

ATTACHMENTS UNDER SEPARATE
COVER

ORDINARY COUNCIL MEETING
10 NOVEMBER 2020



PORT STEPHENS
C O U N C I L

INDEX

Item No	Attach. No	Attachment Title	Page No
COUNCIL REPORTS			
1	1	DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.	4
2	2	PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.	112
2	3	PLANNING PROPOSAL - ANNA BAY NORTH.	141
3	1	2019 - 2020 ANNUAL FINANCIAL STATEMENTS.	191

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.



Local Infrastructure Contributions Plan



council@portstephens.nsw.gov.au | (02) 4988 0255 | PORTSTEPHENS.NSW.GOV.AU    

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

1.0 Executive Summary

Part 7 of the *Environmental Planning and Assessment Act 1979* (the Act) authorises Port Stephens Council (Council) to collect contributions of money, land or both from new development to provide for local infrastructure needs. The Port Stephens Local Infrastructure Contributions Plan (the Plan) has been prepared in accordance with the Act for the purpose of imposing conditions requiring contributions. The Plan authorises the imposition of conditions of consent requiring contributions and provides the framework for the calculation and collection of contributions.

The Plan describes the areas where contributions apply, the types of new development required to pay contributions, how contributions are calculated and the infrastructure that will be funded (wholly or partly) by contributions.

In the period 2016-2036, the population of Port Stephens is expected to increase at a rate of 1.1% per annum. Council will provide new or upgraded local infrastructure such as roads, parks and sporting facilities to accommodate this growth. This Plan sets out the infrastructure and upgrades that will be funded (wholly or partly) by new development and the rate of contributions that will be levied.

The Plan was adopted by Council at a meeting held on 10 December 2019 and came into effect on 1 January 2020. The Plan supplements the provisions of the *Port Stephens Local Environmental Plan LEP 2013* (LEP) (as amended from time to time).

1.1 Structure of the Plan

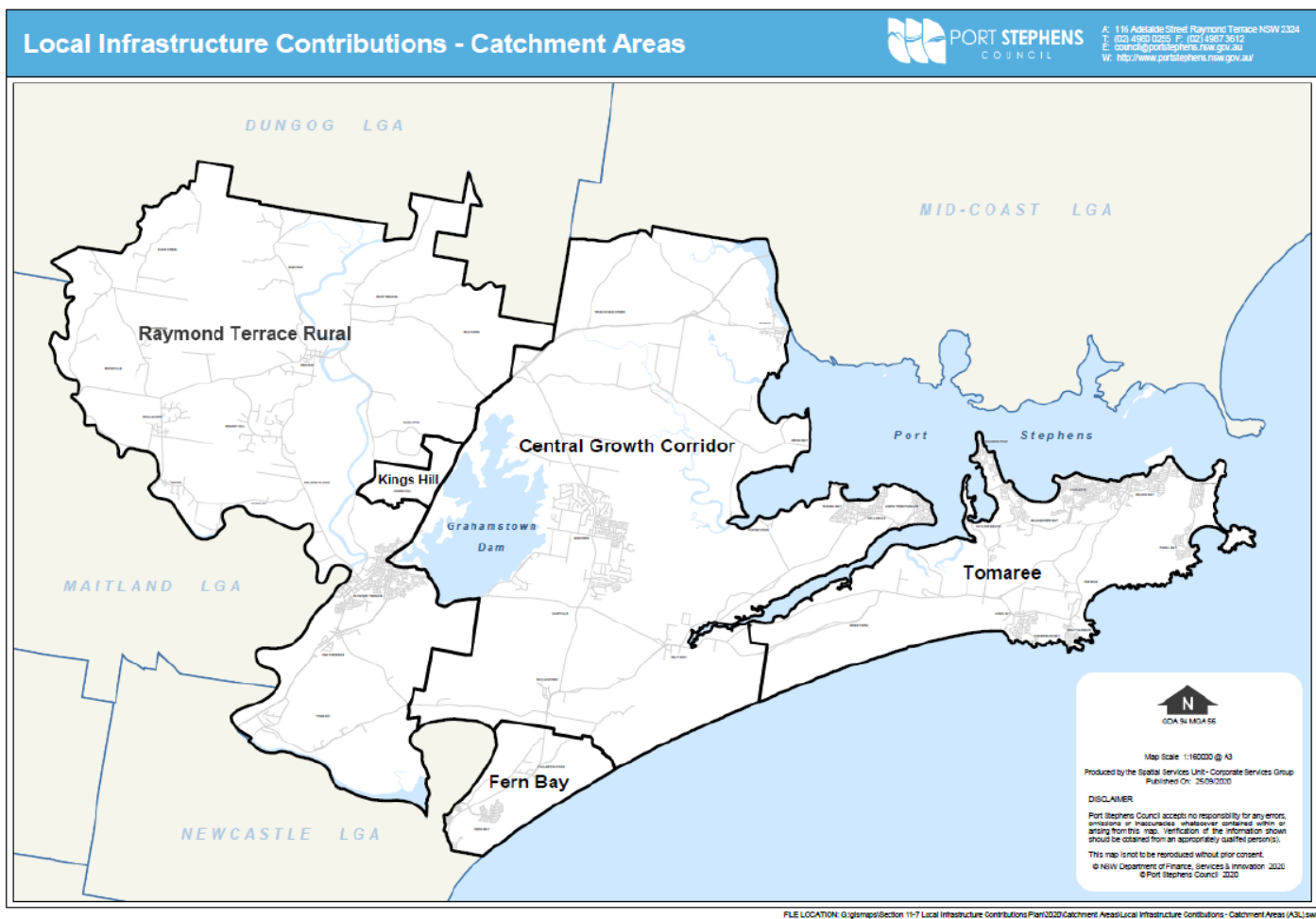
The Plan has the following chapters:

- Chapter 1 – Executive Summary: A summary of the essential components of the Plan, including a summary of the contribution rates;
- Chapter 2 – Introduction: Outlines the purpose and objectives of the Plan, including the catchments of land and the types of development it applies to;
- Chapter 3 – Plan Operation: Provides a description of how the contributions are calculated, how they will be indexed in the future and details on making payments;
- Chapter 4 – Administration: Describes the management and administration of the Plan, including how contributions are reported;
- Chapter 5 – Contribution Strategy: Lists each local infrastructure contribution category within each catchment in detail and includes the nexus between new development and the need for additional local infrastructure.
- Appendices: Includes a detailed Work Schedule that lists the infrastructure and upgrade works to be funded (wholly or partly) by contributions and maps showing the location of the works.

i

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020



**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

1.2 Summary of Contribution Rates

For the purposes of this Plan, the local government area (LGA) has been divided into 4 catchments as illustrated in the Catchment Area Map above.

~~Additional catchments for specific areas may be determined from time to time (e.g. Kings Hill Urban Release Area) and would be included via a formal amendment to the Local Infrastructure Contributions Plan.~~

Contributions rates for each catchment have been calculated based on the items listed in the Work Schedule at Appendix A and the Contribution Strategy in Chapter 5 of this Plan.

Table 1 below provides a summary of the contributions payable towards the specific infrastructure categories in each catchment. Further details are provided in Chapter 5 of this Plan.

Table 1 – Summary of local infrastructure contribution category rates per catchment

Infrastructure Category	Catchment Rate (per dwelling/lot)				
	Raymond Terrace and the West	Central Growth Corridor	Tomaree	Fern Bay	Kings Hill URA
Civic Administration – Plan Management	\$593 \$449	\$593 \$449	\$593 \$449	\$593 \$449	\$449
Civic Administration – Works Depot	\$1,546 \$1,171	\$1,546 \$1,171	\$1,546 \$1,171	\$1,546 \$1,171	\$1,171
Town Centre Upgrades	\$4,165 \$3,155	\$4,165 \$3,155	\$4,165 \$3,155	\$4,165 \$3,155	\$3,155
Public Open Space, Parks and Reserves	\$929 \$777	\$2,174 \$2,112	\$1,531 \$1,914	\$385 \$320	\$320
Sports and Leisure Facilities	\$2,207 \$1,714	\$3,166 \$2,664	\$2,315 \$1,821	\$2,024 \$1,533	\$1,533
Community and Cultural Facilities	\$0 \$409	\$0 \$409	\$832 \$1,233	\$0 \$409	\$409
Road Works	\$5,188 \$5,001	\$2,911 \$2,984	\$2,306 \$3,320	\$0 \$2,515	\$0

iii

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Medowie Traffic and Transport	\$0	\$2,938	\$0	\$0	\$0
Shared Paths	\$2,510 \$3,606	\$855 \$466	\$3,345 \$3,041	\$3,101 \$2,620	\$0
Bus Facilities	\$17	\$30	\$11	\$1,045	\$0
Fire and Emergency	\$34	\$0	\$228	\$0	\$0
Flood and Drainage Works	\$672	\$1,467 \$1,652	\$1,756	\$0	\$0
Cross Boundary Contributions	\$0	\$0	\$0	\$3,113	\$0
Kings Hill Urban Release Area	\$731	\$279	\$279	\$279	\$15,829
Total	\$17,861 \$17,736	\$19,845 \$18,309	\$18,628 \$18,378	\$15,972 \$16,609	\$22,866

Table 2 – Summary of discounts for Secondary Dwellings, Tourist and Visitor Accommodation and Housing for Seniors or People with a Disability

Infrastructure Category	Catchment Rate (per dwelling/lot)				
	Raymond Terrace and the West	Central Growth Corridor	Tomaree	Fern Bay	Kings Hill URA
Civic Administration – Plan Management	\$297 \$225	\$297 \$225	\$297 \$225	\$297 \$225	\$225
Civic Administration – Works Depot	\$774 \$586	\$774 \$586	\$774 \$586	\$774 \$586	\$586
Town Centre Upgrades	\$2,083 \$1,578	\$2,083 \$1,578	\$2,083 \$1,578	\$2,083 \$1,578	\$1,578
Public Open Space, Parks and Reserves	\$465 \$389	\$1,087 \$1,056	\$766 \$957	\$192 \$160	\$160
Sports and Leisure Facilities	\$1,103 \$857	\$1,583 \$1,332	\$1,157 \$911	\$1,012 \$767	\$767
Community and Cultural Facilities	\$0 \$205	\$0 \$205	\$416 \$617	\$0 \$205	\$205

iv

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

Road Works	\$2,594 \$2,501	\$1,455 \$1,492	\$1,152 \$1,660	\$0 \$1,258	\$0
Medowie Traffic and Transport	\$0	\$1,469	\$0	\$0	\$0
Shared Paths	\$1,255 \$1,803	\$427 \$233	\$1,672 \$1,521	\$1,550 \$1,310	\$0
Bus Facilities	\$9	\$15	\$6	\$523	\$0
Fire and Emergency	\$17	\$0	\$114	\$0	\$0
Flood and Drainage Works	\$336	\$733 \$826	\$878	\$0	\$0
Cross Boundary Contributions	\$0	\$0	\$0	\$1,557	\$0
Kings Hill Urban Release Area	\$366	\$140	\$140	\$140	\$7,915
Total	\$8,931 \$8,868	\$9,922 \$9,155	\$9,314 \$9,189	\$7,986 \$8,305	\$11,433

v

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

Table 3 – Summary of discounts for Caravan Parks

Infrastructure Category	Catchment Rate (per dwelling/lot)				
	Raymond Terrace and the West	Central Growth Corridor	Tomaree	Fern Bay	Kings Hill URA
Civic Administration – Plan Management	\$297 \$225	\$297 \$225	\$297 \$225	\$297 \$225	\$225
Civic Administration – Works Depot	\$774 \$586	\$774 \$586	\$774 \$586	\$774 \$586	\$586
Town Centre Upgrades	\$2,083 \$1,578	\$2,083 \$1,578	\$2,083 \$1,578	\$2,083 \$1,578	\$1,578
Public Open Space, Parks and Reserves	\$466 \$389	\$1,087 \$1,056	\$766 \$957	\$192 \$160	\$160
Sports and Leisure Facilities	\$1,103 \$857	\$1,582 \$1,332	\$1,157 \$911	\$1,012 \$767	\$767
Community and Cultural Facilities	\$0 \$205	\$0 \$205	\$416 \$617	\$0 \$205	\$205
Road Works	\$4,150 \$4,001	\$2,329 \$2,387	\$1,844 \$2,656	\$0 \$2,012	\$0
Medowie Traffic and Transport	\$0	\$2,350	\$0	\$0	\$0
Shared Paths	\$1,255 \$1,803	\$427 \$233	\$1,672 \$1,521	\$1,550 \$1,310	\$0
Bus Facilities	\$9	\$15	\$6	\$523	\$0
Fire and Emergency	\$17	\$0	\$114	\$0	\$0
Flood and Drainage Works	\$336	\$733 \$826	\$878	\$0	\$0
Cross Boundary Contributions	\$0	\$0	\$0	\$1,557	\$0
Kings Hill Urban Release Area	\$366	\$140	\$140	\$140	\$7,915
Total	\$10,488	\$11,656	\$10,006	\$7,986	\$11,433

vi

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

	\$10,368	\$10,931	\$10,185	\$9,059	
--	-----------------	-----------------	-----------------	----------------	--

Table 4 – Summary of road haulage contribution

Development Type	Contribution Amount
Extractive Industry and/or mining	\$0.084/t/km

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Contents

1.0	Executive Summary	i
1.1	Structure of the Plan	i
1.2	Summary of Contribution Rates	iii
2.0	Introduction	1
2.1	Name of this Plan and Commencement	1
2.2	Purpose and Objectives of this Plan	1
2.3	Land to which this Plan Applies	1
2.4	Interpretation	3
2.5	Development to which this Plan Applies	3
2.6	Contributions Rate Adjustments for Section 7.11 Contributions	4
2.6.1	Secondary Dwellings (Granny Flats)	4
2.6.2	Caravan Parks	4
2.6.3	Tourist and Visitor Accommodation	5
2.6.4	Housing for Seniors or People with a Disability	5
2.7	Savings and Transitional Arrangements	5
2.8	Relationship to other plans	6
3.0	Plan Operation	7
3.1	Calculating the Contributions	7
3.2	Section 7.12: Calculating the Cost of Works	7
3.32	Indexation of Section 7.11 Contributions	8
3.32.1	Land Cost	9
3.32.2	Consent	9
3.4	Indexation of Section 7.12 Contributions	10
3.52.3	Ministerial Direction: Section 7.11 Thresholds	10
3.63	Other Forms of Contributions	11
3.6.1	Dedication of Land	11
3.6.2	Voluntary Planning Agreements (VPA)	11
3.6.3	Works in Kind Agreement (WIKa) and Material Public Benefit Agreement (MPBA)	11
3.7	Settlement of Contributions	12
3.85	Deferred Payment of Contributions	12

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

3.96	Paying the Contributions	13
3.107	Refunding the Contribution.....	13
3.11	Contributions for Mixed Use Development.....	13
4.0	Plan Administration	14
4.1	Accredited Certifiers	14
4.2	Accounting for Contributions	14
4.3	Annual Statement	14
4.4	Review of This Plan	14
4.5	Pooling of Contributions	15
4.6	Repealed Contributions	15
4.7	Application of Section 7.12 Monies Collected under this Plan.....	15
5.0	Contributions Strategy.....	16
5.1	Nexus and Apportionment.....	17
5.1.1	Nexus	17
5.1.2	Apportionment	18
5.2	Contributions Catchments	18
5.3	Local Infrastructure Categories	17
5.3.1	Civic Administration – Plan Management.....	17
5.3.2	Civic Administration – Works Depots	18
5.3.3	Town Centre Upgrades	19
5.3.4	Public Open Space, Parks and Reserves	20
5.3.5	Sports and Leisure Facilities	21
5.3.6	Community and Cultural Facilities.....	23
5.3.7	Road Works.....	24
5.3.8	Medowie Traffic and Transport.....	26
5.3.9	Shared Pathways.....	27
5.3.10	Bus Facilities.....	28
5.3.11	Fire and Emergency	29
5.3.12	Flood and Drainage Works.....	30
5.3.13	Cross Boundary Contributions.....	31
5.3.14	Road Haulage.....	33
5.3.15	Kings Hill Urban Release Area.....	35

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

2.0 Introduction

2.1 Name of this Plan and Commencement

This is the Port Stephens Local Infrastructure Contributions Plan 2020 (the Plan). The Plan commenced on 1 January 2020. Amendments to the Plan are identified in Appendix B.

