net gain/(loss) on disposal</b>		<b>1,266</b>	<b>2,048</b>
<b>Investments</b>			
	5(b)		
Proceeds from disposal/redemptions/maturities – investments		32,950	70,600
Less: carrying amount of investments sold/redeemed/matured		(32,950)	(70,600)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>278</b>	<b>816</b>

**Accounting policy for disposal of assets**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	12,448	9,828
Cash-equivalent assets		
– Deposits at call	1,500	–
<b>Total cash and cash equivalents</b>	<b>13,948</b>	<b>9,828</b>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

## Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	35,067	1,222	40,209	1,033
<b>Total investments</b>	<b>35,067</b>	<b>1,222</b>	<b>40,209</b>	<b>1,033</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>49,015</b>	<b>1,222</b>	<b>50,037</b>	<b>1,033</b>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	35,067	1,222	40,209	1,033
<b>Total</b>	<b>35,067</b>	<b>1,222</b>	<b>40,209</b>	<b>1,033</b>

**Accounting policy for investments****Accounting policy under AASB 9 – applicable from 1 July 2018**

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.



**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 6(b). Investments (continued)****Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

**Fair value through other comprehensive income – equity instruments**

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

**Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

**Accounting policy under AASB 139 – applicable for 2018 comparatives only****Classification**

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

**(b) Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

**(c) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised

## Port Stephens Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 6(b). Investments (continued)

initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

#### (d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

#### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

#### Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	49,015	1,222	50,037	1,033
attributable to:				
External restrictions	28,770	1,222	25,683	1,033
Internal restrictions	20,245	–	24,353	–
Unrestricted	–	–	1	–
	49,015	1,222	50,037	1,033

\$ '000	2019	2018
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## Details of restrictions

## External restrictions – included in liabilities

Deposits, retentions and bonds

951 818

## External restrictions – included in liabilities

951 818

## External restrictions – other

Developer contributions – general

19,853 15,486

Specific purpose unexpended grants

148 276

Domestic waste management

5,880 6,493

Carparking meters crown lands

65 558

Crown holiday parks

3,095 3,085

## External restrictions – other

29,041 25,898

## Total external restrictions

29,992 26,716

## Internal restrictions

Asset rehabilitation

842 407

Election reserve

200 100

Federal assistance grant in advance

3,393 3,373

Fleet

21 1,095

Newcastle airport partnership

14,753 15,057

Other waste services reserve

129 612

Parking meters

160 407

Section 355C committees

728 896

Sustainable energy and water reserve

– 250

Unexpended loan funds

– 2,000

Ward funds

19 2

Community Loans

– 154

## Total internal restrictions

20,245 24,353

## TOTAL RESTRICTIONS

50,237 51,069

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
Rates and annual charges	2,608	–	2,406	–
Interest and extra charges	229	–	216	–
User charges and fees	606	–	507	–
Miscellaneous debtors	509	–	1,025	–
Contributions to works	27	–	45	–
Accrued revenues				
– Interest on investments	472	–	318	–
– Other income accruals	1,643	–	2,280	–
Government grants and subsidies	99	–	172	–
Net GST receivable	625	–	465	–
Newcastle airport partnership	1,916	–	1,634	–
Other debtors	–	193	–	196
<b>Total</b>	<b>8,914</b>	<b>193</b>	<b>9,068</b>	<b>196</b>
<b>Less: provision of impairment</b>				
Other debtors	–	(5)	–	(6)
<b>Total provision for impairment – receivables</b>	<b>–</b>	<b>(5)</b>	<b>–</b>	<b>(6)</b>
<b>TOTAL NET RECEIVABLES</b>	<b>8,914</b>	<b>188</b>	<b>9,068</b>	<b>190</b>

## Externally restricted receivables

Domestic waste management	658	–	705	–
<b>Total external restrictions</b>	<b>658</b>	<b>–</b>	<b>705</b>	<b>–</b>

## Internally restricted receivables

Community Loans	200	–	46	–
Receivables – Newcastle Airport Partnership	1,916	–	1,634	–
Commercial properties	2,735	–	3,171	–
Administration building reserve	764	–	895	–
Sustainable energy and water reserve	125	–	–	–
Other waste services reserve	638	–	–	–
<b>Internally restricted receivables</b>	<b>6,378</b>	<b>–</b>	<b>5,746</b>	<b>–</b>

<b>Unrestricted receivables</b>	<b>1,878</b>	<b>188</b>	<b>2,617</b>	<b>190</b>
<b>TOTAL NET RECEIVABLES</b>	<b>8,914</b>	<b>188</b>	<b>9,068</b>	<b>190</b>

\$ '000	2019	2018
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	6	52
+ new provisions recognised during the year	5	–
– amounts already provided for and written off this year	(6)	(42)
– amounts provided for but recovered during the year	–	(4)



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables (continued)

\$ '000	2019	2018
Balance at the end of the period	5	6

## Accounting policy for receivables

## Recognition and measurement

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

## Impairment

## Accounting policy under AASB 9 applicable from 1 July 2018

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 12 months past due, whichever occurs first. None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

## Accounting policy under AASB 139 – applicable for 2018 comparatives only

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred)

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 7. Receivables (continued)**

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discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Inventories</b>				
(i) inventories at cost				
Real estate for resale	5,019	10,030	5,653	13,102
Stores and materials	143	–	196	–
<b>Total inventories at cost</b>	<b>5,162</b>	<b>10,030</b>	<b>5,849</b>	<b>13,102</b>
<b>TOTAL INVENTORIES</b>	<b>5,162</b>	<b>10,030</b>	<b>5,849</b>	<b>13,102</b>

**(b) Other assets**

Prepayments	610	24	426	8
Other	–	1,750	–	–
<b>TOTAL OTHER ASSETS</b>	<b>610</b>	<b>1,774</b>	<b>426</b>	<b>8</b>

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	5,019	11,788	5,653	13,110
Total unrestricted assets	753	16	622	–
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<b>5,772</b>	<b>11,804</b>	<b>6,275</b>	<b>13,110</b>

**(i) Other disclosures**

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Details for real estate development</b>					
Residential		–	2,954	–	2,860
Industrial/commercial		5,019	7,076	5,653	10,242
<b>Total real estate for resale</b>		<b>5,019</b>	<b>10,030</b>	<b>5,653</b>	<b>13,102</b>

(Valued at the lower of cost and net realisable value)

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 8. Inventories and other assets (continued)

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Represented by:</b>					
Acquisition costs		773	9,692	773	12,866
Development costs		4,246	338	4,880	236
<b>Total costs</b>		<b>5,019</b>	<b>10,030</b>	<b>5,653</b>	<b>13,102</b>
<b>Total real estate for resale</b>		<b>5,019</b>	<b>10,030</b>	<b>5,653</b>	<b>13,102</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		5,653	13,102	14,116	5,721
- Purchases and other costs		161	102	2,738	219
- Transfers in from (out to) Note 9		194	-	-	-
- WDV of sales (expense)	5	(989)	-	(3,412)	-
- Impairment write down		-	(3,174)	-	-
- Transfer between current/non-current		-	-	(7,162)	7,162
- Transfers in from (out to) Note 10		-	-	(627)	-
<b>Total real estate for resale</b>		<b>5,019</b>	<b>10,030</b>	<b>5,653</b>	<b>13,102</b>

**Accounting policy for inventories and other assets****Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Inventory held for distribution**

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

**Land held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment

£ 100	Assets movements during the reporting period						as at 30/6/2018			as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additional new assets	Carrying value of disposals	Depreciation expense and transfers	Adjustments and transfers	The transfer of real assets (note 9)	Revaluation increments (decrements) to equity (A18)	Gross carrying amount	Accumulated depreciation	Net carrying amount
<b>Capital work in progress</b>	4,190	(74)	4,116	3,249	1,592	-	783	-	-	9,311	(81)	9,230
<b>Plant and equipment</b>	17,897	(8,859)	8,728	2,852	1,876	(1,833)	(21)	-	-	25,300	(13,788)	11,512
<b>Office equipment</b>	2,327	(1,128)	1,198	218	505	(432)	-	-	-	3,051	(1,580)	1,471
<b>Furniture and fittings</b>	1,171	(1,065)	106	93	-	(34)	36	-	-	1,300	(1,089)	211
<b>Land:</b>												
- Operational land	38,407	(672)	37,835	26	1,204	-	321	-	-	39,505	(873)	38,632
- Community land	42,284	-	42,284	-	597	-	(321)	-	(26)	42,518	-	42,518
- Crown land	29,548	-	29,548	-	-	-	-	-	-	29,223	-	29,223
- Land under roads (post 1/1/08)	1,985	-	1,985	-	-	-	-	-	-	1,985	-	1,985
<b>Land improvements - depreciable</b>	2,780	(665)	2,085	68	-	(77)	4,099	-	-	9,187	(2,412)	6,775
<b>Infrastructure:</b>												
- Buildings - specialised	177,270	(83,610)	93,660	1,774	2,251	(4,016)	1,640	-	-	183,879	(88,879)	95,000
- Other structures	6,303	(2,181)	4,122	319	131	(560)	1,368	-	-	9,700	(4,321)	5,379
- Roads	462,034	(54,941)	407,093	4,859	3,295	(2,500)	(32,918)	-	-	443,749	(53,819)	389,930
- Bridges	11,408	(320)	11,088	16	-	(13)	(187)	-	-	11,257	(333)	10,924
- Footpaths	32,898	(3,482)	29,416	422	1,365	(256)	23,744	-	-	53,126	(8,435)	54,691
- Car parks	11,417	(8,263)	3,154	192	-	(541)	-	-	-	11,510	(8,804)	2,806
- Stormwater drainage	197,809	(5,985)	191,824	1,372	2,845	(206)	248	-	-	202,514	(6,435)	196,079
- Swimming pools	8,190	(4,710)	3,480	114	-	(171)	(284)	-	-	7,584	(4,513)	3,071
- Other open space	29,541	(11,968)	17,543	1,062	1,207	(754)	(6,851)	(180)	8,977	32,237	(10,957)	21,280
- Other infrastructure	9,716	(3,712)	6,004	809	377	(352)	498	-	-	10,817	(3,715)	7,102
<b>Other assets:</b>												
- Heritage collections	232	(72)	160	6	-	(2)	-	-	-	237	(75)	162
- Library books	5,218	(3,117)	2,101	236	-	(253)	-	-	-	5,455	(3,370)	2,085
- Newcastle airport	45,968	(16,123)	29,845	3,251	-	(1,566)	-	-	-	48,808	(18,081)	30,715
- Other	5,527	(2,782)	2,745	-	-	-	(2,731)	(14)	-	-	-	-
<b>Total infrastructure, property, plant and equipment</b>	1,144,320	(213,650)	930,630	20,868	16,845	(13,978)	-	(194)	8,951	1,192,351	(231,380)	960,971