2.2 Purpose and Objectives of this Plan

The primary purpose of the Plan is to satisfy the requirements of the Environmental Planning and Assessment Act 1979 (the Act) and authorise the imposition of conditions of consent requiring contributions for the provision of public services and amenities as a result of the increase in demand caused by new development.

The objectives of the Plan are to:

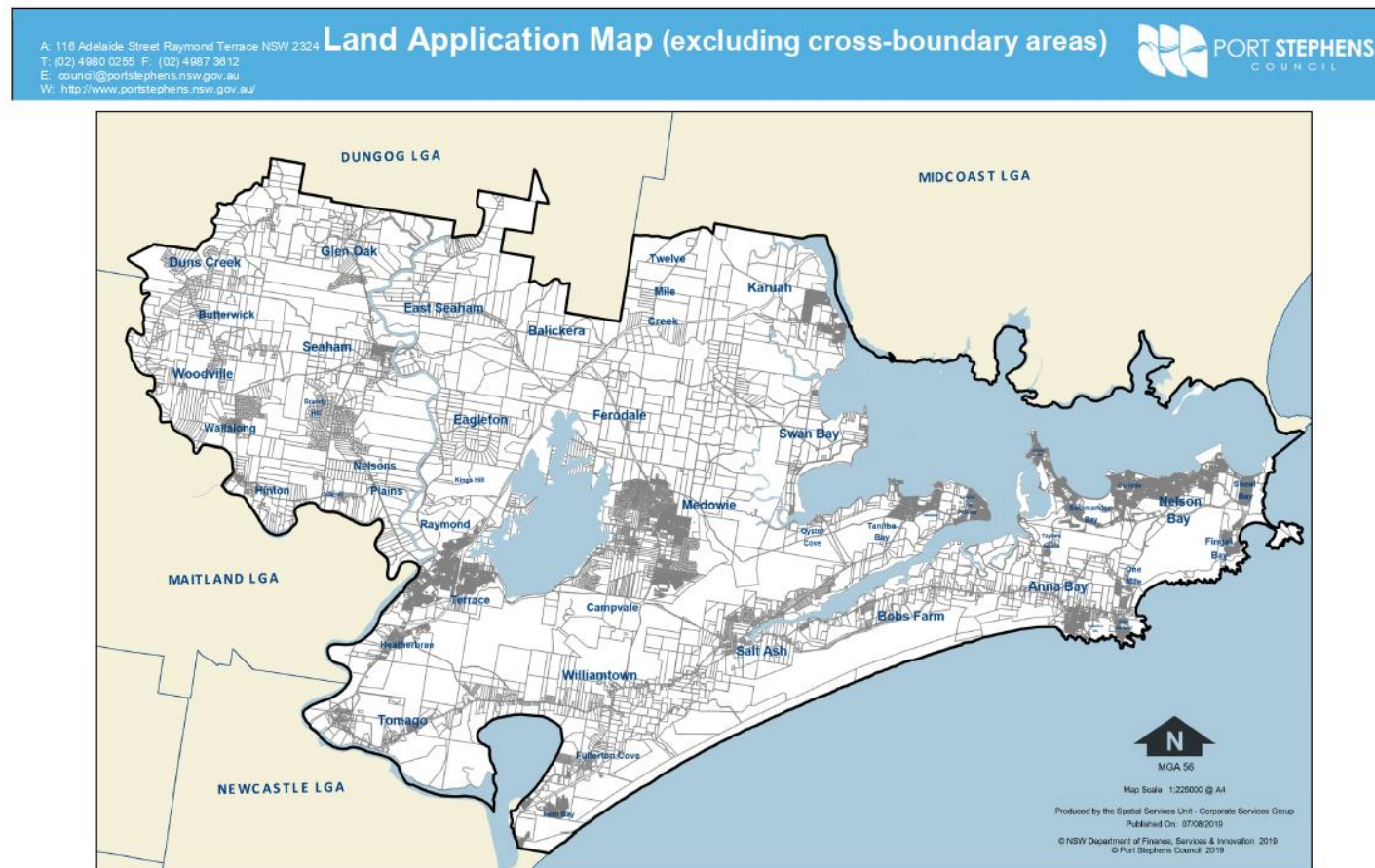
- (a) Authorise the consent authority, or an accredited certifier, to impose conditions under Section 7.11 and 7.12 of the Act requiring contributions when granting consent to development on land to which this Plan applies, including complying development;
- (b) Provide an administrative framework for Port Stephens Council (Council) in relation to contributions towards the provision, extension or augmentation of local infrastructure;
- (c) Identify additional local infrastructure that will be required to service future development;
- (d) Ensure that local infrastructure is provided to service the needs of the future population without unfairly burdening the existing community with the costs of providing this infrastructure;
- (e) Enable Council to recoup funds it will or may spend in the provision of local infrastructure in anticipation of new development, subject to any amendment to the plan;
- (f) Provide a comprehensive strategy for the assessment, collection, expenditure, accounting and review of local infrastructure contributions on an equitable basis; and,
- (g) Ensure Council is accountable in the administration of the Plan and the local infrastructure contributions framework.

2.3 Land to which this Plan Applies

This Plan applies to all land within the Port Stephens Local Government Area (LGA) (see Land Application Map below).

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Council – Local Infrastructure Contribution Plan 2020



ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Council – Local Infrastructure Contribution Plan 2020

2.4 Interpretation

Words and expressions used in this Plan have the same meaning as the Act and *Port Stephens Local Environmental Plan 2013* (PSLEP), unless otherwise defined in the Plan.

2.5 Development to which this Plan Applies

This Plan applies to the following development as outlined in the table below.

DEVELOPMENT TYPE	DEVELOPMENT CONTRIBUTION TYPE
The subdivision of land, where the subdivision would facilitate a potential increase in the number of dwellings permitted on that land	Section 7.11
Residential accommodation	Section 7.11
Seniors housing as defined in the <i>State Environmental Planning Policy (Housing for Seniors of People with a Disability) 2004</i> (Seniors Housing SEPP), excluding residential care facilities	Section 7.11
Tourist and visitor accommodation	Section 7.11
Caravan parks	Section 7.11
Moveable dwellings	Section 7.11
Manufactured homes, as defined in <i>State Environmental Planning Policy 36 – Manufactured Home Estates</i>	Section 7.11
Manufactured home estates, as defined in <i>State Environmental Planning Policy 36 – Manufactured Home Estates</i>	Section 7.11
Extractive industry	Section 7.11 (haulage)
Mining	Section 7.11 (haulage)
All other types of development not captured above (with the exception of alterations to or the construction of single dwellings) where the proposed cost of carrying out the development is more than \$100,000	Section 7.12

This Plan does not apply to development identified as exempt from requirements to pay contributions under any applicable Ministerial Direction issued under Section 7.17 of the Act.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

This Plan does not apply to public infrastructure carried out by or on behalf of Council, such as, but not limited to: libraries, community facilities, recreation areas and facilities or car parks.

- The subdivision of land, where the subdivision would facilitate a potential increase in the number of dwellings permitted on that land;
- Residential accommodation;
- Seniors housing as defined in the *State Environmental Planning Policy (Housing for Seniors of People with a Disability) 2004* (Seniors Housing SEPP), with the exception of residential care facilities;
- Tourist and visitor accommodation;
- Caravan parks;
- Moveable dwellings;
- Manufactured homes, as defined in *State Environmental Planning Policy 36 – Manufactured Home Estates*;
- Manufactured home estates, as defined in *State Environmental Planning Policy 36 – Manufactured Home Estates*; and,
- Extractive industry; and
- Mining.

2.6 Contributions Rate Adjustments for Section 7.11 Contributions

Certain development has the potential to have a lesser impact on the demand for local infrastructure or should be facilitated for policy reasons. Contributions rate reductions relate solely to Section 7.11 contributions and apply to the following development for the reasons set out below.

2.6.1 Secondary Dwellings (Granny Flats)

Secondary dwellings are subservient to a primary dwelling, being either 60m² or 40% of the floor area of the primary dwelling. Secondary dwellings are also recognised as a form of affordable housing to be incentivised, consistent with the aims and objectives outlined in *State Environmental Planning Policy (Affordable Rental Housing) 2009*.

Therefore the contribution rate will be 50% of all local infrastructure categories.

2.6.2 Caravan Parks

The Australian Bureau of Statistics Census of Population and Housing 2016 (2016 Census) identified an occupancy rate of 2.5 persons per dwelling for the LGA. The occupancy rate for caravan parks was reported as 1.7 persons per dwelling or caravan. Due to the lower occupancy rate, it is considered that there would be a lesser demand for local infrastructure generated from caravan parks. In addition, caravans are generally towed to site, and therefore the impact on road infrastructure is considered likely greater from this form of development. Therefore a lesser discount should be applied for road work categories.

Therefore the contribution rate will be 50% for all local infrastructure categories except for the road work categories, where the discount will be 20%.

A caravan park might include both caravans and moveable dwellings. Where development includes moveable dwellings with long term occupants, which have

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

similar demands for the provision of Council facilities and services as other medium density development, no adjustment to the contribution rate will be applied.

This Plan also permits Council to not adjust the contribution rate for caravan parks at its discretion, depending on the circumstances of the case. Some of the matters Council might consider include the status of the majority of the occupancy (long term or short term), the size and nature of the proposed dwellings (caravans or moveable dwellings installed onsite) and the provision of affordable housing options in the locality.

2.6.3 Tourist and Visitor Accommodation

Tourist visitation can create additional demands on local infrastructure in excess of a permanent population demand. For example, demand for public assets and services such as roads, parking, cycleways, boat ramps, tourist information services, foreshore and beach facilities, wharf and aquatic facilities, playing field facilities and passive open space and libraries are all increased as a result of tourist visitation.

However occupancy rates for tourist and visitor accommodation is more sporadic than residential accommodation. Therefore the contribution rate will be 50% for all infrastructure categories.

2.6.4 Housing for Seniors or People with a Disability

Seniors housing is defined under the Seniors Housing SEPP as:

residential accommodation that is, or is intended to be, used permanently for seniors or people with a disability consisting of:

- (a) a residential care facility, or
- (b) a hostel, or
- (c) a group of self-contained dwellings, or
- (d) a combination of these,

but does not include a hospital.

The Ministerial Direction, issued on 14 September 2007 under Section 7.17 of the Act, exempts payment of a contribution for development carried out under the Seniors Housing SEPP where undertaken by a social housing provider. The SEPP sets out the recognised social housing providers that will be exempt from contributions.

Seniors housing contributes to the demand for local infrastructure, however occupancy rates for seniors housing is less than that of standard dwellings, at a rate of 1.5 people per dwelling. Therefore for seniors housing that is not subject to the Ministerial Direction, the contribution rate will be 50% for all infrastructure categories.

Note: Local Infrastructure Contributions under Section 7.11 do not apply to residential care facilities and therefore this adjustment does not apply to this type of development. However, which Section 7.12 may still be applicable, provided the cost of works is over \$100,000 and is not exempt under the Ministerial Direction. may be subject to a contributions plan that authorises conditions for fixed development consent levies under Section 7.12 of the Act.

2.7 Savings and Transitional Arrangements

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

The local infrastructure contributions for development under this Plan shall be determined at the date of determination of the development application or the date of issue of the complying development certificate.

This Plan applies to applications lodged but not determined before the date of commencement of the Plan.

This Plan does not affect any conditions imposed under a previous plan(s). Any application made under the Act to modify a development consent issued before the commencement date of this Plan will be determined against the plan that applied at the date the consent was originally determined.

2.8 Relationship to other plans

This Plan repeals the Port Stephens Development Contributions Plan 2007. The repeal of the Port Stephens Development Contributions Plan 2007 does not affect the previous operation of that plan or anything duly completed under that plan, including any indexation provisions. Development consents, including a condition requiring development contributions levied under a previous plan, will continue to be in force.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

3.0 Plan Operation

3.1 Calculating the Contributions

The formula for calculating the amount of local infrastructure contributions required under Section 7.11 will vary according to the type of amenity or service to be provided. The formula is based on consideration of:

- The demand generated by a development, based on a calculation recognising population, dwellings, traffic or other relevant factors;
- The current capital cost of providing the amenity or service including, where appropriate, the current cost of acquiring land; and
- The calculation will be rounded up to the nearest dollar.

Contributions required under Section 7.12 will be determined in accordance with the maximum levies set out in Clause 25K of the Environmental Planning and Assessment Regulation 2000 (the Regulation), as summarised in the table below.

Type of Development	Levy
All development with a proposed cost of up to and including \$100,000	Nil
All development with a proposed cost of more than \$100,000 and up to and including \$200,000	0.5% of that cost
All development with a proposed cost of more than \$200,000	1% of that cost

3.2 Section 7.12: Calculating the Cost of Works

Clause 25J of the Regulation provides the framework for determining the proposed cost of development:

- 1) The proposed cost of carrying out development is to be determined by the consent authority, for the purpose of a section 7.12 levy, by adding up all the costs and expenses that have been or are to be incurred by the applicant in carrying out the development, including the following:
 - (a) if the development involves the erection of a building, or the carrying out of engineering or construction work—the costs of or incidental to erecting the building, or carrying out the work, including the costs (if any) of and incidental to demolition, excavation and site preparation, decontamination or remediation;
 - (b) if the development involves a change of use of land—the costs of or incidental to doing anything necessary to enable the use of the land to be changed;
 - (c) if the development involves the subdivision of land—the costs of or incidental to preparing, executing and registering the plan of subdivision and any related covenants, easements or other rights.
- 2) For the purpose of determining the proposed cost of carrying out development, a consent authority may have regard to an estimate of the proposed cost of carrying out the development prepared by a person, or a person of a class, approved by the consent authority to provide such estimates.

7

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- 3) The following costs and expenses are not to be included in any estimate or determination of the proposed cost of carrying out development:
- (a) the cost of the land on which the development is to be carried out;
 - (b) the costs of any repairs to any building or works on the land that are to be retained in connection with the development;
 - (c) the costs associated with marketing or financing the development (including interest on any loans);
 - (d) the costs associated with legal work carried out or to be carried out in connection with the development;
 - (e) project management costs associated with the development;
 - (f) the cost of building insurance in respect of the development;
 - (g) the costs of fittings and furnishings, including any refitting or refurbishing; associated with the development (except where the development involves an enlargement, expansion or intensification of a current use of land);
 - (h) the costs of commercial stock inventory;
 - (i) any taxes, levies or charges (other than GST) paid or payable in connection with the development by or under any law;
 - (j) the costs of enabling access by disabled persons in respect of the development;
 - (k) the costs of energy and water efficiency measures associated with the development;
 - (l) the cost of any development that is provided as affordable housing;
 - (m) the costs of any development that is the adaptive reuse of a heritage item.