(1) Items are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

as at 30/06/2017															Annual movements during the reporting period															as at 30/06/2018														
															Infrastructure															Other assets														
															Land															Other assets														
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(1) Reserves are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

## Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	20
Office furniture	10 to 20	Benches, seats etc.	25
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings	15 to 65
Other plant and equipment	5 to 15		
<b>Transportation assets</b>		<b>Stormwater assets</b>	
Sealed roads		Drains	80 to 100
- Base	50	Culverts	50 to 80
- Seal	15 to 25	Flood control structures	80 to 100
- Sub-base	100		
Unsealed roads	100	<b>Other infrastructure assets</b>	
Bridge concrete	100	Bulk earthworks	20
Bridge other	60 to 100	Swimming pools	50
Kerb, gutter and footpaths	80	Other open space/recreational assets	20
		Other infrastructure	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

## Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

## Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

## Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

## Note 9(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Land						
Domestic waste management						
Buildings	4,332	1,933	2,399	3,483	1,580	1,903
<b>Total DWM</b>	<b>4,332</b>	<b>1,933</b>	<b>2,399</b>	<b>3,483</b>	<b>1,580</b>	<b>1,903</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>4,332</b>	<b>1,933</b>	<b>2,399</b>	<b>3,483</b>	<b>1,580</b>	<b>1,903</b>

## Note 9(c). Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2019	2018
(i) Impairment losses recognised in the Income Statement:			
– Change in land usage (road reserve)		–	(573)
<b>Total impairment losses</b>		<b>–</b>	<b>(573)</b>
<b>IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L</b>	44	<b>–</b>	<b>(573)</b>



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Investment property

\$ '000	2019	2018
<b>(a) Investment property at fair value</b>		
<b>Investment property on hand</b>	<b>35,550</b>	<b>31,467</b>
Reconciliation of annual movement:		
<b>Opening balance</b>	<b>31,467</b>	<b>26,000</b>
- Capitalised expenditure - this year	491	41
- Net gain/(loss) from fair value adjustments	3,592	4,799
- Transfers from/(to) inventories (Note 8)	-	627
<b>CLOSING BALANCE - INVESTMENT PROPERTY</b>	<b>35,550</b>	<b>31,467</b>

**(b) Valuation basis**

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2019 revaluations were based on independent assessments made by:  
Sean Fox who is an employee of Knight Frank and is a Certified Practising Valuer (without limitation). API No 6755.

**(c) Repairs and maintenance - Council as lessor**

Contractual obligations at reporting date for future repairs and maintenance are \$12,875

**(d) Leasing arrangements - Council as lessor**

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	2,457	1,950
Later than 1 year but less than 5 years	6,371	4,120
Later than 5 years	618	2,832
<b>Total minimum lease payments receivable</b>	<b>9,446</b>	<b>8,911</b>

Lease terms vary from 1 to 5 years with options to renew. Rental payments are due monthly in advance and do not include contingent rental adjustments.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Investment property (continued)

\$ '000	2019	2018
<b>(e) Amounts recognised in profit and loss for investment property</b>		
Rental income from investment property:		
– Minimum lease payments	2,989	2,718
Direct operating expenses on investment property:		
– that generated rental income	(649)	(532)
<b>Net revenue contribution from investment property</b>	<b>2,340</b>	<b>2,186</b>
plus:		
Fair value movement for year	3,592	4,799
<b>Total income attributable to investment property</b>	<b>5,932</b>	<b>6,985</b>

**Accounting policy for investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Intangible assets

\$ '000	2019	2018
Intangible assets are as follows:		
Opening values at 1 July		
Gross book value	6,541	6,147
Accumulated amortisation	(1,837)	(1,431)
<b>Net book value – opening balance</b>	<b>4,704</b>	<b>4,716</b>
Movements for the year		
– Purchases	2,149	133
– Transfers from note 9	–	262
– Amortisation charges	(705)	(406)
Closing values at 30 June		
Gross book value	8,690	6,541
Accumulated amortisation	(2,541)	(1,837)
<b>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</b>	<b>6,149</b>	<b>4,704</b>

The net book value of intangible assets represents:

– Software	1,034	971
– Newcastle Airport (right to operate)	1,595	213
– Biodiversity credits	3,520	3,520
	<b>6,149</b>	<b>4,704</b>

## Accounting policy for intangible assets

## IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

## Biodiversity credits

Biodiversity credits that are obtained with the intention to sell are recognised as an asset. Where they have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives. Biodiversity credits that have an indefinite useful life are not amortised and are assessed for impairment annually.

When Biodiversity credits is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised within the income statement.

**Port Stephens Council**

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 11. Intangible assets (continued)**

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**Right to Operate**

Fit out costs incurred for the international processing area within the terminal required by the Department of Home Affairs for border security activities required for international flights represents NAP's contractual / legal right to operate international airport services, and is recognised at cost as an intangible asset.



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 <sup>2</sup> Current	2018 <sup>2</sup> Non-current
<b>Payables</b>				
Goods and services	8,744	–	6,002	–
Accrued expenses:				
– Other expenditure accruals	2,536	–	2,494	8
Security bonds, deposits and retentions	951	–	818	–
Unclaimed monies	10	–	8	–
Rates in advance	1,143	–	978	–
Other	961	–	867	–
<b>Total payables</b>	<b>14,345</b>	<b>–</b>	<b>11,167</b>	<b>8</b>
<b>Income received in advance</b>				
Payments received in advance	–	–	9	–
<b>Total income received in advance</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	4,464	8,814	3,460	14,121
Loans – Newcastle airport	–	6,250	–	6,250
<b>Total borrowings</b>	<b>4,464</b>	<b>15,064</b>	<b>3,460</b>	<b>20,371</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>18,809</b>	<b>15,064</b>	<b>14,636</b>	<b>20,379</b>

<sup>(1)</sup> Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

<sup>(2)</sup> Restated due to prior period error

\$ '000	2019 Current	2019 Non-current	2018 <sup>2</sup> Current	2018 <sup>2</sup> Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Domestic waste management	1,797	732	1,825	1,441
Other	951	–	818	–
Crown holiday park reserve	34	–	34	34
<b>Payables and borrowings relating to externally restricted assets</b>	<b>2,782</b>	<b>732</b>	<b>2,677</b>	<b>1,475</b>
<b>Internally restricted assets</b>				
Drainage reserve	–	–	144	–
Newcastle airport	4,162	6,250	2,623	10,898
<b>Payables and borrowings relating to internally restricted assets</b>	<b>4,162</b>	<b>6,250</b>	<b>2,767</b>	<b>10,898</b>
<b>Total payables and borrowings relating to restricted assets</b>	<b>6,944</b>	<b>6,982</b>	<b>5,444</b>	<b>12,373</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>11,865</b>	<b>8,082</b>	<b>9,192</b>	<b>8,006</b>

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings (continued)

\$ '000	2019 Current	2019 Non-current	2018 <sup>2</sup> Current	2018 <sup>2</sup> Non-current
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>18,809</b>	<b>15,064</b>	<b>14,636</b>	<b>20,379</b>

<sup>(2)</sup> Restated due to prior period error

\$ '000	2019	2018
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## (b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Payables – security bonds, deposits and retentions	396	378
<b>Total payables and borrowings</b>	<b>396</b>	<b>378</b>

## (c) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	17,581	(4,306)	–	3	–	13,278
Loans – Newcastle airport	6,250	–	–	–	–	6,250
<b>TOTAL</b>	<b>23,831</b>	<b>(4,306)</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>19,528</b>

	as at 30/6/2017					as at 30/6/2018
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	15,308	2,268	–	5	–	17,581
Loans – Newcastle airport	6,250	–	–	–	–	6,250
<b>TOTAL</b>	<b>21,558</b>	<b>2,268</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>23,831</b>

\$ '000	2019	2018
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## (d) Financing arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities <sup>1</sup>	2,500	2,500
Credit cards/purchase cards	500	500
Bank loan facilities - Newcastle Airport	25,000	–
<b>Total financing arrangements</b>	<b>28,000</b>	<b>3,000</b>

Drawn facilities as at balance date:

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings (continued)

\$ '000	2019	2018
– Credit cards/purchase cards	4	4
– Bank loan facilities - Newcastle Airport	6,250	–
<b>Total drawn financing arrangements</b>	<b>6,254</b>	<b>4</b>
<b>Undrawn facilities as at balance date:</b>		
– Bank overdraft facilities	2,500	2,500
– Credit cards/purchase cards	496	496
– Bank loan facilities - Newcastle Airport	18,750	–
<b>Total undrawn financing arrangements</b>	<b>21,746</b>	<b>2,996</b>

## Additional financing arrangements information

## Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

## Security over loans

Loans are secured over the general rating income of Council.

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

## Accounting policy for payables and borrowings

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

## Payables

These amounts represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	4,047	–	3,628	–
Sick leave	2,966	–	3,142	–
Long service leave	7,500	742	6,769	531
Flexi time / RDO leave	299	–	256	–
<b>Sub-total – aggregate employee benefits</b>	<b>14,812</b>	<b>742</b>	<b>13,795</b>	<b>531</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	1,355	–	1,600	–
<b>Sub-total – asset remediation/restoration</b>	<b>1,355</b>	<b>–</b>	<b>1,600</b>	<b>–</b>
<b>Other provisions</b>				
Other	900	–	1,825	–
<b>Sub-total – other provisions</b>	<b>900</b>	<b>–</b>	<b>1,825</b>	<b>–</b>
<b>TOTAL PROVISIONS</b>	<b>17,067</b>	<b>742</b>	<b>17,220</b>	<b>531</b>

## (a) Provisions relating to restricted assets

<b>Externally restricted assets</b>				
Domestic waste management	1,355	–	1,600	–
<b>Provisions relating to externally restricted assets</b>	<b>1,355</b>	<b>–</b>	<b>1,600</b>	<b>–</b>
<b>Internally restricted assets</b>				
Drainage	900	–	1,825	–
<b>Provisions relating to internally restricted assets</b>	<b>900</b>	<b>–</b>	<b>1,825</b>	<b>–</b>
<b>Total provisions relating to restricted assets</b>	<b>2,255</b>	<b>–</b>	<b>3,425</b>	<b>–</b>
<b>Total provisions relating to unrestricted assets</b>	<b>14,812</b>	<b>742</b>	<b>13,795</b>	<b>531</b>
<b>TOTAL PROVISIONS</b>	<b>17,067</b>	<b>742</b>	<b>17,220</b>	<b>531</b>

\$ '000	2019	2018
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## (b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	9,776	8,477
	<u>9,776</u>	<u>8,477</u>



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Provisions (continued)

## (c) Description of and movements in provisions

\$ '000	Other provisions		
	Legal Costs Provision	Asset Remediation	Total
<b>2019</b>			
At beginning of year	1,825	1,600	3,425
Amounts used (payments)	-	(245)	(245)
Unused amounts reversed	(925)	-	(925)
Total other provisions at end of period	900	1,355	2,255
<b>2018</b>			
At beginning of year	-	1,600	1,600
Additional provisions	1,825	-	1,825
Total other provisions at end of period	1,825	1,600	3,425

## Nature and purpose of non-employee benefit provisions

## Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip.

## Legal costs provision

Council has a legal obligation to pay legal costs as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required when legal proceedings are finalised.

## Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## Employee benefits

## Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

## Other long-term employee benefit obligations

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 13. Provisions (continued)**

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**On-costs**

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

**Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries****Restoration**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

**Rehabilitation**

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 13. Provisions (continued)**

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

**Provision for legal costs**

Liabilities for legal costs expected to be wholly settled within 12 months after the end of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors****(a) Nature and purpose of reserves****Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

**Fair value through other comprehensive income reserve (FVOCI)**

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

**Available for sale investments revaluation reserve (2018 only)**

Changes in fair value are taken to the available-for-sale investments revaluation reserve, amounts are recognised in profit and loss when the associated assets are sold or impaired.

**(b) Correction of errors relating to a previous reporting period****Nature of prior-period error**

Council is adjusting for the difference in accounting policies with regards to capital government grants that have been accounted for when consolidating its joint operation. Newcastle Airport Partnership has been accounting for government grants under AASB 120 which requires grant income to be accounted for as income over the life of the asset. Council accounts for government grants under AASB 1004 which requires the grant to be accounted as income upon receipt. Under AASB 10, parent entities are to prepare consolidated financial statements which have uniform accounting policies across both entities.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2017) and taking the adjustment through Accumulated Surplus at that date. Comparatives have been changed to reflect the correction of errors. The impact of each line is shown in the tables below.

**Changes to the opening Statement of Financial Position at 1 July 2017****Statement of Financial Position**

\$ '000	Original Balance 1 July, 2017	Impact Increase/ (decrease)	Restated Balance 1 July, 2017
<b>Total assets</b>	<b>1,000,030</b>	<b>-</b>	<b>1,000,030</b>
Deferred Income - Newcastle Airport Partnership	5,291	(5,058)	233
Total income received in advance	5,489	(5,058)	431
Total payables and borrowings	36,377	(5,058)	31,319
<b>Total liabilities</b>	<b>52,318</b>	<b>(5,058)</b>	<b>47,260</b>
Accumulated Surplus	567,409	5,058	572,467
Revaluation Reserves	380,303	-	380,303
<b>Total equity</b>	<b>947,712</b>	<b>5,058</b>	<b>952,770</b>



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies,  
changes in accounting estimates and errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2018

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2018	Impact Increase/ (decrease)	Restated Balance 30 June, 2018
<b>Total assets</b>	<b>1,046,514</b>	<b>-</b>	<b>1,046,514</b>
Deferred Income - Newcastle Airport Partnership	5,049	(5,049)	-
Total income received in advance	5,058	(5,049)	9
Total payables and borrowings	40,064	(5,049)	35,015
<b>Total liabilities</b>	<b>57,815</b>	<b>(5,049)</b>	<b>52,766</b>
Accumulated Surplus	588,281	5,311	593,592
Revaluation Reserves	400,418	-	400,418
<b>Total equity</b>	<b>988,699</b>	<b>5,311</b>	<b>993,748</b>

## Income Statement

\$ '000	Original Balance 30 June, 2018	Impact Increase/ (decrease)	Restated Balance 30 June, 2018
Grants & Contributions provided for capital purposes	15,387	(262)	15,125
Total grants	13,711	(262)	13,449
<b>Total income from continuing operations</b>	<b>137,095</b>	<b>(262)</b>	<b>136,833</b>
<b>Total expenses from continuing operations</b>	<b>116,759</b>	<b>-</b>	<b>116,759</b>
<b>Operating result from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net operating result for the year</b>	<b>20,336</b>	<b>(262)</b>	<b>20,074</b>

## Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2018	Impact Increase/ (decrease)	Restated Balance 30 June, 2018
<b>Net operating result for the year</b>	<b>20,336</b>	<b>(262)</b>	<b>20,074</b>
<b>Total comprehensive income for the year</b>	<b>20,336</b>	<b>(262)</b>	<b>20,074</b>

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)****(c) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)**

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2017. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

– AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.

– AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

**Classification of financial assets**

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income – equity instruments

**Measurement of equity instruments**

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

**Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

**Transition adjustments to equity**

Council has assessed the transition to AASB 9 and deemed any impact to be not applicable or immaterial e.g. the increase in expected credit losses for trade receivables.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**

\$ '000	Available for sale invest- ment revaluation reserve	FVOCI reserve	Retained earnings	Non- controlling interests	Total
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**Transition adjustments to assets & liabilities**

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at 1 July 2018.

\$ '000	Classifi- cation under AASB 139	Classifi- cation under AASB 9	Carrying amount under AASB 139	Reclassi- fication	Remeasu- rements	Carrying amount under AASB 9
<b>Financial assets</b>						
Trade & other receivables	Loans & receivables	Amortised cost	9,258	-	-	9,258
Cash and cash equivalents	Loans & receivables	Amortised cost	9,828	-	-	9,828
Term Deposits (i)	Held to Maturity	Amortised cost	41,242	-	-	41,242
<b>Total financial assets under AASB 9 at 1 July 2018</b>			60,328	-	-	60,328
<b>Financial liabilities</b>						
Trade Payables	Other financial liabilities	Other financial liabilities	11,175	-	-	11,175
Borrowings (secured & unsecured)	Other financial liabilities	Other financial liabilities	23,831	-	-	23,831
<b>Total financial liabilities under AASB 9 at 1 July 2018</b>			35,006	-	-	35,006

Notes to the table above

**Reclassification from 'held to maturity' to 'amortised cost'**

(i) Term deposits that would previously have been classified as 'held to maturity' are now classified at 'amortised cost'. Council intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

**(d) Voluntary changes in accounting policies****Nature of changes in accounting policies**

Council has performed an annual review of its accounting policies and changed the classification of its bio banking credits from Non Current Inventory to Non Current Intangible Assets. The initial value recognised and subsequent measurement of the asset remains unchanged upon retrospective adjustment. The change has been made in order to enhance the relevance of information contained in the financial statements.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**

The above change in accounting policy has impacted on the Statement of Financial Position at 1 July, 2017.

Comparatives have been changed to reflect the accounting policy changes. The impact on the line items affected within the Statement of Financial Position has been shown in the tables below. There has been no impact on Liabilities and Equity within the Statement of Financial Position or the Income Statement itself.

**Changes to the opening Statement of Financial Position at 1 July 2017****Statement of Financial Position**

\$ '000	Original Balance 1 July, 2017	Impact Increase/ (decrease)	Restated Balance 1 July, 2017
Inventory	23,554	(3,520)	20,034
Intangible assets	1,196	3,520	4,716
<b>Total assets</b>	<b>1,000,030</b>	<b>–</b>	<b>1,000,030</b>

**Adjustments to the comparative figures for the year ended 30 June 2018****Statement of Financial Position**

\$ '000	Original Balance 30 June, 2018	Impact Increase/ (decrease)	Restated Balance 30 June, 2018
Inventory	22,471	(3,520)	18,951
Intangible assets	1,184	3,520	4,704
<b>Total assets</b>	<b>1,046,514</b>	<b>–</b>	<b>1,046,514</b>



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	13,948	9,828
<b>Balance as per the Statement of Cash Flows</b>		<b>13,948</b>	<b>9,828</b>

**(b) Reconciliation of net operating result to cash provided from operating activities**

Net operating result from Income Statement	25,204	20,074
Adjust for non-cash items:		
Depreciation and amortisation	14,683	14,522
Net losses/(gains) on disposal of assets	(278)	(816)
Non-cash capital grants and contributions	(10,430)	(6,643)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(3,592)	(4,799)
– Revaluation decrements / impairments of IPP&E direct to P&L	3,174	573
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	3	5
<b>*/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	157	609
Increase/(decrease) in provision for impairment of receivables	(1)	(46)
Decrease/(increase) in inventories	53	1
Decrease/(increase) in other current assets	(1,950)	11
Increase/(decrease) in payables	2,742	1,769
Increase/(decrease) in other accrued expenses payable	34	(305)
Increase/(decrease) in other liabilities	385	212
Increase/(decrease) in provision for employee benefits	1,228	(15)
Increase/(decrease) in other provisions	(1,170)	1,825
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>30,242</b>	<b>26,977</b>

**(c) Non-cash investing and financing activities**

Dedicated subdivisions	8,788	6,643
RFS assets	1,642	–
<b>Total non-cash investing and financing activities</b>	<b>10,430</b>	<b>6,643</b>

**(d) Net cash flows attributable to discontinued operations**

There are no cash flows that relate to discontinued operations

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Interests in other entities

## (a) Joint arrangements

## (i) Joint operations

(a) Council is involved in the following joint operations (JO's)

\$ '000			Interest in ownership		Interest in voting	
			2019	2018	2019	2018
Name of joint operation	Principal activity	Place of business				
Newcastle Airport Partnership and Newcastle Airport Pty Ltd	Airport Operation	Williamstown	50%	50%	50%	50%
Greater Newcastle Aerotropolis Partnership & Greater Newcastle Aerotropolis Pty Ltd	Airport Operation	Williamstown	50%	0%	50%	0%

## (b) Council assets employed in the joint operations

\$ '000	2019	2018 <sup>(1)</sup>
Council's share of assets jointly owned with other partners		
Current assets	16,761	16,810
Current liabilities	(4,470)	(2,487)
Non-current assets	32,380	30,181
Non-current liabilities	(6,278)	(6,278)
<b>Total net assets employed – Council and jointly owned</b>	<b>38,393</b>	<b>38,226</b>

(1) Restated due to prior period error

## (c) Share of joint operations expenditure commitments

\$ '000	2019	2018
Capital commitments		
Payable not later than 1 year	5,395	1,317
<b>Total capital commitments</b>	<b>5,395</b>	<b>1,317</b>

## (d) Contingent liabilities of joint operations

\$ '000	2019	2018
Share of contingent liabilities incurred jointly with other participants	100	100
Share of contingent liabilities for which Council is severally liable	100	100

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 16. Interests in other entities (continued)****Accounting policy for joint arrangements:**

The council has determined that it has joint operations.