For the purposes of subclause (2) above, a development application or an application for a complying development certificate *must* be accompanied by a report setting out an estimate of the proposed cost of carrying out development prepared as follows:

- **Where the estimated cost of carrying out the whole of the development as approved by the consent is \$1,000,000 or less** - a cost summary report in accordance with Appendix C of this Plan; or
- **Where the estimated cost of carrying out the whole of the development as approved by the consent is more than \$1,000,000** - A quantity surveyor's detailed cost report, completed by a quantity surveyor who is a registered associate member or above of the Australian Institute of Quantity Surveyors, in accordance with Appendix C of this Plan of this Plan.

Council may review the valuation of works and seek to have the report independently reviewed to verify the costs. The cost of any independent review will be borne by the applicant prior to the determination of the application. No consent will be issued until such time that the costs have been paid.

3.32 Indexation of Section 7.11 Contributions

To ensure that the value of local infrastructure contributions are not eroded over time by movements in the Consumer Price Index (CPI) or through changes in the costs of studies used to support the Plan, local infrastructure contribution rates will be reviewed with reference to the following specific costs and indices:

- Changes in the capital costs associated with provision of administration and salary costs for staff involved in implementing this Plan by reference to increases in salary rates under the Port Stephens Council Enterprise Agreement 2018 (or any subsequent Enterprise Agreement);

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- Changes in the capital costs of various studies and activities required to support the strategies in the Plan by reference to the actual costs incurred by Council in obtaining these studies; and
- Changes in the CPI Sydney – All Groups.

In accordance with the *Environmental Planning and Assessment Regulation 2000* (the Regulation), the rates set out in the Plan will be amended without the need to prepare a new contributions plan if the amendments are necessary to fix minor typographical errors, index rates according to the CPI, and to omit the details of works that have been completed.

For changes to the CPI Sydney - All Groups, the contribution rates within the Plan will be amended on a quarterly basis in accordance with the following formula:

$$\$Ca + \frac{\$Ca (\text{Current Index} - \text{Base Index})}{\text{Base Index}}$$

Where:

\$Ca is the contribution at the time of adoption of the Plan expressed in dollars.

Current Index is the CPI Sydney - All Groups, as published by the Australian Bureau of Statistics available at the time of review of the contribution rate.

Base Index is the CPI Sydney - All Groups, as published by the Australian Bureau of Statistics. At the date of adoption of the Plan this figure is 115.4.

Note: In the event that the Current CPI Sydney - All Groups, is less than the previous CPI Sydney - All Groups, the current index shall be taken as not less than the previous index.

3.32.1 Land Cost

Land acquisition costs will be subject to indexation as described under this section of the Plan. The value assessed for land acquisition costs will be reviewed as and when required and this factor will be varied, as necessary, to reflect current costs.

3.32.2 Consent

The local infrastructure contributions conditioned in a development consent are calculated on the basis of the contribution rates determined in accordance with this Plan. If the local infrastructure contributions are not paid within the quarter in which consent is granted then the contributions payable will be adjusted as follows:

$$\$Cp = \$Cdc + \frac{\{\$Cdc (\$Cq - \$Cc)\}}{\$Cc}$$

Where:

\$Cp is the amount of the local infrastructure contribution calculated at the time of payment.

\$Cdc is the amount of the original local infrastructure contribution as set out in the development consent.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

\$C_q is the local infrastructure contribution rate applicable at the time of payment.

\$C_c is the local infrastructure contribution rate applicable at the time of the original consent.

The current contributions are as stated in this Plan.

3.4 Indexation of Section 7.12 Contributions

Pursuant to Clause 25J(4) of the Regulation, the proposed cost of carrying out development is to be indexed before payment to reflect quarterly variations in the CPI All Group Index Number for the weighted average of eight capital cities between the date the proposed cost was determined by the Council and the date the levy is paid.

Contributions required as a condition of consent under the provisions of this Plan will be adjusted at the time of payment of the contribution in accordance with the following formula:

$$ODC + A$$

Where:

ODC is the original contribution as set out in the consent

A is the adjustment amount which is:

$$A = ODC \left\{ \frac{(Current Index - Base Index)}{Base Index} \right\}$$

Where

Current Index is the CPI Sydney - All Groups, as published by the Australian Bureau of Statistics available at the time of review of the contribution rate.

Base Index is the CPI Sydney - All Groups, as published by the Australian Bureau of Statistics at the date of issuing development consent or the Complying Development Certificate.

Note: In the event that the Current CPI Sydney - All Groups, is less than the previous CPI Sydney - All Groups, the current index shall be taken as not less than the previous index.

3.52.3 Ministerial Direction: Section 7.11 Thresholds

On 21 August 2012, the then Minister for Planning and Infrastructure issued a Direction under Section 7.17 of the Act that places a cap on local infrastructure contributions required under Section 7.11 for residential development.

The Direction requires, among other things, that a consent authority or planning panel cannot impose a section 7.11 condition on a development consent for residential dwellings or residential lots that exceeds the following caps:

- \$30,000 for each dwelling or lot within a greenfield area; and
- \$20,000 for each dwelling or lot in infill areas.

10

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

The contribution rates calculated in accordance with this Plan will not exceed the thresholds in the Ministerial Direction, unless the Plan is subject to an IPART review or any subsequent direction from the Minister.

3.6.3 Other Forms of Contributions

Other forms of local infrastructure contributions that may be considered under the provisions of the Act include:

- 1 Dedication of land;
- 2 Voluntary Planning Agreement; and
- 3 Works in Kind or Material Public Benefit Agreement.

3.6.1 Dedication of Land

A decision as to whether to accept the dedication of land free of cost to Council will be at the complete discretion of Council. Factors Council will take into consideration matters including, but not limited to:

- The extent to which the land satisfies a community need;
- The extent to which the land satisfies the purpose for which the contribution was sought;
- Consideration of location and other factors which may affect the benefit to Council and the community; and
- An assessment of recurrent maintenance costs to Council.

3.6.2 Voluntary Planning Agreements (VPA)

A VPA under Section 7.4 of the Act is a legally binding arrangement between one or more planning authorities and a developer.

Under a VPA, the developer may offer to pay money, dedicate land, carry out works, or provide other material public benefits for public purposes. The provisions under a VPA may be additional to, or instead of, payment of contributions imposed under Section 7.11 or Section 7.12 of the Act.

The offer to enter into a VPA will generally need to accompany the relevant development application or planning proposal. Developers should refer to any relevant Council policies and guidelines available on Council's website.

3.6.3 Works in Kind Agreement (WIKAs) and Material Public Benefit Agreement (MPBA)

A WIKAs is the undertaking of a work or provision of a facility that is scheduled within the Works Schedule of this Plan (Appendix A) in lieu of the part or full payment of either a monetary contribution or the dedication of land that would normally apply.

A MPBA involves the undertaking of a work or provision of a facility in part or full satisfaction of a condition requiring the payment of a monetary contribution or the dedication of land. An MPBA may include the provision of work that is not scheduled within the Works Schedule of this Plan (Appendix A). Council may accept the provision of a MPBA for projects not nominated in the Works Schedule if it can be justified that the public benefit is of equivalent or greater value to the community.

The acceptance of works through a WIKAs or MPBA is at the complete discretion of Council and developers should refer to any relevant Council policies and guidelines available on Council's website.

11

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

3.7 Settlement of Contributions

The local infrastructure contribution must be paid at the time specified in the development consent or complying development certificate, which will generally be determined in accordance with this Plan.

Settlement of contributions shall be finalised at the following stages:

- Development applications for subdivision – prior to release of the subdivision certificate;
- Development applications for building or other work - prior to the issue of the construction certificate;
- Applications for both building work and subdivision – prior to the issue of the construction certificate, subdivision works certificate, or release of the subdivision certificate, whichever comes first;
- Development applications where no building approval is required – prior to commencement of use in accordance with the conditions of consent or upon issue of the occupation certificate, whichever occurs first;
- Development requiring a complying development certificate – before the commencement of any building work or subdivision work authorised by the certificate; or
- Development applications for moveable dwellings, manufactured homes, caravan parks or manufactured home estates and the like – prior to approval under Section 68 of the Local Government Act 1993.

3.8 Deferred Payment of Contributions

Council, at its complete discretion, may permit the settlement of monetary contributions for local infrastructure on a deferred basis. Such a request must:

- Be made in writing by the applicant with valid reasons for deferral;
- Not prejudice the timing or the manner of the provision of public facilities included in the Works Schedule; and
- In the case of a contribution being made by way of a VPA, WKA, MPBA or land dedication in lieu of a cash contribution, Council and the applicant must have a legally binding agreement for the provision of works or land dedication.

If the application for deferral is accepted, the following conditions will apply:

- (a) Deferral of settlement will be for a maximum of one year or until commencement of use in accordance with the conditions of consent (whichever comes first);
- (b) The bank guarantee will be issued by an Australian bank or a bank in Australia for the amount of the total contribution or the amount of the outstanding contribution, plus an amount equal to thirteen months interest;
- (c) Any changes associated with managing the bank security are payable by the applicant;
- (d) The bank unconditionally pays the guaranteed sum to the Council, if the Council so demands in writing, not earlier than 12 months from the provision of the guarantee or completion of the work;
- (e) The bank must pay the guaranteed sum without reference to the applicant or landowner or other person who provided the guarantee, and without regard to any dispute, controversy, issue or other matter relating to the development consent or the carrying out of development;

12

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

- (f) The bank's obligations are discharged when payment to the Council is made in accordance with this guarantee or when Council notifies the bank in writing that the guarantee is no longer required;
- (g) Where a bank guarantee has been deposited with Council, the guarantee shall not be cancelled until such time as the original contribution and accrued interest are paid; and
- (h) Indexing will be calculated from the date the contribution was due until the date of payment.

3.96 Paying the Contributions

Prior to the payment of contributions, an applicant must request an updated contributions calculation from Council. This will confirm the contributions amount payable which may or may not be inclusive of indexing. Applicants should email the request to Council.

Council will issue email advice that will remain valid until the next quarterly CPI update released by the Australian Bureau of Statistics. If the contributions are not paid by the date specified in the advice, a new request will be required.

Once an applicant obtains the advice, the applicant can present the email and pay the contributions in person or by mail, email or telephone.

Council will provide a receipt confirming payment. In the case of a development application, an applicant can provide a copy of the receipt to the accredited certifier in the process of obtaining a Construction Certificate.

3.107 Refunding the Contribution

The Act does not refer to refunds for contributions and there is no express power for a council to refund contributions already paid in accordance with a condition of consent. However, Council, at its complete discretion, may consider a refund of a contribution where:

- (a) A consent has been modified under the Act resulting in a reduction of the contributions payable; or
- (b) Development has not commenced and will not proceed in accordance with the consent and the contributions have been paid. In this case the consent will need to be surrendered in accordance with the Act.

In each case, Council will consider refunding the contributions if it has not been spent and the refund will not impact on Council's ability to deliver the works in the Works Schedule. The applicant must apply for the refund in writing within 12 months from the payment of the contribution.

3.11 Contributions for Mixed Use Development

Pursuant to Section 7.12(2) of the Act, a consent authority cannot impose a condition for contributions under both Section 7.11 and 7.12.

Where development includes elements that may be captured under Section 7.11 and Section 7.12 (for example, mixed used development comprising of commercial development and shop top housing), Section 7.11 contributions will take precedence.

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

4.0 Plan Administration

4.1 Accredited Certifiers

In accordance with the Regulation, an accredited certifier must not issue a certificate for building work or subdivision work unless it has verified that the condition requiring the payment of monetary contributions has been satisfied.

In particular, the accredited certifier must ensure that the applicant provides a receipt(s) confirming that the monetary contributions have been paid in full to Council. Further, a copy of the receipt(s) must be included with the certified plans provided to Council in accordance with the Regulation. Failure to follow this procedure may render such a certificate invalid.

The only exceptions to these requirements are where a VPA, WIKI, MPBA, dedication of land or deferred payment arrangement has been agreed to by Council. In such cases, Council will issue advice confirming that an alternative payment method has been agreed with the applicant.

Under the Act, accredited certifiers are responsible for calculating local infrastructure contributions for complying development and imposing a condition requiring contributions on a complying development certificate in accordance with this Plan. Accredited certifiers must notify Council of their determination within two business days of making the determination, in accordance with the Regulation. Applicants must pay the monetary contribution before commencing the complying development works.

4.2 Accounting for Contributions

Council has established identifiable accounts for the management of local infrastructure contributions, including details of financial transactions for specific categories of works and contributions. Contributions will be spent in accordance with this Plan. Interest will be calculated on funds held and credited as appropriate. Council will maintain a register of all contributions received in accordance with the Act and Regulation.

4.3 Annual Statement

Council will produce an annual statement in accordance with the Regulation. This information will be available for public inspection on Council's website following adoption by Council.

4.4 Review of This Plan

The Works Schedule will be reviewed annually in line with capital works programming and updated in accordance with the Regulations.

Council will generally review this Plan every five years or as required to ensure it addresses community needs, Council priorities and relevant legislation.

The Plan will also be amended to address the matters listed in the Regulation. In particular, indexation of contributions will be reviewed and the Plan amended on a quarterly basis without the need for a public exhibition.

14

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

4.5 Pooling of Contributions

This Plan expressly authorises monetary contributions paid for different purposes to be pooled and applied (progressively or otherwise) for those purposes. In this regard, contributions collected will be allocated to works as indicated in the Work Schedule of this Plan (Appendix A).

4.6 Repealed Contributions

Council will continue to collect contributions under repealed plans, which will be used to fund works or the provision of facilities within the equivalent catchment area listed in the Works Schedule of this Plan (Appendix A).

4.7 Application of Section 7.12 Monies Collected under this Plan

Money paid to Council under a condition for Section 7.12 contributions authorised by this Plan is to be applied towards meeting the costs of one or more local infrastructure projects listed within the Works Schedule, but not necessarily in the order specified in the Works Schedule.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

5.0 Contributions Strategy

Council provides public facilities for the current and future population of Port Stephens, including visitors to the area and the workforce located in the LGA. For Council to levy contributions, there must be a clear nexus between the proposed development and the need for the infrastructure, public service or amenity which the contributions will fund. This Chapter details the relationship (nexus) between the expected development in the Port Stephens LGA and the demand for infrastructure, services or amenity.

Council levies new development based on the cost of providing a reasonable standard of public facilities and amenities. A baseline level of adequate infrastructure is determined through developing strategic asset management documents (e.g. Council's Strategic Asset Management Plan and Plans of Management).

Contributions are determined by equating the contribution to the cost per person or cost per vehicular movement, or other appropriate basis for the provision of the infrastructure item, public service or amenity.

The methodology adopted in calculating development contributions (excluding heavy haulage levies) is based on the following steps:

- Step 1: Determine the number of existing lots/dwellings in each catchment as at 1 July 2018
- Step 2: Forecast the number of lots/dwellings in each catchment as at 30 June 2037. This data has been collated and prepared by REMPLAN and is based on the 2016 census, trends (such as births, deaths and migration) and an audit of the development pipeline. The forecasted number of lots/dwellings is illustrated in Appendix B.
- Step 3: Calculate the number of future lots/dwellings to be developed until 30 June 2037 in each catchment by subtracting the numbers in Step 1 from Step 2. For each catchment, this is as follows:
 - Raymond Terrace and the West – 1,447 lots/dwellings
 - Central Growth Corridor – 2,846 lots/dwellings
 - Tomaree – 1,484 lots/dwellings
 - Fern Bay – 507 lots/dwellings
 - Kings Hill – 3,500 lots/dwellings
- Step 4: Determine the cost and timing of projects in each catchment that are required solely due to new development occurring.
- Step 5: Determine the cost and timing of projects in each catchment that are required which will benefit both existing residents and new developments.
- Step 6: Allocate percentage of the cost of projects in Step 4 to be recovered through developer contributions. This information is provided in the Work Schedule attached as Appendix A.
- Step 7: Allocate a proportion of the costs of projects identified in Step 5 to be funded by general rates based on the number of lots/dwellings in each catchment as at 1 July 2019 divided by the number of lots/dwellings in each catchment as at 30 June 2036.

16

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- Step 8: Allocate the remaining costs of projects in Step 6 to be recovered through developer contributions.
- Step 9: Calculate the development contribution by adding the sum of projects in each catchment from Step 5 and Step 7, divided by the number of lots/dwellings in each catchment calculated in Step 3 and times the apportionment rate determined in Step 6.

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

- \$C** is the amount of contributions per lot/dwelling for a given catchment.
- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F^s** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

5.1 Nexus and Apportionment

There must be an established nexus or relationship between the expected types of development in the area and the demand for public amenities and services. Contributions must also be based on a reasonable apportionment of costs to reflect the needs of new development, the existing community and different land uses.¹

This Chapter describes how nexus and apportionment have been considered in the preparation of this Plan and the determination of local infrastructure requirements and contributions.

5.1.1 Nexus

In establishing nexus and identifying the projects in the Works Schedule, the following matters have been considered:

- Whether the anticipated development creates a need or increases the demand for the particular public facility;
- What types of facilities will be required to address that demand;
- Whether existing facilities can satisfy that demand (or a component of it); and
- When new facilities or upgrades will be required to satisfy the demand (i.e. thresholds or timing).

¹ Secretary's Practice Note: Local Infrastructure Contributions, published by the NSW Department of Planning, Infrastructure, January 2019.

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

5.1.2 Apportionment

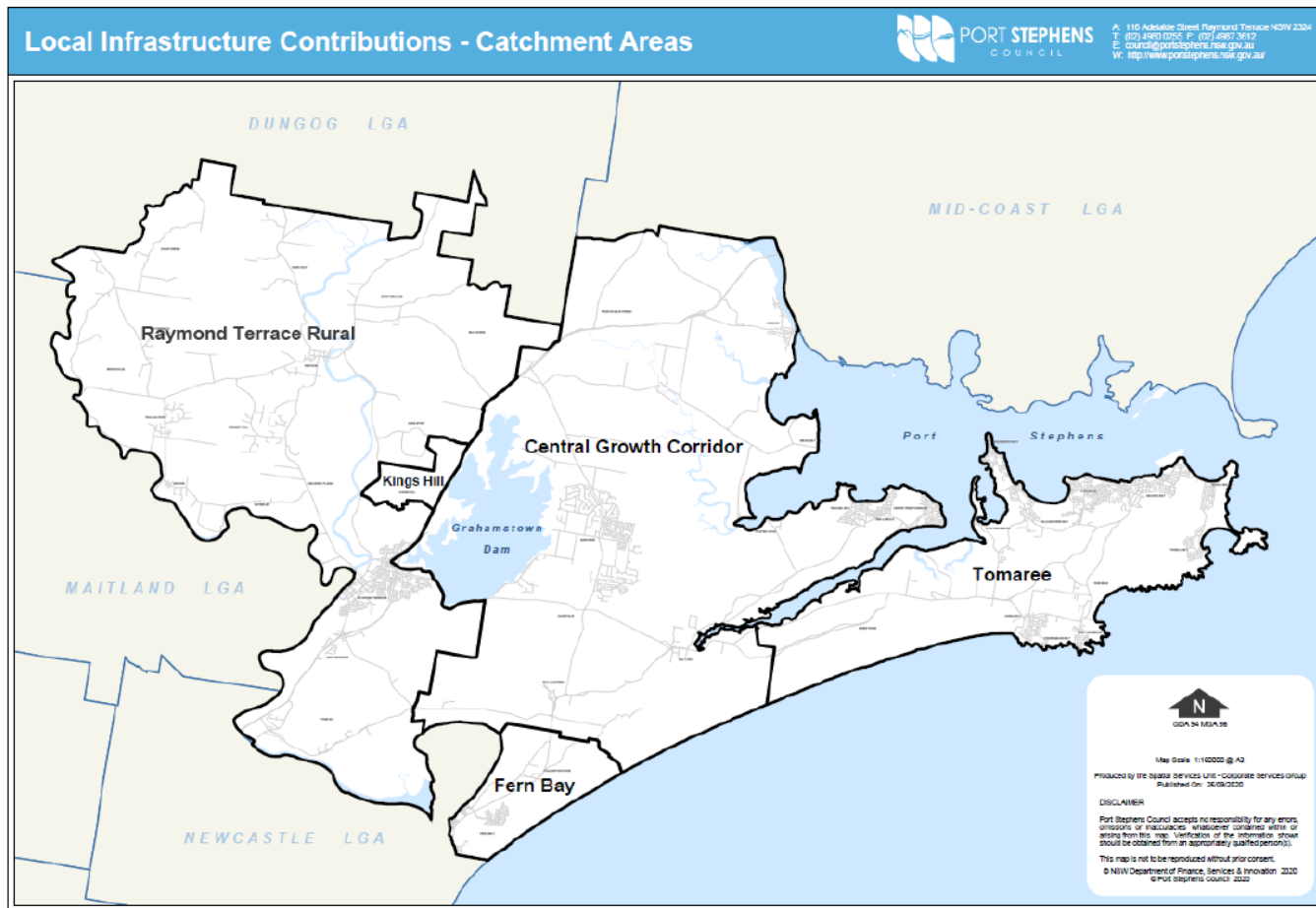
Apportionment ensures that new development pays contributions towards local infrastructure proportionate to the demand created by the new development. The type of new development and land use is considered when estimating the likely future demands. The needs of the existing population and community are also estimated and considered in determining the amount of funding for new infrastructure or upgrades which will be sourced from contributions levied on new development.

5.2 Contributions Catchments

The contribution catchments are geographic areas where new development will contribute to the infrastructure items and upgrades identified in the Works Schedule for each catchment. The catchments are areas where new development and the infrastructure it will fund are located and the boundaries of the catchments have been identified based on where and how new populations are likely to access public amenities and services. The size of the catchments have been calculated to promote efficiency in the timing of the provision of infrastructure whilst also ensuring that the spatial nexus between local infrastructure and development is retained. The catchment areas are illustrated in the Catchment Area Map below.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Council – Local Infrastructure Contribution Plan 2020



16

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Council – Local Infrastructure Contribution Plan 2020

5.3 Local Infrastructure Categories

This Plan provides for Section 7.11 Contributions separated into the categories described below. This Chapter provides a brief description of each category and the nexus identified between expected new development and the local infrastructure to be provided.

5.3.1 Civic Administration – Plan Management

Council must provide resources and expend funds to prepare Contribution Plans, provide for the ongoing administration of plans and the review and preparation of new plans. This includes employee resources as well as consultant costs to prepare background studies.

The services provided by the employees dedicated to the administration of local infrastructure contributions is directly attributable to the increase in demand for public amenities and services created by new development.

It is considered reasonable and equitable that a management charge should apply to the management and administration of the Plan. The management of the Plan is a LGA-wide costs and therefore the rate is split evenly across all catchments and wholly funded by local infrastructure contributions.

The costs of plan management have been determined using estimates of yearly administration based on employee wages, estimates of yearly consumables and estimates of plan costs for plan updates every 5 years. The final contribution amount has been determined using the following formula:

$$\$C = \sum \frac{\$TA}{ND}$$

Where:

- $\$C$ is the amount of contributions per lot/dwelling for a given catchment.
- $\$TA$ is the total cost of each activity to administer the Plan over the lifetime of the Plan.
- ND is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$587 \$449
Central Growth Corridor	\$587 \$449
Tomaree	\$587 \$449
Fern Bay	\$587 \$449
Kings Hill URA	\$449

17

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

5.3.2 Civic Administration – Works Depots

The Strategic Asset Management Plan (Adopted January 2019) identifies future plans to redevelop and relocate the Raymond Terrace and Nelson Bay works depots. The projects are identified as necessary to meet the needs of future growth and maintain a desired level of service.

A site area for a new works depots at Raymond Terrace is estimated at between 2.02 to 2.6 hectares and for Nelson Bay, between 1.4 to 1.6 hectares. These areas are based on the functional life of a depot facility for a maximum of 50 years, servicing a population of 160,000.

The construction of a new works depot at Raymond Terrace, including all assets and infrastructure, is estimated at \$11.25 million and at Nelson Bay \$7.5 million. It should be noted that the unit costs are strategic estimates and are dependent on the final site selected and construction materials used.

The depots provide a base for Council to provide maintenance and construction services for the entire Port Stephens LGA. The expected population increase will result in additional demand for services operating out of Council's depots, such as road works and construction services. Therefore it is considered reasonable that a portion of contributions collected from development be applied towards the redevelopment of Council's work depots.

It is also identified that the provision of Council services through the works depots is a LGA-wide costs and therefore the rate is split evenly across all catchments.

The funding has been apportioned to take into account the demands of projected growth. The formula below has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

- \$C** is the amount of contributions per lot/dwelling for a given catchment.
- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F^s** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$1,531 \$1,171

18

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Central Growth Corridor	\$1,531	\$1,171
Tomaree	\$1,531	\$1,171
Fern Bay	\$1,531	\$1,171
Kings Hill URA		\$1,171

5.3.3 Town Centre Upgrades

The State Government has identified Raymond Terrace and Nelson Bay as Strategic Centres in the Hunter Regional Plan 2036. The Hunter Regional Plan also identifies Medowie and Fern Bay as a regionally significant centre and the location of current and future housing opportunities in our LGA.

Raymond Terrace provides vital civic and commercial services to the residents of Port Stephens, with the Council administration building, NSW Services and the Port Stephens Hunter Police District headquarters located in the town centre.

Nelson Bay is a primary driver for the visitor and tourist economy in the LGA and Greater Newcastle. Nelson Bay is identified as a regional tourist destination and significant population centre in Port Stephens, offering lifestyle and leisure opportunities for both residents and visitors.

Medowie and Fern Bay are thriving centres earmarked for growth in the State's Hunter Regional Plan. Establishing and consolidating the town centres and surrounding recreation and community facilities will ensure they can service the needs of the growing community and beyond.

To support these strategic centres, Council has prepared local land use strategies that identify town centre improvements and upgrades in Raymond Terrace, Medowie and Nelson Bay to accommodate predicted growth (See the Raymond Terrace and Heatherbrae Strategy, Medowie Planning Strategy, the Nelson Bay Delivery Program and related public domain plans). Additionally Port Stephens Council and City of Newcastle are preparing the Fern Bay/North Stockton Strategy that will unlock the development of a town centre. The Strategic Asset Management Plan (adopted January 2019) also lists identified projects.

Town centre improvements will contain the following works:

- Road and intersection upgrades.
- Street furniture.
- Signage and wayfinding.
- Amenity improvements.
- Kerb and gutter improvements and drainage works

The town centre improvements and upgrades outlined in these plans and strategies will support growth in these strategic centres. The anticipated demand for services and amenities within these centres is likely to increase as a result of population growth caused by new development. Further it is recognised that these regionally significant centres are likely to provide amenities to residents and visitors beyond the boundaries of their respective catchments. Therefore contributions towards town centre upgrades in these centres have been applied equally across the LGA at a common rate.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

The estimated costs within this category has been determined based on works identified within local land use strategies, public domain plans, and the Strategic Asset Management Plan. The apportionment of funding from local infrastructure contributions has been determined taking into account the increased demand on town centres from new development. The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

- \$C** is the amount of contributions per lot/dwelling for a given catchment.
- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F^s** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$4,124 \$3,155
Central Growth Corridor	\$4,124 \$3,155
Tomaree	\$4,124 \$3,155
Fern Bay	\$4,124 \$3,155
Kings Hill URA	\$3,155

5.3.4 Public Open Space, Parks and Reserves

Council owned open space, parks and reserves are an important public amenity providing spaces for sport and play, healthy activity, social gathering, and green spaces in urban areas.

Council has prepared an LGA-wide Recreation Strategy to provide the overarching framework and strategic direction for recreation facilities and services in Port Stephens, including open spaces. Council, as a land manager, has also prepared both individual and generic Plans of Management and master plans for Council's parks and open spaces. These documents identify the need for new and augmented infrastructure works and have informed the Works Schedule.

New development will increase our population and place an increased demand for open space, parks and reserves and that this creates an appropriate nexus with the local infrastructure included within the Works Schedule. Projects have been listed where they are of regional value, and therefore attract a high demand from future

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

populations, including populations beyond the immediate locality, as well as projects in areas that are already at capacity.

All new park and recreation items are the result of identified new community demand and are required to cater for the Port Stephens community moving forward. Therefore all new facilities will be funded wholly by local infrastructure contributions. Likewise, the acquisition of new land to service an identified community need is linked directly to a requirement for an increased level of service. As such, land acquisitions may be wholly funded through contributions.

The replacement and upgrade of existing park infrastructure involves a review of the park layout, relocation of assets as required and upgrade of the assets with current products. As some assets continue to serve the same purpose, a stronger reliance on replacement is evident with these items and therefore local infrastructure contributions may not fund the entirety of these works. In these instances apportionment of funding from local infrastructure contributions has been determined taking into account the increased demand on town centres from new development.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

- \$C** is the amount of contributions per lot/dwelling for a given catchment.
- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F^s** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$922 \$777
Central Growth Corridor	\$2,152 \$2,112
Tomaree	\$1,516 \$1,914
Fern Bay	\$381 \$320
Kings Hill URA	\$320

5.3.5 Sports and Leisure Facilities

Sports and leisure facilities range from large integrated complexes, such as Tomaree Sport Complex and Lakeside Sport Complex, to local level facilities such as skate

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

parks, netball courts and tennis courts. These facilities play a vital role in the community, supporting active lifestyles and opportunities for social interactions.

Council has prepared an LGA-wide Recreation Strategy to provide the overarching framework and strategic direction for recreation facilities and services in Port Stephens. Council, as a land manager, has also prepared both individual and generic Plans of Management and master plans for sports and leisure facilities. These documents identify the need for new and augmented infrastructure works, and have informed the Works Schedule.

The anticipated population increase as a result of new development will create additional demand for sports and leisure facilities. Therefore it is considered that there is an appropriate nexus between development and the projects listed in the work schedule under this category.

It should be noted that Council will collect contributions for regional facilities, such as Tomaree Sports Complex and facilities at Lakeside, from development across the entire Port Stephens LGA. This is considered to be reasonable as it is likely that populations outside of their respective geographical catchment will utilise these larger, regional scale facilities.