**Joint operations:**

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

**(b) Subsidiaries, joint arrangements and associates not recognised**

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

**Aggregate information for joint ventures that are not individually material**

Strategic Services Australia Limited (Council Support Services Joint Venture)

**Reasons for non recognition**

The Joint Venture has not been recognised as part of Council's financial performance or financial position as it has been deemed immaterial for the purposes of consolidation. Council's unconsolidated share of the net assets and net profit of the Joint Venture is as follows:

**2019**

Net Profit	(57)
Net Assets	583

**2018**

Net Profit	352
Net Assets	641

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Commitments

\$ '000	2019	2018
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## (a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

<b>Property, plant and equipment</b>		
Buildings	6,775	238
Plant and equipment	228	659
Newcastle airport	5,395	1,317
Other	1,072	1,622
<b>Total commitments</b>	<b>13,470</b>	<b>3,836</b>

These expenditures are payable as follows:

Within the next year	13,470	3,836
<b>Total payable</b>	<b>13,470</b>	<b>3,836</b>

## (b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	421	450
Later than one year and not later than 5 years	538	614
Later than 5 years	262	-
<b>Total non-cancellable operating lease commitments</b>	<b>1,221</b>	<b>1,064</b>

b. Non-cancellable operating leases include the following assets:

Computer, Printing Equipment, Land and Car Parks. Contingent rentals may be payable depending on the condition of items or usage during the lease term.

## Conditions relating to finance and operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

## (c) Investment in joint operations – commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 16 (c)



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Contingencies and other assets/liabilities not recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

## LIABILITIES NOT RECOGNISED

## 1. Guarantees

## (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

*Description of the funding arrangements:*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions for non 180 Point Members. Nil for 180 Point Members
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2018 to to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

*Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active

## Port Stephens Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 18. Contingencies and other assets/liabilities not recognised (continued)

members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$661,972.64. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA on 31 December 2018, relating to the period ending 30 June 2018.

The amount of additional contributions included in the total employer contribution advised above is \$337,154.66. Council's expected contribution to the plan for the next annual reporting period is \$638,180.60.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

\* excluding member accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$676,000 as at 30 June 2019.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

#### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

#### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 18. Contingencies and other assets/liabilities not recognised (continued)**

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

**(iv) Other guarantees**

Council has provided no other guarantees other than those listed above.

**2. Other liabilities****(i) Third party claims**

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

**(ii) Potential land acquisitions due to planning restrictions imposed by Council**

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

**(iii) Legal Matters**

Council is dealing with general matters as part of normal operations. No specific disclosure is made as these matters do not represent a significant and probable outflow of resources other than those already provided for.

**ASSETS NOT RECOGNISED****(i) Land under roads**

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

**(ii) Infringement notices/fines**

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management

## Risk management

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	13,948	9,828	13,948	9,828
Receivables	9,102	9,258	9,102	9,257
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	36,289	41,242	36,289	41,242
<b>Total financial assets</b>	<b>59,339</b>	<b>60,328</b>	<b>59,339</b>	<b>60,327</b>
<b>Financial liabilities</b>				
Payables	14,345	11,175	14,345	11,175
Loans/advances	19,528	23,831	19,528	23,831
<b>Total financial liabilities</b>	<b>33,873</b>	<b>35,006</b>	<b>33,873</b>	<b>35,006</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and financial assets at amortised cost / held-to-maturity (2018) investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's financial services section manages the cash and investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management (continued)

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

## (a) Market risk – price risk and interest rate risk

The impact on the result for the year of a reasonably possible movement in interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2019</b>				
Possible impact of a 1% movement in interest rates	412	–	(412)	–
<b>2018</b>				
Possible impact of a 1% movement in interest rates	338	–	(338)	–

## (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to the financial services section manager on a monthly basis and monitoring of acceptable collection performance is carried out.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management (continued)

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

## Credit risk profile

## Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2019</b>						
Gross carrying amount	–	2,184	203	188	123	2,698
<b>2018</b>						
Gross carrying amount	–	1,929	179	177	121	2,406

## Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2019</b>						
Gross carrying amount	5,198	454	100	118	539	6,409
Expected loss rate (%)	0.07%	0.11%	0.38%	1.24%	2.32%	0.29%
<b>ECL provision</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>13</b>	<b>18</b>
<b>2018</b>						
Gross carrying amount	4,929	977	493	63	396	6,858
Expected loss rate (%)	0.07%	0.11%	0.38%	1.24%	2.32%	0.24%
<b>ECL provision</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>9</b>	<b>16</b>

## (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management (continued)

maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows (i.e. principal and interest) and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2019</b>							
Trade/other payables	0.00%	961	13,384	–	–	14,345	14,345
Loans and advances	3.14%	–	11,274	8,553	941	20,768	19,528
<b>Total financial liabilities</b>		<b>961</b>	<b>28,820</b>	<b>8,553</b>	<b>941</b>	<b>39,275</b>	<b>33,873</b>
<b>2018</b>							
Trade/other payables	0.00%	826	10,341	8	–	11,175	11,175
Loans and advances	3.41%	–	4,003	19,297	2,126	25,426	23,831
<b>Total financial liabilities</b>		<b>826</b>	<b>14,344</b>	<b>19,305</b>	<b>2,126</b>	<b>36,601</b>	<b>35,006</b>

## Loan agreement breaches

There were no loan agreement breaches recorded during the year.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 26/06/2018 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2019 Budget	2019 Actual	2019 Variance	
<b>REVENUES</b>				
Rates and annual charges	56,787	57,652	865	2% <b>F</b>
User charges and fees	39,367	44,698	5,331	14% <b>F</b>
User fees and charges increased above budget due to the receipt of additional work from RMS under the State Roads maintenance program.				
Interest and investment revenue	1,353	1,451	98	7% <b>F</b>
Other revenues	6,591	6,596	5	0% <b>F</b>
Operating grants and contributions	11,758	11,918	160	1% <b>F</b>
Capital grants and contributions	5,811	21,312	15,501	267% <b>F</b>
Council was gifted a significant amount of infrastructure from development subdivisions which exceeded the original budgeted amount.				
Net gains from disposal of assets	250	278	28	11% <b>F</b>
Council was able to generate higher than expected disposal gains as a result of property developments.				
Fair value increment on investment property	–	3,592	3,592	∞ <b>F</b>
Fair value increases on investment property were higher than expected due to strong growth in commercial assets. Fair value increments are a non cash transaction and do not form part of Council's underlying surplus.				
<b>EXPENSES</b>				
Employee benefits and on-costs	45,135	48,294	(3,159)	(7)% <b>U</b>
Borrowing costs	698	705	(7)	(1)% <b>U</b>
Materials and contracts	36,830	38,120	(1,290)	(4)% <b>U</b>



## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Material budget variations (continued)

\$ '000	2019 Budget	2019 Actual	2019 Variance	
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Material and contracts costs increased due to being awarded additional work under the RMS State Roads maintenance program.

Depreciation and amortisation	15,621	14,683	938	6% F
Other expenses	13,995	17,317	(3,322)	(24)% U

Other expenses exceeded the original budget due to growth at the Newcastle Airport.

Revaluation decrement / impairment of IPP&E	–	3,174	(3,174)	– U
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## STATEMENT OF CASH FLOWS

Net cash provided from (used in) operating activities	22,065	30,242	8,177	37% F
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Cashflows from operating activities exceeded the original budget due to the receipt of capital grants for new infrastructure projects.

Net cash provided from (used in) investing activities	(21,333)	(21,816)	(483)	2% U
Net cash provided from (used in) financing activities	(1,485)	(4,306)	(2,821)	190% U

Cashflows from financing activities varied due to proceeds from loans which were drawn down on in June 2018.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## (1) Assets and liabilities that have been measured and recognised at fair values

		Fair value measurement hierarchy				
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
2019	Notes					
Recurring fair value measurements						
Investment property	10					
Investment properties held			-	35,550	-	35,550
<b>Total investment property</b>			-	35,550	-	35,550
Infrastructure, property, plant and equipment						
Plant and equipment	5(a)		-	-	11,512	11,512
Office equipment			-	-	1,471	1,471
Furniture and fittings			-	-	211	211
Land			-	38,932	73,726	112,658
Land Improvements			-	-	6,775	6,775
Buildings – specialised			-	-	95,000	95,000
Other Structures			-	-	5,379	5,379
Infrastructure			-	-	682,977	682,977
Other Assets			-	-	5,053	5,053
<b>Total infrastructure, property, plant and equipment</b>			-	38,932	882,104	921,036
Fair value measurement hierarchy						
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
2018	Notes					
Recurring fair value measurements						
Investment property	10					
Investment properties held			-	31,467	-	31,467
<b>Total investment property</b>			-	31,467	-	31,467

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement (continued)

2018	Date of latest valuation	Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment		–	–	8,728	8,728
Office equipment		–	–	1,199	1,199
Furniture and fittings		–	–	106	106
Land		–	37,229	74,434	111,663
Land Improvements		–	–	2,085	2,085
Buildings – specialised		–	–	93,660	93,660
Other Structures		–	–	4,122	4,122
Infrastructure		–	–	666,847	666,847
Other Assets		–	–	8,159	8,159
<b>Total infrastructure, property, plant and equipment</b>		–	37,229	859,340	896,569

Note that capital WIP is not included above since it is carried at cost.