Sporting and leisure infrastructure is a maintenance heavy asset class. The ongoing maintenance tasks associated with these assets are funded through the Public Domain and Services budget. However, where infrastructure works will increase the capacity of the open space to cater for more regular use as a result of new development (i.e. field renovation, drainage works, surface replacement and flood lighting), the increased level of service is to be reflected in the apportionment of funding from local infrastructure contributions. Should new fields or playing surfaces be required, these assets will provide for an increased level of community service and will be able to be funded wholly through development contributions.

The development of master planning documents for key community and recreation precincts will set the strategic direction for facilities upgrades, inform Council's planning strategies and provide accurate project costings for the implementation of the plan. As such, these plans may be funded through local infrastructure contributions.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F\$$$

Where:

- $\$C$** is the amount of contributions per lot/dwelling for a given catchment.
- $\$TP$** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- $\%F\$$** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$2,185 \$1,714
Central Growth Corridor	\$3,135 \$2,664
Tomaree	\$2,292 \$1,821
Fern Bay	\$2,004 \$1,533
Kings Hill URA	\$1,533

5.3.6 Community and Cultural Facilities

Community and cultural facilities can range from multipurpose indoor or outdoor spaces that facilitate social and community interaction, including library facilities and the resources within, to cemeteries.

Multipurpose community facilities can include meeting spaces for centre-based activities such as playgroups, youth, aged and people with a disability. Indoor spaces could include a hall, meeting rooms, offices and activity rooms. Outdoor spaces could include fenced / enclosed areas, play equipment and garden sheds.

Council has identified a range of multipurpose community facilities in the Works Schedule. The anticipated population growth caused by new development will increase the demand for these types of facilities and therefore it is considered that there is an appropriate nexus between development and this category. The funding has been apportioned to take into account the demands of projected growth.

Council provides a public service to the community through the provision of cemeteries. The anticipated population growth through new development will likely increase the demand for these types of facilities and therefore it is considered that there is an appropriate nexus between development and this category.

Libraries provide a focal point for community access to information, recreation and technology resources. As a public service, libraries should attract users of all ages, income levels and backgrounds, providing areas for relaxation, research, leisure, learning and entertainment.

There are currently two branch libraries (Raymond Terrace and Tomaree) and two library lounges (Tilligerry and the mobile library) in Port Stephens. As Council has a desired provision of one branch library for every 20,000 people and one library lounge for every 10,000 people, it is considered that future population growth from new development will cause a demand for additional facilities.

In addition to library facilities, the collection of library resources such as books, ebooks, periodical subscriptions and other media is required to meet public expectations. Council currently has a collection of 96,684 resource items, which is rotated between the branch libraries and library lounges, and Council aims to meet the minimum standards outlined in 'NSW Living Learning Libraries: Standards and Guidelines for NSW Public Libraries'.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Population growth, residential development and demographic changes significantly influence the demand for library resources. Therefore, it is considered that there is an appropriate nexus between development and the provision of new resources under the plan.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

- \$C** is the amount of contributions per lot/dwelling for a given catchment.
- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F^s** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$0-\$409
Central Growth Corridor	\$0-\$409
Tomaree	\$824-\$1,233
Fern Bay	\$0-\$409
Kings Hill URA	\$409

5.3.7 Road Works

Council provides a public service to the community through the provision of new roads and the upgrade of existing roads. This service applies to local roads within the Port Stephens LGA.

The Plan provides the means of collecting contributions from new development and expending payments received on identified local road projects, on a prioritised basis.

This Plan provides for all new development that will lead to increased traffic generation to contribute. It is based on there being zero traffic generation from vacant land at the date of adoption of this Plan.

The nexus has been established through considering the following:

- The anticipated increase in external traffic (to and from the new development) which will create a demand for improvements to the existing road network.
- The nexus between the anticipated development and the improvements to the existing road network taking into account :

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- The traffic generated according to the type of development;
- The expected increase in traffic as a consequence of that development;
- The availability, status and capacity of the existing road network;
- The extent to which the proposed road network will meet the needs of the public;
- Those road projects which will be used on a collective basis within the districts; and
- Apportionment of costs to reflect the sharing of the roadwork projects between existing population/road users and those users created by new development.

The Works Schedule identifies:

- Projects which have or will be undertaken to satisfy future demand; and
- Projects that are proposed to be undertaken within a timeframe related to the collection of anticipated income from contributions and the Council apportioned income.

To determine the growth of traffic from new development, the total projected traffic generation for road works has been determined by extending the existing traffic generation by the expected growth rate over the life of the Plan.

In determining the apportionment, Council has considered the ratio of complete replacement against the cost of upgrade. This is shown using the following formula:

$$\%F^{\$} = \frac{C^u - C^l}{C^u}$$

Where:

$\%F^{\$}$ is the apportionment of costs towards local infrastructure contributions.

C^u is the cost of upgrade.

C^l is the current literal replacement cost.

Based on the apportionment, the below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^{\$}$$

Where:

$\$C$ is the amount of contributions per lot/dwelling for a given catchment.

$\$TP$ is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).

$\%F^{\$}$ is the apportionment of the project cost towards local infrastructure contributions.

ND is the amount of new lots/dwellings to be developed within that catchment.

25

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$5,136 \$5,001
Central Growth Corridor	\$2,882 \$2,984
Tomaree	\$2,283 \$3,320
Fern Bay	\$0 \$2,515
Kings Hill URA	\$0

5.3.8 Medowie Traffic and Transport

Medowie, which is identified as a regionally significant centre in the Hunter Regional Plan 2036 and Greater Newcastle Metropolitan Plan 2036, is slated for long-term housing growth with a number of urban release areas and potential future growth opportunities identified.

The additional population generated because of development will create additional vehicle, pedestrian and cycle movements. The impacts of increased traffic in the area and on adjoining intersections and other road connections has been considered and appropriate facilities and upgrades identified to maintain appropriate safety and amenity.

An assessment of the future traffic and transport needs for Medowie has been carried out to determine future requirements as the result of Medowie's growth. This was undertaken as a series of Local Area Traffic Management studies prepared by Urban Research and Planning (URaP) in 2017. The studies identified works that are to be implemented within designated time periods throughout Medowie. These works have informed the projects listed within the Works Schedule.

The need for the proposed traffic and transport upgrades and infrastructure has been determined on the basis of an analysis of the road network, safety measures, environmental capacities of roads for the existing traffic situation, as well as the estimated additional traffic resulting from forecast growth in terms of population, land use, and floor space area within Medowie. From this, an appropriate nexus has been identified and the cost of works has been apportioned between the existing community and future development accordingly.

It should be noted that this category is unique to the Central Catchment and the contributions will only apply to new development in that catchment.

The apportionment rate has been determined based on the percentage of population increase expected in the catchment area. Therefore local infrastructure contributions will only be applied towards the portion of expected population increase.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

$\$C$	is the amount of contributions per lot/dwelling for a given catchment.
$\$TP$	is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
$\%F^{\$}$	is the apportionment of the project cost towards local infrastructure contributions.
ND	is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$0
Central Growth Corridor	\$2,938
Tomaree	\$0
Fern Bay	\$0
Kings Hill URA	\$0

5.3.9 Shared Pathways

A shared pathway is an area open to the public that is designated for use by both bicycle riders and pedestrians. Shared pathways are an important piece of local infrastructure to ensure active transportation between development and existing areas, including town centres.

Council's Pathway Plans and locational Pedestrian Access and Mobility Plans (PAMPs) identify current and planned shared pathways. The anticipated population increase as a result of new development will create additional demand for these identified pathways. Therefore it is considered that there is an appropriate nexus between development and the projects listed in the Works Schedule under this category.

Similar to projects in public open space, parks and reserves, all new pathways that provide an improved level of service to the community will be funded wholly by local infrastructure contributions.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^{\$}$$

Where:

$\$C$	is the amount of contributions per lot/dwelling for a given catchment.
-------	--

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F\$** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

Calculation of Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$2,485 \$3,606
Central Growth Corridor	\$847 \$466
Tomaree	\$3,342 \$3,041
Fern Bay	\$3,070 \$2,620
Kings Hill URA	\$0

5.3.10 Bus Facilities

Whilst Transport for NSW controls the routes and operations of buses in the Port Stephens LGA, it is Council's responsibility to provide the local infrastructure, such as seating and shelters.

All forms of urban development, including residential, will result in a need for public transport. Shelters and seating are an integral part of bus facilities to provide comfort and weather protection for the public.

Council has identified a number of projects within the Works Schedule and appropriately apportioned local infrastructure contributions against these works. The anticipated population increase as a result of new development will create additional demand for these bus facilities. Therefore it is considered that there is an appropriate nexus between development and the projects listed in the Works Schedule under this category.

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F\$$$

Where:

- \$C** is the amount of contributions per lot/dwelling for a given catchment.
- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F\$** is the apportionment of the project cost towards local infrastructure contributions.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

ND is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$17
Central Growth Corridor	\$30
Tomaree	\$11
Fern Bay	\$1,045
Kings Hill URA	\$0

5.3.11 Fire and Emergency

Council undertakes a number of activities on behalf of, and in consultation with, emergency services such as the Rural Fire Service and State Emergency Services. This includes the construction and upgrade of emergency facilities on Council owned land.

Port Stephens often suffers from a number of natural disasters, including bushfires, flooding and storm events, which requires action from emergency services. Therefore the facilities provided by Council play a vital public service role to the community.

The anticipated population increase as a result of new development will create additional demand for fire and emergency services. Therefore it is considered that there is an appropriate nexus between development and the projects listed in the Works Schedule under this category.

The capital replacement of emergency services facilities is linked to a community requirement for an increased level of service. These replacements occur intermittently and similar to community facilities, involve a significant budget allowance. As these facilities have wide ranging community benefits to existing and future populations, the apportionment of funding from local infrastructure contributions has been determined taking into account the increased demand from new development.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^{\$}$$

Where:

\$C is the amount of contributions per lot/dwelling for a given catchment.

\$TP is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

$\%F^{\$}$ is the apportionment of the project cost towards local infrastructure contributions.

ND is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$34
Central Growth Corridor	\$0
Tomaree	\$228
Fern Bay	\$0
Kings Hill URA	\$0

5.3.12 Flood and Drainage Works

As a result of local characteristics, the Port Stephens LGA suffers from a range of flooding and drainage issues. New development can increase the amount of non-porous area, which then results in additional flow rates and volume and impacts the existing flooding and drainage network. Therefore it is considered that there is a suitable nexus between flood and drainage works and new development generally.

Council has identified a number of projects relating to flooding and drainage through the Strategic Asset Management Plan. This Plan identifies a number of those projects to be funded by contributions in the Works Schedule where new development will have an impact. The cost of the works have been appropriately apportioned towards local infrastructure contributions.

Therefore it is considered that there is an appropriate nexus between new development and the projects listed in the Works Schedule under this category.

The flooding and drainage works listed in the Work Schedule are anticipated to benefit both existing and identified future residential land. In order to determine the amount to be funded by local infrastructure contributions, Council has determined the approximate area of land that would be positively affected by the works. The percentage of the developable land resulting from the works is taken to be the percentage amount funded by local infrastructure contributions.

The below formula has been used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^{\$}$$

Where:

$\$C$ is the amount of contributions per lot/dwelling for a given catchment.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- \$TP** is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).
- %F\$** is the apportionment of the project cost towards local infrastructure contributions.
- ND** is the amount of new lots/dwellings to be developed within that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$672
Central Growth Corridor	\$1,452 \$1,652
Tomaree	\$1,756
Fern Bay	\$0
Kings Hill URA	\$0

5.3.13 Cross Boundary Contributions

Section 7.14 of the Act enables conditions to be imposed for contributions for the benefit of an area that adjoins the local government area in which the new development is to be carried out. A contributions plan approved by both councils can set out the apportionment between councils.

This Chapter provides for the local infrastructure contributions to be paid between Council and the City of Newcastle in specified areas. The contribution is required to be paid at a time specified in the condition imposing the contribution, however if no time is specified, the contribution must be paid in accordance with Chapter 3.4 Timing of Settlement in this Plan.

City of Newcastle

These site-specific contributions will apply to land in the localities of Fern Bay and Fullerton Cove as shown in the Catchment Area Map.

The anticipated residential growth within Fern Bay and Fullerton Cove will result in demand for local infrastructure located within both Newcastle and Port Stephens LGAs. This demand will require the upgrade of existing facilities, as well as require the provision of new local infrastructure in both LGAs. This category relates to works within the City of Newcastle LGA only as projects within Fern Bay and Fullerton Cove will be funded by contributions collected under other categories.

Council, with the assistance of the City of Newcastle, has identified a number of projects that the cross boundary contribution will fund in the Works Schedule.

The costs will be shared between Port Stephens and City of Newcastle based on the percentage of the expected population increases. Using projection data provided by the City of Newcastle's website and detailed projections undertaken by Port Stephens Council for the preparation of this plan, it is expected that the population of

31

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

the Fern Bay/Fullerton Cove and Stockton area will increase by 1,314. Of that increase, it is expected that 79.1% will occur in Fern Bay/Fullerton Cove. Therefore, contributions from Port Stephens Council will contribute 79.1% towards the total costs of projects. A formula is provided below:

$$\%PSC = \frac{PFB}{PopTot}$$

Where:

%PSC is the proportion of costs towards Port Stephens Council.

PFB is the projected population increase in Fern Bay, taken to be 1,039.

PopTot is the projected population increase in Fern Bay and Stockton, taken to be 1,314

The below formula is then used to calculate the contribution:

$$\$C = \sum \left(\frac{\$TP}{ND} \right) \times \%F^s$$

Where:

\$C is the amount of contributions per lot/dwelling for a given catchment.

\$TP is the total cost of a project within that catchment (including relevant indexation between the original date of the estimation and staging threshold).

%F^s is the apportionment of the project cost towards local infrastructure contributions.

ND is the amount of new lots/dwellings to be developed within that catchment.

All of the contributions received under this category will be wholly apportioned to the City of Newcastle.

It should be noted that these contributions will only apply to new development in the Fern Bay/Fullerton Cove catchment because there is only a nexus between the cross boundary infrastructure requirements and development in that catchment.

Section 7.11 Contribution:

CATCHMENT	CONTRIBUTION PER LOT/DWELLING
Raymond Terrace and the West	\$0
Central Growth Corridor	\$0
Tomaree	\$0
Fern Bay	\$3,113
Kings Hill URA	\$0

32

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

5.3.14 Road Haulage

There are a number of extractive industries operating in the Port Stephens LGA and there could be opportunities for new development or expansion of existing sites, subject to relevant approvals.

Extractive industries generate significant truck movements in Port Stephens, which impacts the road performance and conditions along haulage routes. To offset the impact of haulage associated with mining and extractive industry, this Plan authorises the consent authority to apply a haulage contribution rate where an application is made for such a use. It should be noted that the haulage rate will apply to the proposed haulage route for the life of the development (subject to CPI amendments) and contributions collected will only go towards the road repairs, resealing, upgrading and reconstruction of that road.

The contributions rate for heavy haulage has been calculated based on the following:

- Step 1: Determine the design Equivalent Standard Axles (ESA) per applicable vehicle (classes 3-12) for affected local roads.

$$dESA = \frac{365 \times AADT \times ESA \times DL \times DF}{NoHR}$$

Where:

dESA is the design ESA.

AADT is the annual average daily traffic count for heavy vehicles over Council's haulage routes.