## (2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Council's policy for determining transfers between fair value hierarchies is:

- at the date of the event or change in circumstances that caused the transfer.

## (3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

**Investment property**

Council obtains valuations of its investment properties every year or when there are indicators of a change in the carrying value of the asset.

The best evidence of Fair Value is the current price in an active market for similar assets. The following information is used where necessary:

The investment property held by Council has been valued by the valuer using valuation techniques that are appropriate and for which sufficient data was available to measure fair value, maximising the use of observable inputs namely Level 3 inputs (based on per square metres). The income approach is used to value the investment properties and has not changed from prior years.

**Infrastructure, property, plant and equipment (IPP&E)****Plant & Equipment, Office Equipment, Furniture & Fittings**

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

## Port Stephens Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 21. Fair Value Measurement (continued)

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks and display boards.

#### Land

The main components of Land include Community Land, Operational Land & Land Under Roads.

Community Land is based on either the Land Value provided by the Valuer-General or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land.

Operational Land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

1. The land's description and/or dimensions;
2. Planning and other constraints on development; and
3. The potential for alternative use.

Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation techniques during the reporting period.

Land Under Roads was valued in accordance with the Australian Accounting Standard AASB 116 Property, Plant and Equipment, and the Code of Accounting Practice and Financial Reporting.

Values were determined using valuation of Council's total Land under Roads at the average rate unit of land and applying discounting factors which reflects the restrictions placed on land under roads. This asset class is classified as Level 3 asset as significant inputs used in this methodology are unobservable.

There has been no change to the valuation process during the reporting period.

#### Buildings - Specialised & Other Structures

The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation.

#### Infrastructure

The main components of infrastructure include Roads, Bridges, Footpaths, Stormwater Drainage, Recreational and open areas.

Roads bridges and footpaths are valued using the cost replacement approach. Valuations for these asset classes were undertaken in-house based on actual costs and assumptions from Council's Engineering Department.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. There has been no change to the valuation process during the reporting period.

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required



**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Councils recreational areas and swimming pools have been valued in house by experienced engineering and asset management staff using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

**Other Assets**

Other Assets include Other assets in this class includes heritage collections library books, carparks and joint venture operations.

All other asset classes have also been recorded at replacement cost.

While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

**Port Stephens Council**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

**(4) Fair value measurements using significant unobservable inputs (level 3)**

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	Plant and office equipment	Furniture and fittings	Land and land improvements	Buildings	Other structures	Infrastructure	Other assets	Total
<b>2018</b>								
Opening balance	10,236	78	75,046	83,081	3,764	649,199	8,394	829,798
Transfers from/to another asset class	-	-	1,061	(1,346)	220	-	(56)	(121)
Purchases (GBV)	2,204	48	657	4,201	439	22,451	659	30,657
Disposals (WCV)	(771)	(18)	-	(767)	-	(442)	-	(1,998)
Depreciation and impairment	(1,701)	-	(25)	(4,882)	(317)	(4,501)	(838)	(12,274)
Transfer from prior year	(41)	-	-	-	-	-	-	(41)
Revaluation increments/decrements	-	-	(827)	13,383	16	140	-	12,712
Transfers from/to Note 8	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>9,927</b>	<b>106</b>	<b>75,912</b>	<b>93,660</b>	<b>4,122</b>	<b>666,847</b>	<b>8,159</b>	<b>858,733</b>
<b>2019</b>								
Opening balance	9,927	106	75,912	93,660	4,122	666,847	8,159	858,733
Transfers from/to another asset class	(21)	36	4,378	1,640	1,388	-	(2,745)	4,656
Purchases (GBV)	5,551	93	665	4,025	449	(5,754)	435	5,464
Disposals (WCV)	(188)	-	(349)	(315)	-	17,575	(796)	15,927
Depreciation and impairment	(2,285)	(24)	(77)	(4,016)	(560)	(232)	-	(7,194)
Transfer from prior year	-	-	-	-	-	(4,254)	-	(4,254)
Revaluation increments/decrements	-	-	(26)	-	-	8,977	-	8,951
Transfers from/to Note 8	-	-	-	-	-	(180)	-	(180)
<b>Closing balance</b>	<b>12,964</b>	<b>211</b>	<b>80,503</b>	<b>94,994</b>	<b>5,379</b>	<b>682,979</b>	<b>5,053</b>	<b>882,103</b>

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement (continued)

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Fair value (2018/19)	Valuation technique/s	Unobservable inputs
<b>\$ '000</b>			
c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.			
Infrastructure, property, plant and equipment			
Plant & Office Equipment	12,594	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Furniture & Fittings	211	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Land & Land Improvements	80,503	Community Land - land values obtained from the NSW Valuer-General, Crown Land - land values based on the NSW Valuer-General where applicable, otherwise compared to similar properties. Any restrictions on land such as zoning, has been taken into consideration.	Land value, land area
Buildings - Specialised Other Structures	94,994 5,379	Cost approach Cost approach	Unit price Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Infrastructure	682,979	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Other Assets	5,053	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value

**Port Stephens Council**

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

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**(5) Highest and best use**

All of Council's non-financial assets are considered as being utilised for their highest and best use.



## Port Stephens Council

### Notes to the Financial Statements

for the year ended 30 June 2019

### Note 22. Related Party Transactions

#### (a) Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2019	2018
<b>Compensation:</b>		
Short-term benefits	4,146	3,318
Post-employment benefits	360	292
Termination benefits	-	162
<b>Total</b>	<b>4,506</b>	<b>3,772</b>

#### (b) Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000	2019					
Director remuneration	1	42	-	-	-	-
Director remuneration	2	9	-	-	-	-
Payment of contributions	3	399	-	-	-	-
Legal services	4	240	-	-	-	-
Training services	5	86	-	-	-	-
Tourism services	6	3	-	-	-	-
Rebates	7	1	-	-	-	-
Surveying services	8	40	-	-	-	-

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 22. Related Party Transactions (continued)

Nature of the transaction	Ref	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000						
Cleaning services	10	24	—	—	—	—
Sub lease of Council buildings	11	66	—	—	—	—
Supply of Goods	12	4	4	—	—	—
<b>2018</b>						
Director remuneration	1	42	—	—	—	—
Director remuneration	2	—	—	—	—	—
Payment of contributions	3	398	—	—	—	—
Legal services	4	321	4	—	—	—
Training services	5	90	—	—	—	—
Tourism services	6	32	—	—	—	—
Rebates	7	19	—	—	—	—
Surveying services	8	6	—	—	—	—
Training services	9	38	—	—	—	—
Cleaning services	10	24	—	—	—	—
Sub lease of Council buildings	11	66	—	—	—	—
Supply of Goods	12	—	—	—	—	—
1 Members of Council's KMP is remunerated for the provision of board member services by Newcastle Airport Pty Ltd which Port Stephens Council has a 50% shareholding in						
2 Members of Council's KMP is remunerated for the provision of board member services by Greater Newcastle Aerotropolis Pty Ltd which Port Stephens Council has a 50% shareholding in.						
3 A member of Council's KMP is a board member of Destination Port Stephens (a non profit organisation) which receives an annual contribution from Council towards generating economic activity within the LGA. The KMP member is not remunerated by Destination Port Stephens for their Directorship						
4 Port Stephens Council paid for legal services from Local Government Legal (a division of Strategic Services Australia Ltd) which is a joint operation between 11 Hunter Councils. A member of Council's KMP is a Director of Strategic Services Australia and is not remunerated for their Directorship.						
5 Port Stephens Council paid for training services from Local Government Training Solutions (a division of Strategic Services Australia Ltd) which is a joint operation between 11 Hunter Councils. A member of Council's KMP is a Director of Strategic Services Australia and is not remunerated for their Directorship.						

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 22. Related Party Transactions (continued)

- 6 Port Stephens Council paid for tourism promotion services from Screen Hunter (a division of Strategic Services Australia Ltd) which is a joint operation between 11 Hunter Councils. A member of Council's KMP is a Director of Strategic Services Australia and is not remunerated for their Directorship.
- 7 Port Stephens Council received purchasing rebates from Strategic Services Australia Ltd, which is a joint operation between 11 Hunter Councils. A member of Council's KMP is a Director of Strategic Services Australia and is not remunerated for their Directorship.
- 8 Port Stephens Council purchased surveying services from the Le Mottee Group Pty Ltd during the year, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the council's procurement processes.
- 9 Port Stephens Council purchased training services from Noble Works Pty Ltd during the year, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the council's procurement processes.
- 10 Port Stephens Council purchased cleaning services from Crest Brubi Beach Pty Ltd during the year, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the council's procurement processes.
- 11 Crest Brubi Beach Pty Ltd (a company which has a member of Council's KMP as a director) have a sublease with Brubi Port Surf Lifesaving Club in relation to a Council owned building. The rent is based on current market rates and subject to periodic review.
- 12 Port Stephens Council sold road signs to Port Stephens Koalas during the year which has 2 members of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms.

## (c) Other related party transactions

\$ '000	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
2019					
Shareholder dividend	1	1,943	-	-	-
2018					
Shareholder dividend	1	1,905	-	-	-
1	Port Stephens Council is a 50% shareholder in the joint operation of Newcastle Airport Pty Ltd for which it receives an annual dividend from.				

**Port Stephens Council**

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 22. Related Party Transactions (continued)**

**Note 23. Events occurring after the reporting date**

Council is aware of the following 'non-adjusting events' that merit disclosure:

– On 27 August 2019 Council resolved to secure loan funding up to \$5 million for proposed community projects and loan funding up to \$4 million for the construction of a Koala Sanctuary at Council's accommodation property Treescape.



## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 23. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (ref/flow)	Held as restricted asset	Cumulative internal borrowings (out/gainable)
		Cash	Non-cash					
Drainage	19	19	-	-	-	-	38	-
Roads	1 212	601	-	21	(130)	-	1 704	-
Traffic facilities	28	-	-	1	-	-	29	-
Parking	(8)	-	-	-	-	-	(8)	-
Open space	2 304	839	-	42	(293)	85	2 977	214
Community facilities	2 158	1 026	-	39	(838)	-	2 385	(129)
Recreation	5 571	2 142	-	99	(27)	(84)	7 701	(85)
Fire Fighting Facilities	339	89	-	6	-	-	434	-
Civic Administration	385	388	-	7	(285)	-	505	-
Haulage	2 402	579	20	43	(584)	-	2 460	-
Meadow, Traffic and Transport	201	395	-	4	-	-	600	-
S7.11 contributions - under a plan	14 612	6 088	20	262	(2 157)	1	18 826	-
S7.12 levies - under a plan	809	446	65	15	(334)	-	1 001	-
Total S7.11 and S7.12 revenue under plans	15 421	6 534	85	277	(2 491)	1	19 827	-
S7.11 not under plans	-	-	-	-	-	-	-	-
S7.14 planning agreements	-	-	-	-	-	-	-	-
Repealed funds	66	-	-	1	(41)	-	26	-
S6A contributions	-	-	-	-	-	-	-	-
<b>Total contributions</b>	<b>15 487</b>	<b>6 534</b>	<b>85</b>	<b>278</b>	<b>(2 532)</b>	<b>1</b>	<b>19 853</b>	<b>-</b>

## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 23. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CATCHMENT DISTRICT – WESTERN SHIRE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (if/from)	Held as restricted asset	Cumulative internal borrowings due/payable
		Cash	Non-cash					
Roads	24	6	-	-	-	-	30	-
Open space	108	9	-	2	-	-	119	-
Community facilities	160	11	-	3	-	-	174	-
Recreation	342	22	-	4	-	-	268	-
<b>Total</b>	<b>534</b>	<b>48</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>591</b>	<b>-</b>

## CATCHMENT DISTRICT – RAYMOND TERRACE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (if/from)	Held as restricted asset	Cumulative internal borrowings due/payable
		Cash	Non-cash					
Roads	169	89	-	3	-	-	261	-
Parking	(11)	-	-	-	-	-	(11)	-
Open space	420	136	-	8	-	-	564	-
Community facilities	302	145	-	5	(118)	-	334	-
Recreation	1,249	346	-	22	(27)	-	1,590	-
<b>Total</b>	<b>2,129</b>	<b>716</b>	<b>-</b>	<b>38</b>	<b>(145)</b>	<b>-</b>	<b>2,738</b>	<b>-</b>

## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 23. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CATCHMENT DISTRICT – MEDOWIE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(to) year
		Cash	Non-cash					
Roads	359	242	-	7	(22)	-	626	-
Open space	594	287	-	11	(1)	-	891	-
Community facilities	133	425	-	2	(355)	-	165	-
Recreation	1 969	873	-	35	-	-	2 877	-
Medowie, Traffic and Transport	201	395	-	4	-	-	600	-
<b>Total</b>	<b>3 256</b>	<b>2 222</b>	<b>-</b>	<b>59</b>	<b>(418)</b>	<b>-</b>	<b>5,159</b>	<b>-</b>

## CATCHMENT DISTRICT – KARLAH / SWAN BAY

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(to) year
		Cash	Non-cash					
Roads	38	27	-	1	-	-	66	-
Open space	172	42	-	3	(6)	-	211	-
Community facilities	(46)	49	-	-	-	-	3	-
Recreation	284	101	-	5	-	-	390	-
<b>Total</b>	<b>448</b>	<b>219</b>	<b>-</b>	<b>9</b>	<b>(6)</b>	<b>-</b>	<b>670</b>	<b>-</b>

## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 23. Statement of developer contributions (continued)

\$ '000

**\$7.11 CONTRIBUTIONS – UNDER A PLAN**

## CATCHMENT DISTRICT - TILGERRY PENINSULA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (by)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	16	12	-	-	-	-	28	-
Open space	(9)	24	-	-	(100)	85	-	85
Community facilities	98	26	-	2	-	-	126	-
Recreation	342	61	-	6	-	(84)	325	(85)
<b>Total</b>	<b>447</b>	<b>123</b>	<b>-</b>	<b>8</b>	<b>(100)</b>	<b>1</b>	<b>479</b>	<b>-</b>

## CATCHMENT DISTRICT – TOMAREE PENINSULA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (by)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	19	19	-	-	-	-	38	-
Roads	9	99	-	-	(108)	-	-	-
Parking	3	-	-	-	-	-	3	-
Open space	-	193	-	-	(181)	-	12	129
Community facilities	715	207	-	13	(318)	-	617	(129)
Recreation	376	469	-	7	-	-	852	-
<b>Total</b>	<b>1,122</b>	<b>987</b>	<b>-</b>	<b>20</b>	<b>(607)</b>	<b>-</b>	<b>1,522</b>	<b>-</b>



## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 23. Statement of developer contributions (continued)

\$ '000

**\$7.11 CONTRIBUTIONS – UNDER A PLAN****CATCHMENT DISTRICT – RURAL BALANCE**

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (pay/for)	Held as restricted asset	Cumulative internal borrowings due/payable
		Cash	Non-cash					
Roads	29	2	-	1	-	-	32	-
Open space	22	3	-	-	-	-	25	-
Community facilities	1	3	-	-	-	-	4	-
Recreation	37	7	-	1	-	-	45	-
<b>Total</b>	<b>89</b>	<b>15</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>-</b>

**CATCHMENT DISTRICT – FERN BAY**

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (pay/for)	Held as restricted asset	Cumulative internal borrowings due/payable
		Cash	Non-cash					
Roads	528	124	-	9	-	-	661	-
Traffic facilities	28	-	-	1	-	-	29	-
Open space	897	145	-	18	(5)	-	1,155	-
Community facilities	795	160	-	14	(7)	-	962	-
Recreation	1,072	263	-	19	-	-	1,354	-
<b>Total</b>	<b>3,420</b>	<b>692</b>	<b>-</b>	<b>61</b>	<b>(12)</b>	<b>-</b>	<b>4,161</b>	<b>-</b>

## Port Stephens Council

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 23. Statement of developer contributions (continued)

\$ '000									
<b>S7.11 CONTRIBUTIONS – UNDER A PLAN</b>									
CATCHMENT DISTRICT – SHIRE WIDE									
PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (by)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)	
		Cash	Non-cash						
Haulage	2,402	579	20	43	(584)	-	2,460	-	-
Fire Fighting Facilities	339	89	-	6	-	-	434	-	-
Civic Administration	385	368	-	7	(285)	-	505	-	-
<b>Total</b>	<b>3,126</b>	<b>1,066</b>	<b>20</b>	<b>56</b>	<b>(869)</b>	<b>-</b>	<b>3,399</b>	<b>-</b>	<b>-</b>
<b>S7.12 LEVIES – UNDER A PLAN</b>									
S7.12 LEVIES – UNDER A PLAN									
PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (by)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)	
		Cash	Non-cash						
Section 7.12	809	446	65	15	(334)	-	1,001	-	-
<b>Total</b>	<b>809</b>	<b>446</b>	<b>65</b>	<b>15</b>	<b>(334)</b>	<b>-</b>	<b>1,001</b>	<b>-</b>	<b>-</b>

**Port Stephens Council**

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 25. Financial result and financial position by fund**

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Council utilises only a general fund for its operations.

## Port Stephens Council

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 26. Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018 2017		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>3,196</b>	<b>2.61%</b>	(0.08)%	7.10%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>122,315</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>109,567</b>	<b>76.29%</b>	78.24%	76.57%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>143,627</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>34,273</b>	<b>1.59x</b>	2.08x	3.18x	>1.50x
Current liabilities less specific purpose liabilities	<b>21,567</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>18,584</b>	<b>3.71x</b>	2.36x	6.35x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>5,011</b>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<b>1,784</b>	<b>2.99%</b>	2.84%	2.80%	<10.00%
Rates, annual and extra charges collectible	<b>59,681</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>50,237</b>	<b>5.22</b>	5.53	5.81	>3.00
Monthly payments from cash flow of operating and financing activities	<b>9,620</b>	<b>mths</b>	mths	mths	mths

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates



**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 27. Council information and contact details****Principal place of business:**116 Adelaide Street  
Raymond Terrace NSW 2324**Contact details****Mailing Address:**PO Box 42  
Raymond Terrace NSW 2324**Opening hours:**8:30am - 5:00pm  
Monday to Friday**Telephone:** 02 4988 0255**Facsimile:** 02 4988 0130**Internet:** [www.portstephens.nsw.gov.au](http://www.portstephens.nsw.gov.au)**Email:** [council@portstephens.nsw.gov.au](mailto:council@portstephens.nsw.gov.au)**Officers****General Manager**

Wayne Wallis

**Responsible Accounting Officer**

Tim Hazell

**Public Officer**

Tony Wickham

**Auditors**The Audit Office of New South Wales  
Level 19, Tower 2 Darling Park, 201 Sussex St,  
Sydney NSW 2000**Elected members****Mayor**

Ryan Palmer

**Councillors**Cr John Nell  
Cr Glen Dunkley  
Cr Jaimie Abbott  
Cr Chris Doohan  
Cr Steve Tucker  
Cr Sarah Smith  
Cr Paul Le Mottee  
Cr Ken Jordan  
Cr Giacomo Arnott**Other information**

ABN: 16 744 377 876



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Port Stephens Council

To the Councillors of the Port Stephens Council

#### Opinion

I have audited the accompanying financial statements of Port Stephens Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

**ITEM 10 - ATTACHMENT 2     ANNUAL REPORT VOLUME 2.**

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Furqan Yousuf

Delegate of the Auditor-General for New South Wales

29 October 2019  
SYDNEY





Cr Ryan Palmer  
Mayor  
Port Stephens Council  
PO Box 42  
RAYMOND TERRACE NSW 2324

Contact: Furqan Yousuf  
Phone no: 02 9275 7470  
Our ref: D1924473/1779

29 October 2019

Dear Cr Palmer

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
Port Stephens Council**

I have audited the general purpose financial statements (GPFS) of the Port Stephens Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

	2019 \$m	2018 \$m	Variance %
Rates and annual charges revenue	57.7	56.1	↑ 2.9
Grants and contributions revenue	33.2	27.7	↑ 19.9
Operating result for the year	25.2	20.1	↑ 25.4
Net operating result before capital grants and contributions	3.9	5.0	↓ 22.0

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## ITEM 10 - ATTACHMENT 2 ANNUAL REPORT VOLUME 2.