ESA is the average ESA per heavy vehicle.

DL is the design life in years.

DF is the directional distribution factor.

NoHR is the number of haulage routes used to determine the ESA and AADT

- Step 2: Estimate the cost to reconstruct/maintain one lane for one kilometre for the above ESA, which is based on the capital cost, maintenance cost and whole of life cost for Council's haulage routes.

- Step 3: Calculate the reconstruction/maintenance cost per ESA per km by dividing the outcome from Step 2 by the outcome from Step 1.

$$\$km = \frac{\$M}{dESA}$$

Where:

\$km is the cost of maintenance per ESA per km.

dESA is the design ESA calculated in step 1.

\$M is the cost to reconstruct/maintain one lane for one kilometre.

- Step 4: Determine the typical heavy haulage vehicle ESA (assumed at 2.6 ESA based on a typical truck and dog combination).

33

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

- Step 5: Calculate the reconstruction/maintenance cost per typical heavy haulage vehicle per km by multiplying the outcome from Step 3 by the outcome from Step 4.

$$\$HVkm = \$km \times hvESA$$

Where:

\$HVkm is the maintenance cost per typical heavy vehicle.

\$km is the cost of maintenance per ESA per km as calculated in step 3.

hvESA is the heavy vehicle ESA.

- Step 6: Determine the typical load per typical heavy haulage vehicle (assumed at 15 tonnes).
- Step 7: Calculate the reconstruction/maintenance cost per tonne per km by dividing the outcome from Step 5 by the outcome from Step 6.

$$\$tkm = \frac{\$HVkm}{t}$$

Where:

\$tkm is the maintenance cost per tonne per km.

\$HVkm is the maintenance cost per typical heavy vehicle as calculated in Step 5.

t is the typical load per typical heavy vehicle.

- Step 8: Determine the administration on-cost applicable relating this Plan, i.e. the preparation, implementation and administration as a proportion of the calculated cost of reconstruction/maintenance (calculated at 2.79%).
- Step 9: Calculate the total contribution rate by multiplying the outcome from Step 8 by the outcome from Step 7.

$$\$CR = \$tkm \times (100\% + \$PA)$$

Where:

\$CR is the contribution rate per tonne per kilometre.

\$tkm is the maintenance cost per tonne per km.

\$PA is the cost of administering the Plan.

Based on the above, the contribution rate set out below will apply to this development type across the entire Port Stephens LGA. Notwithstanding the above, Council will accept a variation to the below contribution rate where it is justified by a Traffic and Transport Economic Study that has been prepared to the satisfaction of Council.

Section 7.11 Contribution:

\$0.084/t/km (which is equivalent to \$1.191/t based on a 14.5km haulage route)

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

5.3.15 Kings Hill Urban Release Area

Introduction

This chapter addresses the contributions that apply to development in the urban release area known as Kings Hill, namely:

- a) Contributions for local infrastructure within the Kings Hill area catchment,
- b) Contributions for Kings Hill and Raymond Terrace, and
- c) Contributions for LGA wide infrastructure

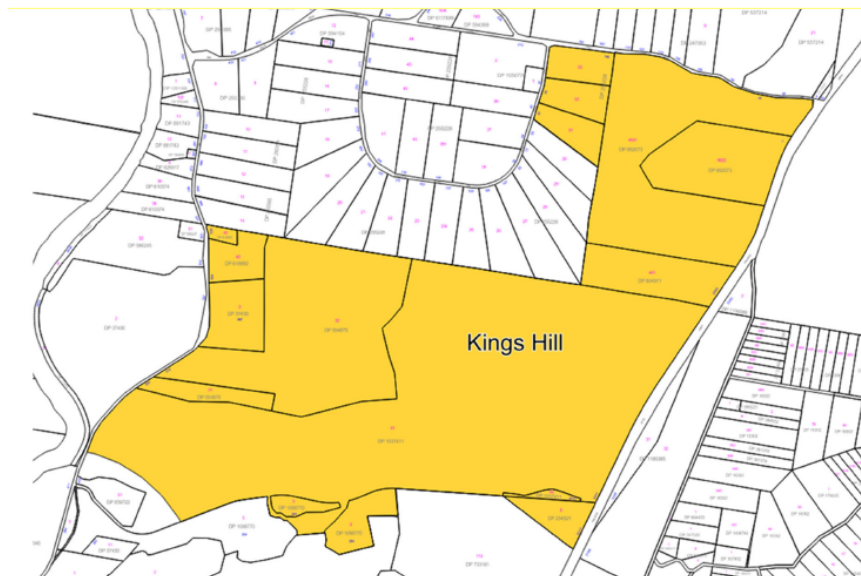
Contributions (b) and (c) are described elsewhere in other sections of the Plan.

This section of the Plan is subject to all the administration, indexation and other matters contained in other sections of the Plan.

Area and Expected Development

Kings Hill Urban Release Area (URA) is located to the north of Raymond Terrace, bordered by the Pacific Highway to the east and the localities of Eagleton (north) and Nelsons Plains (west) as shown in Figure 1.

The site was rezoned by the NSW Government in 2010 for residential, commercial, recreation and environmental management/conservation areas.



Source: Port Stephens Council

Figure 1 Kings Hill Urban Release Area

Kings Hill URA is expected to provide 3,500 new dwellings that will house a population of about 8,750 people. Development will comprise a variety of dwelling forms and non-residential development.

35

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Infrastructure Needs

Stormwater drainage, highway access and school

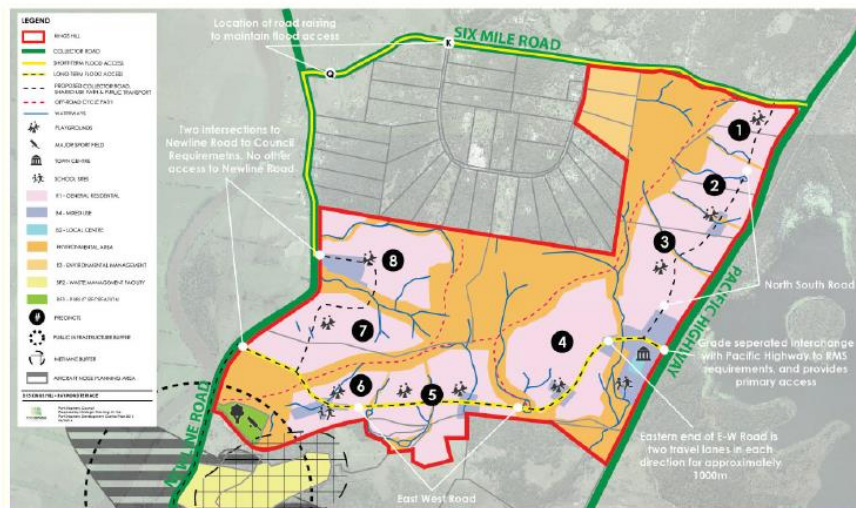
Due to water quality impacts to the drinking water catchment known as Grahamstown Dam to the east of the release area, the State Government proposed the construction of drainage infrastructure along the eastern boundary.

Future access into Kings Hill will be provided by an interchange at the Pacific Highway. The interchange will be constructed and delivered by Transport for NSW and it is possible that up to 400 lots may be able to be constructed before the interchange is required, provided flood free access is maintained.

Developers are expected to make monetary contributions toward the provision of the drainage and interchange infrastructure, together with the dedication of land for a public school, via a separate planning agreement with the NSW Government.

Local infrastructure needs and nexus

The local infrastructure needs of Kings Hill were first outlined in Part D14 of the Port Stephens Development Control Plan, as shown in the 'locality controls map' of that plan (Figure 2 below).



Source: Port Stephens Council DCP

Figure 2 Indicative layout of Kings Hill Urban Release Area

Since the DCP was prepared, Council commissioned the following studies to better understand the demand created by Kings Hill URA:

- Kings Hill Urban Release Area Community and Recreation Infrastructure Study (2020), GHD

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

- Kings Hill Residential Lands Rezoning Updated Traffic and Transport Study (2019), GHD
- Draft Port Stephens Demographic and Housing Overview (May 2019), REMPLAN
- Kings Hill Flood Free Access Review Study (Nov 2017), BMT WBM

The studies have informed the local infrastructure requirements for Kings Hill URA included in the Plan. Some of the items identified by the studies are not included in the works schedule to contain the costs or because they can be provided by other means. The cost associated with some of the infrastructure has been updated since the publication of the studies because there has been further investigation of the existing site conditions and constraints.

The schedule of infrastructure land and works that Kings Hill URA development will contribute towards is included in Appendix A. The schedule contains details of costs, cost apportionment and staging. Locations of facilities are shown on the map in Appendix D.

The following is a summary of the infrastructure items.

1) Local infrastructure in the Kings Hill URA:

a) Traffic and transport:

- East-west collector road – from Pacific Highway interchange works to Newline Road
- East-west collector road intersection with north-south collector road
- East-west collector intersection with Newline Road
- Newline Road shoulder widening
- William Bailey Street, Seaham Road, Newline Road & Port Stephens Street intersection upgrade including signalisation²
- Newline Road shared pathway

b) Community and recreation and emergency services

- Multi-purpose community space with pop-up library
- RFS building
- District park
- Skate park
- Multi-purpose sports court

² Located outside the URA, the costs of these works are apportioned 45% to Kings Hill URA development – i.e. Kings Hill traffic as a percentage of overall traffic growth

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

2) Kings Hill and Raymond Terrace:

The increase in population because of the Kings Hill URA development, will also place additional demand for some of the regional community and recreation services beyond the site.

The items identified include:

- Central library expansion
- Cemetery expansion and niche walls
- Upgrades to Riverside Park and Lakeside Reserve
- Lakeside district sports complex
- Fitzgerald bridge reserve
- Indoor sports and recreation centre

3) LGA wide infrastructure

The Plan levies contributions across Port Stephens LGA for infrastructure that services an LGA wide catchment. These contributions are discussed in Sections 5.3.1 – 5.3.6 of the Plan, and include:

- Administration and plan management
- Council works depot
- Town centre upgrades
- Public open space, parks and reserves – regional facilities
- Sports and leisure – regional facilities
- Community and cultural – regional facilities

Apportionment and Contribution Rate Calculation**Traffic and transport**

All items inside the Kings Hill URA are required to accommodate the demand created by the new residents of Kings Hill. For this reason, the costs of these infrastructure works are apportioned entirely to the future development.

The widening of Newline Road and the intersection of William Bailey Street, Seaham Road, Newline Road and Port Stephens Street is to accommodate the demand created by existing residents of Raymond Terrace and the future residents of Kings Hill. It is reasonable that for the purposes of determining the contribution rate, the

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

costs of the infrastructure are apportioned to both the existing and future development. The cost of the works apportioned to Kings Hill is 45%.³

The contribution calculation is as follows:

$$\text{Contribution per person (\$)} = \sum \left(\frac{\$INF \times A\%}{D} \right)$$

Where:

\$INF is the estimated cost of providing each infrastructure item in this category, in dollars

A% is the proportion of the infrastructure item cost that new development should reasonably be required to pay

D is the expected residential development in Kings Hill URA (i.e. 3,500 lots).

Using the above formula, the contribution per lot is \$12,552.00

Community and recreation and emergency services

All the facilities proposed within the release area are to accommodate the demand created by the new residents of Kings Hill. For this reason, the costs of infrastructure works are apportioned entirely to the future development.

The contribution calculation is as follows:

$$\text{Contribution per person (\$)} = \sum \left(\frac{\$INF \times A\%}{D} \right)$$

Where:

\$INF is the estimated cost of providing each infrastructure item in this category, in dollars

A% is the proportion of the infrastructure item cost that new development should reasonably be required to pay

D is the expected residential development in Kings Hill URA (i.e. 3,500 lots).

Using the above formula, the contribution per lot is \$2,546.00

³ Apportionment is provided in the GHD traffic and transport study. It is calculated as the Kings Hill traffic as a percentage of the overall traffic growth.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Port Stephens Local Infrastructure Contribution Plan 2020

Kings Hill and Raymond Terrace

All the facilities are to accommodate the demand created by existing residents of Raymond Terrace and the future residents of Kings Hill URA. It is reasonable that for the purposes of determining the contribution rate, the costs of the infrastructure are apportioned to both the existing and future development. The apportionment⁴ to Kings Hill is as follows.

INFRASTRUCTURE ITEM	APPORTIONMENT TO KINGS HILL URA
Library expansion	12%
Cemetery expansion	12%
Cemetery niche walls	50%
Indoor sports and recreation centre	12%
Fitzgerald bridge reserve	28%
Riverside Park and Lakeside Reserve	28%
Lakeside sports complex	28%

The contribution calculation is as follows:

$$\text{Contribution per person} = \sum \left(\frac{\$INF \times A\%}{D} \right)$$

Where:

\$INF is the estimated cost of providing each infrastructure item in this category, in dollars

A% is the proportion of the infrastructure item cost that new development should reasonably be required to pay

D is the expected residential development in Kings Hill URA (i.e. 3,500 lots).

Using the above formula, the contribution per lot is \$731.00

⁴ Apportionment is provided in the GHD Kings Hill Urban Release Area Community and Recreation Infrastructure Study. It is calculated as the Kings Hill population as a percentage of the combined Raymond Terrace/Kings Hill population.

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Port Stephens Local Infrastructure Contribution Plan 2020

LGA wide facilities

The new development in Kings Hill will be required to contribute their share of the infrastructure items that are apportioned to all new development in the Port Stephens LGA. The infrastructure item costs are contained in Table 1 of the Executive Summary of the Plan.

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Appendix A

Work Schedule

- A.1 Depot and Administration Building
- A.2 Town Centre Upgrades
- A.3 Public Open Space, Parks & Reserves
- A.4 Sports & Leisure Facilities
- A.5 Community & Cultural Facilities
- A.6 Road Works
- A.7 Medowie Traffic & Transport
- A.8 Shared Paths
- A.9 Bus Facilities
- A.10 Fire and Emergency Services
- A.11 Flooding and Drainage Works
- A.12 Newcastle Council Cross Boundary Projects
- A.13 Kings Hill Urban Release Area

The Work Schedule gives detail of the specific public amenities and services proposed by the Council, together with an estimate of their cost and staging.

Both staging and costs will be reviewed annually in line with capital works programming and a full review of Works Schedules will be conducted every 5 years.