The Council's operating result for the year was a surplus of \$25.2 million, which was \$5.1 million higher than the 2017–18 operating result. The improved operating result was mainly due to an increase in revenue from grants and contributions by \$5.5 million. The Council budgeted for an operating surplus of \$9.6 million.

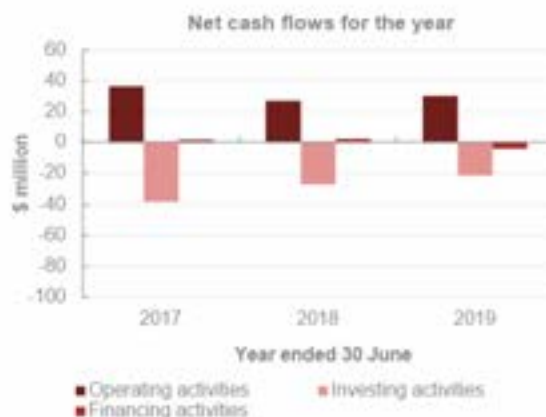
The Council's net operating result before capital grants and contributions was \$3.9 million, which was \$1.1 million lower than the 2017–18 net operating result before capital grants and contributions. The movement is mainly attributable to the following factors:

- impairment loss of real estate assets held as inventory by \$3.1 million
- increase in employee benefits and on-costs by \$5.2 million or 12.0 per cent, mainly as a result of increase in number of full-time equivalent employees from 483 to 503 and increase in award rates and leave entitlement expense as a result from an increase from award changes of \$1.5 million
- increase of \$1.6 million or 2.9 per cent in revenue from rates and annual charges, consistent with the 2.3 per cent rate peg increase and rise in the total number of rateable properties
- increase of \$4.9 million or 12.4 per cent in revenue from user charges and fees, represented by \$1.9 million from Newcastle Airport and \$2.5 million from RMS charges.

Grants and contributions revenue increased by \$5.5 million (19.9 per cent) to \$33.2 million in 2018–19 mainly due to an increase in the amount recognised for bushfire assets and assets dedicated in lieu of cash contributions by \$3.8 million.

### STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents was \$13.9 million (\$9.8 million for the year ended 30 June 2018). There was a net increase in cash and cash equivalents of \$4.1 million at 30 June 2019.
- Net cash inflows from the operating activities increased by \$3.2 million mainly due to increased RMS charges received during the year.
- Net cash outflows from the investing activities decreased by \$5.7 million mainly due to lower net movement in investment securities.
- Net cash outflows from financing activities increased by \$6.6 million due to increase in repayment of borrowings.



## FINANCIAL POSITION

## Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
Externally restricted	30.0	26.7	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$3.3 million primarily due to an increase in available cash balance relating to the developer contributions.</li> </ul>
Internally restricted	20.2	24.3	
Unrestricted	—	—	
<b>Cash and investments</b>	<b>50.2</b>	<b>51.0</b>	<ul style="list-style-type: none"> <li>Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The decrease in the internal restrictions of \$4.1 million is mainly due to expended special purpose loan funds of \$2.0 million.</li> </ul>

## Debt

The Council has \$19.5 million of borrowings as at 30 June 2019 (2018: \$23.8 million)

The Council has an accumulated drawdown facility limit of \$28.0 million as at 30 June 2019 (2018: \$3.0 million), of which \$25.0 million pertains to the Newcastle Airport Partnership joint venture. As at 30 June 2019, \$21.7 million of the facility remains unutilised.

## PERFORMANCE

## Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.
- The Council's operating performance ratio of 2.61 per cent is above the industry benchmark of zero per cent.
- The operating performance ratio has improved from prior year ratio of negative 0.08 per cent mainly due to increase in Council's operational revenues in 2018-19.

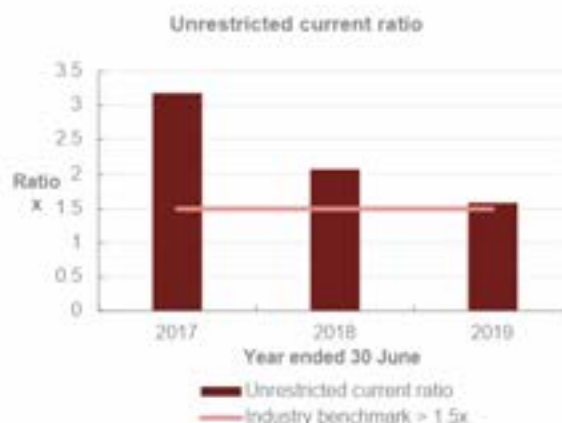


**Own source operating revenue ratio**

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 76.29 per cent is above the industry benchmark of 60 per cent. This indicates that the Council has a diversified source of income and does not have an overly strong reliance on operating grants and contributions.
- The Council's own source operating revenue ratio has remained steady over the past three years.

**Unrestricted current ratio**

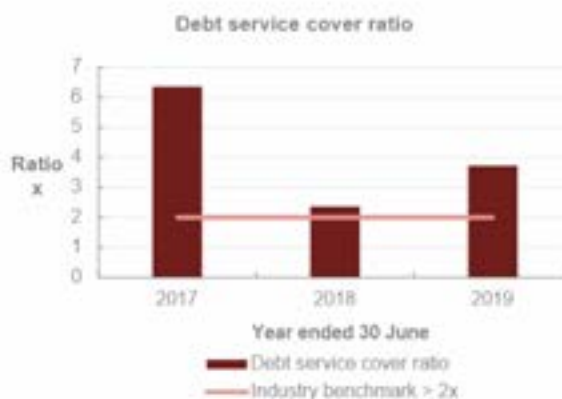
- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.
- The Council's liquidity ratio of 1.59 is above the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has decreased from prior year mainly due to an increase in externally restricted cash.



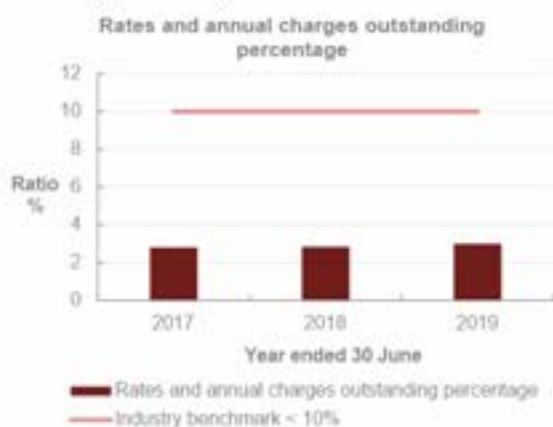


**Debt service cover ratio**

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.
- The Council's debt service cover ratio of 3.71 times is above the industry benchmark of greater than 2 times.
- The Council's debt service cover ratio has increased from the prior year mainly due to the improved net operating result in 2018-19.

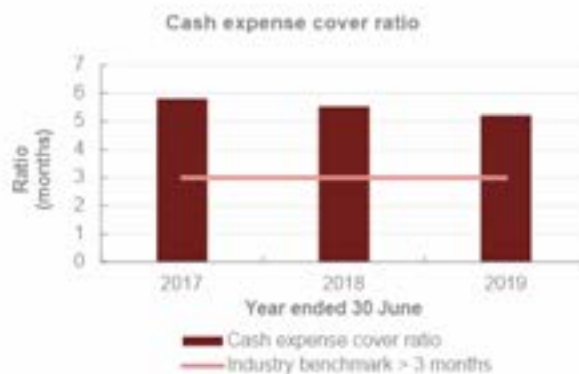
**Rates and annual charges outstanding percentage**

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional councils.
- The Council's rates and annual charges outstanding percentage of 2.99 per cent is within the benchmark of less than 10 per cent for regional councils.
- The Council's rates and annual charges outstanding percentage remained consistent over the past three years. The collection procedures of the Council operated effectively to collect more than 90 per cent of the rates and annual charges revenue within the receivable due dates.



### Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.
- The Council's cash expense cover ratio was 5.2 months, which is above the industry benchmark of greater than 3 months. This indicates that the Council had the capacity to cover 5.2 months of operating cash expenditure without additional cash inflows at 30 June 2019.
- The cash expense cover ratio decreased compared with prior year due to increased cash outflows from repayment of borrowings and increased payroll costs in 2018–19.



### Infrastructure, property, plant and equipment renewals

The Council has renewed \$10.8 million of assets in 2018–19 financial year, compared to \$12.0 million of assets in the prior year.

## OTHER MATTERS

### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> <li>• a simplified model for classifying and measuring financial assets</li> <li>• a new method for calculating impairment</li> <li>• a new type of hedge accounting that more closely aligns with risk management.</li> </ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 14.</p>

**Legislative compliance**

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.

Furqan Yousuf

Delegate of the Auditor-General for New South Wales

cc: Mr Wayne Wallis, General Manager  
Mr Frank Cordingley, Chair of the Audit and Risk Committee  
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment



## Port Stephens Council

SPECIAL SCHEDULES  
for the year ended 30 June 2019



Port Stephens	
Special Schedules for the year ended 30 June 2019	
Contents	Page
<b>Special Schedules *</b>	
Permissible income for general rates	3
Independent Auditors Report	4
Report on Infrastructure Assets	7

## Port Stephens Council

## Permissible income for general rates

for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	42,049	40,767
Plus or minus adjustments <sup>(2)</sup>	b	372	364
<b>Notional general income</b>	<b>c = a + b</b>	<b>42,421</b>	<b>41,131</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	d	2.70%	0.00%
Or crown land adjustment (incl. rate peg percentage)	e	0.00%	2.32%
Or plus rate peg amount	f = d x (c + g)	1,145	—
Or plus Crown land adjustment and rate peg amount	g = f x (e + g)	—	954
<b>Sub-total</b>	<b>h = (c + g + f + g)</b>	<b>43,566</b>	<b>42,085</b>
Plus (or minus) last year's carry forward total	i	15	—
Less valuation objections claimed in the previous year	m	—	(21)
<b>Sub-total</b>	<b>n = (j + m)</b>	<b>15</b>	<b>(21)</b>
<b>Total permissible income</b>	<b>o = h + n</b>	<b>43,581</b>	<b>42,064</b>
Less notional general income yield	p	43,572	42,049
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>10</b>	<b>15</b>
<b>Carry forward to next year <sup>(3)</sup></b>	<b>r = q + s + t</b>	<b>10</b>	<b>15</b>

## Notes

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.