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.****A.1 Depot and Administration Buildings****All Catchments**

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
CAF1	Raymond Terrace Works Depot	11,250,000	60%	2020
CAF2	Nelson Bay Works Depot	7,500,000	60%	2020
Total Estimate		18,750,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.2 Town Centre Upgrades

All Catchments

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
TCU1	Medowie – Town Centre Upgrades	7,500,000	60%	2036
TCU2	Fern Bay – Town Centre Upgrades	7,500,000	60%	2036
TCU3	Nelson Bay – Town Centre Upgrades	15,000,000	60%	2036
TCU4	Raymond Terrace – Town Centre Upgrades	20,500,000	60%	2036
Total Estimate		50,500,000		

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

A.3 Public Open Space, Parks and Reserves

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
OSF1	Kinross Park, Raymond Terrace - playground replacement	70,000	60%	2020
OSF2	Hinton – construction of public amenities	200,000	60%	2020
OSF2	Lakeside 2 Reserve, Raymond Terrace - public amenities	150,000	100%	2020
OSF3	Bettles Park, Raymond Terrace – park improvements, entry feature, succession planting, park furniture etc.	120,000	40%	2020
OSF4	Feeney Park, Raymond Terrace – playground	70,000	60%	2020
OSF5	Seaham Park, Seaham – playground	150,000	60%	2020
OSF6	Seaham Park, Seaham – park furniture, shelters and BBQ	60,000	40%	2020
OSF7	Kitty Hawk, Raymond Terrace – playground, park furniture and shade trees	120,000	60%	2024
OSF8	Raymond Terrace Foreshore, Raymond Terrace - Riverside Park - public amenities	150,000	60%	2025
OSF9	Wallalong – playground	150,000	60%	2025
Total Estimate		1,240,000		
		1,040,000		

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
OSF10	Boyd Oval, Medowie - play facilities, furniture, paths and landscape improvements	70,000	60%	2020
OSF11	Aliceton Reserve, Karuah – landscaping, playground and recreation facilities	250,000	100%	2020
OSF12	Memorial Park, Karuah – park furniture and carpark works	50,000	40%	2020
OSF13	Kindlebark Reserve, Medowie – playground	70,000	60%	2020
OSF14	Kooindah Park to Rudd Reserve, Lemon Tree Passage - park furniture and respite seating	50,000	100%	2020
OSF15	Peace Park, Tanilba Bay – park furniture and BBQ facilities	50,000	60%	2020
OSF16	Aliceton Reserve, Karuah – public amenities	150,000	100%	2024
OSF17	Medowie - playground, amenities, park furniture, paths and landscape improvements	2,000,000	100%	2024
OSF18	Coolabah Reserve, Medowie – park furniture, seating and half multi-sport court	70,000	60%	2024
OSF19	Crichton Drive Reserve, Medowie - playground	70,000	60%	2024
OSF20	Coachwood Reserve, Medowie – off-leash dog exercise area improvements	80,000	40%	2024
OSF21	Henderson Park, Lemon Tree Passage – masterplan and design	30,000	100%	2024
OSF22	Henderson Park, Lemon Tree Passage – upgraded paths, landscaping, park furniture and BBQ	150,000	60%	2024
OSF24	Stephens Square, Mallabula – recreational facilities improvement	70,000	60%	2024
OSF23	Foster Park, Tanilba Bay – boat ramp	300,000	60%	2024
OSF24	Gula Reserve, Tanilba Bay - playground	70,000	60%	2024
OSF25	Lilly Pilly Reserve, Lemon Tree Passage - boat ramp	300,000	60%	2025
OSF26	McCann Park, Lemon Tree Passage - recreation facility improvements	150,000	60%	2025
OSF27	Kooindah Park, Lemon Tree Passage - formalise off-leash dog exercise area	80,000	100%	2025
OSF28	Sunset Park, Tanilba Bay - park furniture and upgrade works	60,000	40%	2025
OSF29	Henderson Park, Lemon Tree Passage - playground	150,000	60%	2031
OSF30	Medowie South - open space land acquisition	750,000	100%	2031
OSF31	Medowie North - open space land acquisition	750,000	100%	2031
Total Estimate		6,770,000		

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

				5,700,000
Tomaree				
Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
OSF32	Conroy Park Upgrades, Corlette – park furniture, shelters and BBQs	80,000	40%	2020
OSF33	Spencer Park, Soldiers Point - playground and park furniture	190,000	60%	2020
OSF34	Taylor's Beach – playground	70,000	60%	2020
OSF35	Little Beach, Nelson Bay – playground facilities upgrade	150,000	60%	2024
OSF36	George Reserve, Soldiers Point - playground, accessible pathways, landscaping and park furniture	250,000	60%	2024
OSF37	Shoal Bay Foreshore Reserve, Shoal Bay – park furniture, shelters and park facilities upgrades	200,000	100%	2024
OSF38	Anna Bay Recreation Area, Anna Bay - facilities improvement	100,000	60%	2025
OSF39	Angophora Park, Corlette - playground and park furniture	110,000	60%	2025
OSF40	Conroy Park, Corlette – public amenities block	150,000	60%	2025
OSF41	Barry Park, Fingal Bay - park furniture and improvements	60,000	60%	2025
OSF42	Fisherman's Bay – park furniture and shelters	60,000	60%	2025
OSF43	One Mile Beach, One Mile – park furniture, shelters and BBQs	60,000	60%	2025
OSF44	Bob Cairns, Salamander Bay - playground	70,000	60%	2025
OSF45	Pearson Park, Soldiers Point – park furniture upgrade	70,000	40%	2025
OSF46	Birubi Point Aboriginal Place, Anna Bay -masterplan implementation	1,000,000	60%	2025
OSF47	Boat Harbour – seating, shelters and BBQs	80,000	40%	2031
OSF48	Little Beach, Nelson Bay – car park upgrade	850,000	80%	2031
Total Estimate		2,700,000		
		3,550,000		

All Catchments				
Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
OSF49	Boomerang Park Raymond Terrace – off-leash dog exercise area	80,000	100%	2020
OSF50	Lakeside Aquatic Centre, Raymond Terrace – facilities upgrades	500,000	60%	2025
OSF51	Tomaree Aquatic Centre, Nelson Bay – facilities upgrades	500,000	60%	2025
OSF52	Tilligerry Aquatic Centre, Mallabula – facilities upgrades	200,000	60%	2025
OSF53	Nelson Bay Foreshore, Nelson Bay - playground upgrades and park facilities improvements	750,000	80%	2025
OSF54	Nelson Bay Foreshore, Nelson Bay - viewing platforms, lighting, beach facilities, beach access points, landscape improvement	500,000	80%	2025
OSF55	Apex Park redevelopment, Nelson Bay – implementation of masterplan	500,000	80%	2025
OSF56	Boomerang Park, Raymond Terrace – playground upgrade, park facilities improvements and skate park improvements	500,000	80%	2025
OSF57	Fly Point Reserve, Nelson Bay – skate park improvements	250,000	80%	2025
OSF58	Boomerang Park, Raymond Terrace – car park upgrade	600,000	81%	2030
Total Estimate		3,780,000		
		4,130,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.4 Sports and Leisure Facilities

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SRF1	Lakeside Sports Complex, Raymond Terrace - Field renovation	200,000	60%	2025
SRF2	Brandon Park, Seaham - netball and tennis surface upgrades	150,000	60%	2025
SRF3	Brandon Park, Seaham – carpark upgrades	80,000	60%	2025
Total Estimate		430,000		

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SRF4	Mallabula Sports Complex, Mallabula - playground upgrades	100,000	60%	2020
SRF5	Mallabula Sports Complex, Mallabula - review of masterplan	50,000	100%	2024
SRF6	Mallabula Skate Park, Mallabula - facilities upgrade	150,000	60%	2024
SRF7	Medowie - new courts and carpark for tennis	150,000	60%	2025
SRF8	Ferodale Sports Complex, Medowie – additional playing field and facility improvements	2,000,000	100%	2025
SRF9	Yulong Oval, Medowie - multipurpose amenities upgrades	1,200,000	60%	2025
SRF10	Mallabula Sports Complex, Mallabula - floodlighting and power upgrades	250,000	60%	2031
Total Estimate		3,900,000		

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SRF11	Tomaree Aquatic Centre, Nelson Bay – shade structure	150,000	100%	2024
SRF12	Salamander Sports Complex, Salamander Bay - lighting upgrades	50,000	60%	2024
SRF13	Salamander Sports Complex, Salamander Bay - field renovation	400,000	60%	2024
Total Estimate		600,000		

All Catchments

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SRF14	King Park Sports Complex, Raymond Terrace - carpark upgrade	500,000	60%	2020
SRF15	Tomaree Sports Complex, Nelson Bay - Don Waring field upgrade	1,535,364	60%	2021
SRF16	Tomaree Sports Complex, Nelson Bay - sports pavilion B1	2,726,072	100%	2021
SRF17	King Park Sports Complex, Raymond Terrace - Implementation of Masterplan	7,500,000	100%	2025
SRF18	King Park Sports Complex, Raymond Terrace - Field renovation	400,000	60%	2025
SRF19	Tomaree Sports Complex, Nelson Bay - upgrade to Oval 1	3,644,952	60%	2027
SRF20	Tomaree Sports Complex, Nelson Bay - road realignment and new car park	786,659	60%	2027
SRF21	Tomaree Sports Complex, Nelson Bay - entry car park	625,515	60%	2027
Total Estimate		17,718,562		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.5 Community and Cultural Facilities

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
CCF1	Anna Bay – multi-purpose community facility	1,500,000	80%	2027
Total Estimate		1,500,000		

All Catchments

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
CCF2	Library Resources	4,000,000	100%	2020-36
Total Estimate		4,000,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.6 Roadworks

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
RW1	Richardson Road/Halloran Way, Raymond Terrace – roundabout extension	200,000	100%	2020
RW2	Paterson Street, Hinton – bridge to 3 Paterson Street	108,739	63%	2020
RW3	Giggins Road, Heatherbrae – Hank Street to end	109,940	77%	2020
RW3	Duns Creek Road, Duns Creek – 124 Duns Creek Road to 185 Duns Creek Road	276,480	48%	2020
RW3	Duns Creek Road, Duns Creek – 201 Duns Creek Road to 238 Duns Creek Road	296,352	48%	2025 2020
RW4	Clarence Town Road, Glen Oak – 1598 Clarence Town Road to 1676 Clarence Town Road	346,949	47%	2020
RW5	Kuranga Avenue/Dawson Road, Raymond Terrace – upgrade intersection to roundabout	950,000	100%	2020
RW6	East Seaham Road, East Seaham – 806 East Seaham Road to 1042 East Seaham Road	1,121,170	48%	2020
RW7	Glenelg Street, Raymond Terrace - 12 Glenelg Street to Adelaide Street	165,750	54%	2025
RW8	Adelaide Street, Raymond Terrace – 249a Adelaide Street to 251 Adelaide Street	268,497	54%	2025
RW11	Duns Creek Road, Duns Creek – 238 Duns Creek Road to 316 Duns Creek Road	317,952	59%	2025
RW9	East Seaham Road, East Seaham – 248 East Seaham Road to 248 East Seaham Road	149,532	64%	2025
RW10	East Seaham Road, East Seaham – 248 East Seaham Road to 318 East Seaham Road	163,218	64%	2025
RW11	East Seaham Road, East Seaham – 318 East Seaham Road to 348 East Seaham Road	337,634	64%	2025
RW12	East Seaham Road, East Seaham – 348 East Seaham Road to 407 East Seaham Road	481,257	64%	2025
RW13	Rees James Road, Raymond Terrace – Bellevue Street to Kuranga Avenue	768,006	81%	2025
RW14	Rees James Road, Raymond Terrace – Kuranga Avenue to 40 Rees James Road	427,775	81%	2025
RW15	Rees James Road, Raymond Terrace – 42 Rees James Road to 50 Rees James Road	354,822	81%	2025
RW16	Rees James Road, Raymond Terrace – 50 Rees James Road to end	666,517	88%	2025
RW17	Central Carpark, Raymond Terrace	729,302	44%	2025
RW18	Lakeside Sports Complex 1, Raymond Terrace	795,984	33%	2025
RW19	Lakeside Sports Complex 2, Raymond Terrace	1,475,695	70%	2025
RW20	King Park Sports Complex 1, Raymond Terrace	959,023	44%	2025
RW21	Laverick Avenue, Tomago – 21 Laverick Avenue	333,590	64%	2025
RW22	Boomerang Park 2, Raymond Terrace	271,187	44%	2030
Total Estimate		11,741,781 11,370,999		

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
RW23	The Buckets Way, Twelve Mile Creek – 309 The Buckets Way to 309 The Buckets Way	235,104	38%	2020
RW24	The Buckets Way, Twelve Mile Creek – 451 The Buckets Way to boundary	272,256	33%	2020
RW25	Ferodale Road, Medowie – 51 Ferodale Road to 85 Ferodale Road	360,000	72%	2020
RW26	Tanilba Road, Mallabula – Fairlands Road to Mallabula Road	606,864	85%	2020
RW27	Ferodale Road – Campvale drain bridge upgrade	1,200,000	100%	2020
RW28	Richardson Road/Grahamstown Dam Road, Campvale – upgrade intersection to roundabout	2,000,000	100%	2020
RW29	Ferodale Road/Peppertree Road, Medowie – upgrade intersection to signalised	1,600,000	100%	2020
RW30	Medowie Road, Campvale – 276 Medowie Road to start of island	108,540	63%	2025
RW31	Ferodale Road, Medowie – Roundabout to 38 Ferodale Road	187,479	54%	2025

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

RW32	Ferodale Road, Medowie – Roundabout to 46 Ferodale Road	111,387	54%	2025
RW33	Ferodale Road, Medowie – 38 Ferodale Road to 44 Ferodale Road	157,783	54%	2025
RW40	Ferodale Road, Medowie – 24 Laverick Avenue	333,590	64%	2025
RW34	Avenue Of The Allies, Tanilba Bay - Diggers Drive to Lemon Tree Passage Road	664,589	66%	2025
RW35	Grahamstown Road, Medowie - Aquatic Centre to 8 Grahamstown Road	886,761	74%	2025
RW36	James Road, Medowie – 52 James Road to 101 James Road	650,000	78%	2025
RW37	Tarean Road, Karuah – 233 Tarean Road to 264 Tarean Road	275,962	54%	2030
RW38	Tarean Road, Karuah – 264 Tarean Road to 370 Tarean Road	275,962	54%	2030
RW39	Tarean Road, Karuah – 423 Tarean Road to 443 Tarean Road	173,664	54%	2030
RW40	Tarean Road, Karuah - 443 Tarean Rd to 446 Tarean Rd	275,962	54%	2030
RW41	Yulong Park, Medowie	584,634	44%	2030
Total Estimate		10,310,537		
		10,626,947		

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
RW42	Tomaree Road, Shoal Bay – Messines Street to 42 Tomaree Road	294,910	78%	2020
RW43	Tomaree Road, Shoal Bay – 42 Tomaree Road to 86 Tomaree Road	522,161	78%	2020
RW50	Tomaree Road, Shoal Bay – 86 Tomaree Road to 136 Tomaree Road	665,355	78%	2020
RW44	Gowrie Avenue, Nelson Bay – Shoal Bay Road to Kerrigan Street	308,172	78%	2020
RW45	Tomaree Sports Complex 2, Nelson Bay	1,273,795	70%	2020
RW46	One Mile Beach Reserve 2, One Mile	255,024	70%	2020
RW47	Dowling Street, Nelson Bay – Fingal Street to 29 Dowling Street	359,558	73%	2025
RW48	Foreshore Drive, Corlette – 45 Foreshore Drive to 83 Foreshore Drive	418,736	75%	2025
RW49	Church Street, Nelson Bay – Government Road to Dowling Street	479,338	59%	2025
RW50	Dowling Street, Nelson Bay – parking action – bypass work	750,000	100%	2022
RW51	Dowling St/Fingal St – parking action – signalised intersection	1,600,000	40%	2026
RW52	Donald St/Stockton St – parking action – signalised intersection	1,600,000	40%	2026
Total Estimate		8,527,049		
		7,861,694		

Fern Bay

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
RW53	Rankin Road, Fern Bay – Popplewell Road to Nelson Bay Road	800,000	85%	2025
RW54	Taylor Road, Fern Bay – Popplewell Road to Nelson Bay Road	700,000	85%	2025
Total Estimate		1,500,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.7 Medowie Traffic & Transport