(3) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The DLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule - Permissible income for general rates

#### Port Stephens Council

To the Councillors of Port Stephens Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Port Stephens Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

**Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

**The Councillors' Responsibilities for the Schedule**

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

**Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

Furqan Yousuf

Delegate of the Auditor-General for New South Wales

29 October 2019  
SYDNEY

**Port Stephens Council**  
**Report on Infrastructure Assets**  
as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance *	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (ORC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the service set by Council maintenance					1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	1,715	1,715	2,682	2,578	95,000	171,650	20.8%	33.1%	36.4%	8.6%	1.2%
	Sub-total	1,715	1,715	2,682	2,578	95,000	171,650	20.8%	33.1%	36.4%	8.6%	1.1%
Other structures	Other structures	-	-	123	173	5,379	8,172	11.8%	72.7%	15.5%	0.0%	0.0%
	Sub-total	-	-	123	173	5,379	8,172	11.8%	72.7%	15.5%	0.0%	0.0%
Roads	Sealed roads	10,767	10,767	4,063	4,038	335,367	380,248	23.6%	45.0%	20.7%	7.1%	3.7%
	Unsealed roads	-	-	729	732	8,097	10,503	6.2%	0.4%	93.4%	0.0%	0.0%
	Bridges	-	-	5	10	10,924	11,432	21.0%	79.0%	0.0%	0.0%	0.0%
	Footpaths	169	169	345	434	54,691	61,005	14.4%	25.5%	55.0%	5.1%	0.0%
	Other road assets	301	301	2,102	2,026	49,172	61,827	19.9%	12.7%	66.6%	0.9%	0.1%
	Sub-total	11,237	11,237	7,244	7,240	458,251	525,015	21.7%	38.7%	31.1%	5.8%	2.7%
Stormwater drainage	Stormwater drainage	588	588	1,060	1,036	196,079	198,795	25.0%	72.9%	1.5%	0.6%	0.0%
	Sub-total	588	588	1,060	1,036	196,079	198,795	25.0%	72.9%	1.5%	0.6%	0.0%
Open space /recreational assets	Swimming pools	-	-	125	137	3,071	6,838	0.0%	15.0%	85.0%	0.0%	0.0%
	Open space	321	321	3,496	3,359	21,280	32,327	11.6%	52.0%	28.5%	5.8%	2.1%
	Sub-total	321	321	3,621	3,496	24,351	39,165	9.5%	45.6%	38.4%	4.8%	1.7%
Other infrastructure assets	Other	300	300	264	328	7,102	13,207	15.0%	46.0%	29.0%	10.0%	0.0%
	Sub-total	300	300	264	328	7,102	13,207	15.0%	46.0%	29.0%	10.0%	0.0%
TOTAL - ALL ASSETS		14,161	14,161	14,994	14,851	786,162	956,004	21.5%	45.5%	26.0%	5.2%	1.8%

(a) Required maintenance is the amount identified in Council's asset management plans

**Infrastructure asset condition assessment 'key'**

- |   |                     |                                       |
|---|---------------------|---------------------------------------|
| 1 | Excellent/very good | No work required (normal maintenance) |
| 2 | Good                | Only minor maintenance work required  |
| 3 | Satisfactory        | Maintenance work required             |

SPECIAL SCHEDULE 518  
Annual Report 2018 to 2019

Port Stephens Council	
Report on Infrastructure Assets - Values (continued)	
as at 30 June 2019	
4	Poor
5	Very poor
	Renewal required
	Urgent renewal/upgrading required

## Port Stephens Council

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) <sup>1</sup>					
Buildings and infrastructure renewals ratio <sup>1</sup>					
Asset renewals <sup>2</sup>	10,769	114.92%	123.14%	99.97%	>=100.00%
Depreciation, amortisation and impairment	9,371				
Infrastructure backlog ratio <sup>1</sup>					
Estimated cost to bring assets to a satisfactory standard	14,161	1.80%	1.83%	1.91%	<2.00%
Net carrying amount of infrastructure assets	786,162				
Asset maintenance ratio					
Actual asset maintenance	14,851	99.05%	104.10%	93.34%	>100.00%
Required asset maintenance	14,994				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	14,161	1.48%	1.57%	1.59%	
Gross replacement cost	956,004				

<sup>(1)</sup> All asset performance indicators are calculated using classes identified in the previous table.<sup>(1)</sup> Excludes Work in Progress (WIP).<sup>(2)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance, as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



**Port Stephens Council  
Holiday Parks & Investment Property Report  
Financial Year 2018/2019**

Holiday Parks		Operating Income	Operating Expenditure	EBITDA (3)	Net Yield % (1)	Notes
Fingal Bay	Crown	4,186,818	2,664,234	1,522,584	13%	
Halifax	Crown	2,785,830	2,005,231	780,599	11%	
Shoal Bay	Crown	1,012,399	620,330	392,069		
	Council	<u>1,880,170</u>	<u>1,152,042</u>	<u>728,129</u>		
		2,892,570	1,772,372	1,120,198	9%	
Thou Walla	Council	928,591	872,778	55,813	1%	
TreEscape	Council	633,930	658,021	(24,091)	0%	
Investment Property		Operating Income	Operating Expenditure	EBITDA (3)	Net Yield % (1)	
	Total	2,994,239	650,484	2,343,756	7%	2
Newcastle Airport		Operating Income	Operating Expenditure	Net Profit	Net Yield % (4)	
	Total	17,585,206	13,623,931	3,961,275	13%	

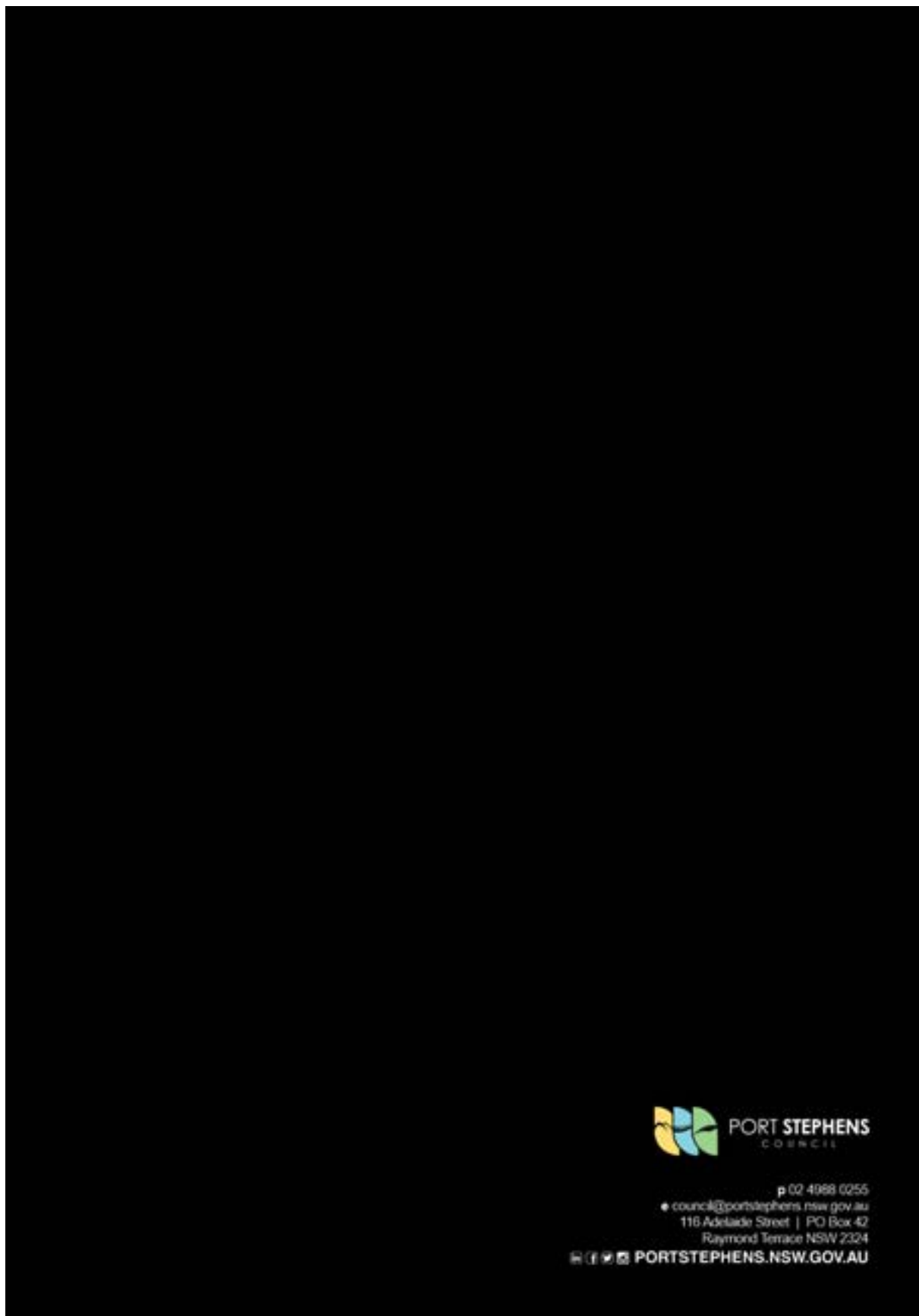
**Notes**

- 1 Net Yield = EBITDA / capital
- 2 Council's policy on the required return on capital in commercial property investments is between 7-9%
- 3 EBITDA used as the numerator for Return on Investment calculation in accordance with Crown Lands reporting
- 4 Net Yield = Net Profit / capital









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