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
MTT1	Medowie Road – gateway treatment at entrance to Medowie north of Boundary Road	33,000	43%	2021
MTT2	Medowie Road – gateway treatment and change in speed zone north of Kindlebark Drive,	33,000	43%	2021
MTT3	Medowie Road – gateway treatment at entrance to Medowie south of South Street	33,000	43%	2021
MTT4	Medowie Road – gateway treatment and change in speed zone south of Ferodale Road	33,000	43%	2021
MTT5	Medowie Road – horizontal displacement mid-block treatment between Boundary Road and Kirrang Drive	50,000	43%	2024
MTT5	Medowie Road/Brocklesby Road – upgrade intersection to roundabout	2,050,000	43%	2021
MTT6	Lisadell Road and Abundance Road – pavement widening from Fairlands Road to Industrial Road	2,050,000	43%	2021
MTT7	Lisadell Road/Fairlands Road – road widening and upgrade intersection to roundabout	802,000	43%	2021
MTT8	Lisadell Road/Abundance Road – road realignment to create a T intersection with priority given to the through movement.	615,000	43%	2021
MTT9	Abundance Drive – gateway treatment and change in speed zone south of Industrial Road	33,000	43%	2021
MTT10	Abundance Drive/Ferodale Road – upgrade intersection to roundabout	902,000	43%	2021
MTT11	Ferodale Road/Kirrang Drive – upgrade existing roundabout	820,000	43%	2021
MTT12	Ferodale Road – upgrade entrance to commercial land at 37B Ferodale Road to roundabout	820,000	43%	2021
MTT13	Various roads – on-road signage and line markings	16,500	43%	2021
MTT14	Medowie Road – off-road shared path from Boundary Road to Kirrang Drive	460,000	43%	2024
MTT15	Medowie Road – off-road shared path from Federation Drive to Kindlebark Drive	515,000	43%	2024
MTT14	Medowie Road – off-road shared path from Medowie Road to Cherry Tree Close	50,000	43%	2021
MTT15	Medowie Road – off-road shared path from Silver Wattle Drive to Ferodale Road	205,000	43%	2021
MTT16	Medowie Road – off-road shared path from Ferodale Road to 500m south	500,000	43%	2021
MTT17	Various roads – on-road signage and line markings within rural-residential areas	16,500	43%	2021
MTT18	Ferodale Rd – Off-road shared path from Kirrang Drive to Coachwood Drive	1,080,000	43%	2021
MTT19	Ford Avenue – off-road shared path with cadastral corridor from Ford Avenue to Sylvan Avenue	50,000	43%	2021
MTT20	Medowie Road – upgrade pedestrian refuge at Kirrang Drive/Federation Drive	24,200	43%	2021
MTT21	Medowie Road – upgrade pedestrian refuge south of Kindlebark Drive	24,200	43%	2021
MTT22	Medowie Road – install pedestrian refuge island at Silver Wattle Drive	24,200	43%	2021
MTT23	Silver Wattle Drive – install pedestrian refuge island at Medowie Road	24,200	43%	2021
MTT24	Medowie Road – upgrade pedestrian refuge island at Ferodale Road	24,200	43%	2021
MTT25	Medowie Road – install pedestrian refuge island south of Ferodale Road	50,000	43%	2021
MTT26	Medowie Road install pedestrian refuge island at Blueberry Road	24,200	43%	2021
MTT27	Kirrang Drive – install pedestrian refuge island at Ferodale Road	24,200	43%	2021
MTT28	Brocklesby Road – install pedestrian refuge island at Ferodale Road	25,000	43%	2021
MTT29	Ferodale Road – upgrade pedestrian refuge island west of Medowie Road	24,200	43%	2021
MTT30	Various Intersection Upgrades – kerb and gutter and ramps at Ferodale Road intersection with Waropara, Bottle Brush Avenue and Kirrang Drive	157,500	43%	2021
MTT31	Install Bicycle Parking Facilities	50,000	43%	2021
MTT32	Medowie Road/Kindlebark Drive – upgrade intersection to roundabout	820,000	43%	2032
MTT33	Brocklesby Road – off-road shared path from Medowie Road to Ferodale Road	975,000	43%	2032
MTT34	Medowie Road – off-road shared path from Ferodale Road to South Street	1,280,000	43%	2032

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

MTT35	Waropara Rd – off-road shared path from Ferodale Road to Kula Road	800,000	43%	2032
MTT36	Medowie Road/Blueberry Road – improve channelisation of intersection	176,000	43%	2032
MTT37	Medowie Rd – improve roundabout approaches at intersections with Ferodale Road, South Street and access to Kingston site	3,000,000	43%	2032
MTT38	Wilga Road – off-road shared path from Wilga Road to Town Centre including bridge for creek crossing	360,000	43%	2032
MTT39	Kirrang Drive – off-road shared path from Ferodale Road to Medowie Road	870,000	43%	2032
Total Estimate		19,924,100		
		18,899,100		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.8 Shared Paths

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SP1	Raymond Terrace to Lakeside, Raymond Terrace - construction of a new shared pathway	350,000	100%	2020
SP2	King Park waterfront, Raymond Terrace - construction of a new shared pathway	450,000	16%	2027
SP2	Brandy Hill Drive, Brandy Hill - shared path from Clarence Town Road to Seaham Road	2,500,000	60%	2025
SP3	Kingston Parade, Heatherbrae - shared path from Kingston Parade to Pacific Highway	28,500	100%	2027
SP4	Pacific Highway, Heatherbrae - shared path from Kingston Parade to Hunter River High School	108,300	100%	2027
SP5	Paterson Road, Hinton - shared path from High Street to Swan Street	250,000	100%	2027
FP6	Swan Street, Hinton - footpath from Hinton Road to Stuart Park	85,500	100%	2027
SP7	Warren Street, Seaham - shared path from school crossing to community hall	70,300	100%	2027
SP8	Lakeside No.2 Reserve, Raymond Terrace shared path from Halloran Way to Luskin Close	48,600	100%	2027
SP9	King Park Reserve, Raymond Terrace - shared path from Newline Road to Fitzgerald Bridge	315,400	100%	2027
SP10	Beaton Avenue, Raymond Terrace - shared path from Kanwary Close to King Park	220,000	100%	2027
SP11	Adelaide Street, Raymond Terrace - shared path from Richardson Road to Roslyn Park	280,000	100%	2027
SP12	Mount Hall Road, Raymond Terrace - shared path from Clyde Circuit to Pacific Highway underpass	81,700	100%	2027
SP13	Glenelg Street, Raymond Terrace - shared path from Adelaide Street to Golf course	400,000	100%	2027
SP14	Hunter Street, Raymond Terrace - shared path from William Street to Bamier Lane	74,000	100%	2027
SP15	Newbury Park Reserve, Raymond Terrace - shared path from Adelaide Street to Mount Hall Road	89,700	100%	2027
SP16	Pacific Highway, Raymond Terrace - shared path from Martens Avenue to Rosemount Drive	92,000	100%	2027
FP17	Kangaroo Street, Raymond Terrace - footpath from Port Stephens Street to Carmichael Street	16,100	100%	2027
SP18	Adelaide Street, Raymond Terrace - shared path from Pacific Highway to Elkin Avenue	45,600	100%	2027
SP19	Adelaide Street, Raymond Terrace - shared path from Kangaroo Street to Sturgeon Street	49,000	100%	2027
SP20	Adelaide Street, Raymond Terrace - shared path from Rees James Road to Richardson Road	110,200	100%	2027
SP21	Adelaide Street, Raymond Terrace - shared path from Rees James Road to Bellevue Street	312,000	100%	2027
SP22	Rees James Road, Raymond Terrace - shared path from Bellevue Street to end	675,000	100%	2027
FP23	Kangaroo Street, Raymond Terrace - footpath from Carmichael Street to Sturgeon Street North	6,125	100%	2027
FP24	Kangaroo Street, Raymond Terrace - footpath from Sturgeon Street to Adelaide Street (median)	2,500	100%	2027
Total Estimate		4,160,525		
		6,210,525		

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SP25	Wattle Street, Karuah shared path from Tarean Road to Engel Avenue	45,600	100%	2027
SP26	Engel Avenue, Karuah - shared path From Wattle Street to Karuah MPC	39,900	100%	2027
SP27	Mustons Road, Karuah - shared path from Boronia Road to Mustons Gully	64,600	100%	2027
SP28	Mustons Road, Karuah - shared path from Mustons Gully to Tarean Road	133,000	100%	2027
FP29	Tarean Road, Karuah - footpath from Bundabah Street to Longworth Park	28,000	100%	2027
SP30	Medowie Road, Medowie - shared path from Federation Drive to Kindiebark Drive	260,000	100%	2027
SP31	Medowie Road, Medowie - shared path from Silver Wattle Drive to Ferodale Road	142,500	100%	2027
SP32	Medowie Road, Medowie - shared path from Ferodale Road to Brocklesby Road	580,700	100%	2027
SP33	Kirrang Drive, Medowie - shared path from Yulong Oval to Ferodale Road	100,000	100%	2027

ORDINARY COUNCIL - 10 NOVEMBER 2020 - ATTACHMENTS

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

SP30	South Street, Medowie – shared path from Medowie Road to Sylvan Avenue	72,200	100%	2027
SP31	Silver Wattle Drive, Medowie – shared path from Medowie Road to Bottle Brush Avenue	19,250	100%	2027
FP32	Grey Gum Street, Medowie – footpath from Medowie Road to Bottle Brush Avenue	17,000	100%	2027
SP33	Lemon Tree Passage Road, Lemon Tree Passage – shared path from end of existing to Crawley Avenue.	40,000	100%	2027
SP34	Lemon Tree Passage Road, Lemon Tree Passage – shared path from Crawley Avenue to Blanch Street	123,500	100%	2027
SP35	Meredith Avenue, Lemon Tree Passage - from Kwarren Street to Kenneth Parade	39,900	100%	2027
SP36	Cook Parade, Lemon Tree Passage – shared path from Morton Avenue to Meredith Avenue	338,200	100%	2027
SP37	Kwarren Street, Lemon Tree Passage – shared path from Blanch Street to Kenneth Parade	171,000	100%	2027
SP38	President Wilson Walk, Tanilba Bay – shared path from Pershing Place to Diggers Drive	106,400	100%	2027
SP39	President Wilson Walk, Tanilba Bay – shared path from Diggers Drive to King Albert Avenue	68,400	100%	2027
SP40	President Wilson Walk, Tanilba Bay – footpath from Lemon Tree Passage Road to Lloyd George Grove	19,800	100%	2027
Total Estimate		2,409,950		
		1,326,750		

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SP45	Government Road, Shoal Bay – shared path from Fingal Bay to Shoal Bay missing link	625,000	7%	2027
SP46	Gan Gan Road, Anna Bay – shared path from Gordon Close to Old Main Road	357,200	100%	2027
SP41	Gan Gan Road, Anna Bay shared path from existing path to existing path	250,000	100%	2027
SP42	Campbell Avenue, Anna Bay – shared path from Gan Gan Road to Robinson Street	220,000	100%	2027
SP43	Robinson Street, Anna Bay – shared path from Campbell Avenue to Robinson Reserve	165,000	100%	2027
SP44	Sandy Point Road, Corlette – shared path from Roy Wood Reserve to foreshore	19,000	100%	2027
SP45	Foreshore Drive, Salamander Bay/Corlette – shared path from Cook Street to Sandy Point Road	931,000	100%	2027
SP46	Bagnall Beach Road, Corlette – shared path from Marlin Street to crossing point	19,000	100%	2027
SP47	Bagnall Beach Road, Corlette – shared path from crossing point to Maruway Street	49,400	100%	2027
SP48	Bagnall Beach Road, Corlette – shared path from King Fisher Reserve to detention basin	103,000	100%	2027
SP49	Bagnall Beach Road, Corlette – shared path from Marlin Street to end of existing	24,700	100%	2027
SP50	Marine Drive, Fingal Bay – shared path from Boulder Bay Road to Barry Park	300,000	100%	2027
SP51	Beach Road, Nelson Bay – shared path from Gowrie Avenue to Harwood Avenue	220,000	100%	2027
SP52	Beach Road, Nelson Bay – shared path from Victoria Parade to boat ramp	85,880	100%	2027
SP53	Beach Road, Nelson Bay – shared path from boat ramp to Gowrie Avenue	45,600	100%	2027
SP54	Victoria Parade, Nelson Bay – shared path from Fly Point to Beach Road	248,000	100%	2027
FP55	Donald Street, Nelson Bay – footpath from Magnus Street to grassy knoll	7,875	100%	2027
SP56	Victoria Parade, Nelson Bay – shared path from Magnus Street to Yacaaba Street	165,300	100%	2027
SP57	Salamander Way, Salamander Bay – shared path from Port Stephens Drive to Community Close	904,500	100%	2027
SP58	Beach Road, Shoal Bay – shared path from Harwood Avenue to Shoal Bay Road	161,500	100%	2027
SP59	Government Road, Shoal Bay – shared path from Messines Street to Peterie Street	241,300	100%	2027
SP60	Government Road, Shoal Bay – shared path from Peterie Street to Sylvia Street	159,600	100%	2027
SP61	Shoal Bay Road, Shoal Bay – shared path from Beach Road to end of existing path	155,800	100%	2027
SP62	Sylvia Street, Shoal Bay – shared path from Government Road to Horace Street	36,100	100%	2027
Total Estimate		5,494,755		
		4,512,555		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Fern Bay

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
SP63	Nelson Bay Road, Fern Bay – shared path from Braid Road to Bayway Village	579,000	100%	2026
SP64	Shared path between Seaside Boulevard and Popplewell Road	725,000	100%	2026
SP74	Nelson Bay Road, Fern Bay – shared path from Vardon Road to existing CoN path.	228,000	100%	2026
Total Estimate		1,532,000		
		1,304,000		

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

A.9 Bus facilities

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
BS1	Elizabeth Avenue at Bareena Street, Raymond Terrace – bus shelter	20,000	60%	2036
BS2	Rees James Road (near SES), Raymond Terrace – bus shelter	20,000	60%	2036
Total Estimate		40,000		

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
BS3	Tarean Road at golf course, Karuah – bus shelter	40,000	80%	2036
BS4	Admiralty Drive at Caswell Crescent, Tanilba Bay – bus shelter	20,000	80%	2036
BS5	Lemon Tree Passage Road at Blanch Street, Lemon Tree Passage – bus shelter	20,000	60%	2036
BS6	Nelson Bay Road at Lemon Tree Passage Road, Salt Ash – bus shelter	20,000	60%	2036
BS7	Nelson Bay Road at Steel Street, Williamtown – bus shelter	20,000	60%	2036
Total Estimate		120,000		

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
BS8	Fitzroy Street at Campbell Avenue, Anna Bay – bus shelter	20,000	60%	2036
Total Estimate		20,000		

Fern Bay

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
BS9	Fern Bay – relocate, replace, upgrade or remove 11 existing bus shelters and provide pedestrian refuge on Nelson Bay Road for access	515,000	100%	2036
Total Estimate		515,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.10 Fire and Emergency Services

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
FEF1	Seaham – enclose existing carport at RFS station to provide a training room and kitchen facilities	80,000	60%	2020
Total Estimate		80,000		

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
FEF2	Corlette – Expand current SES building by three vehicle bays	300,000	60%	2020
FEF3	Soldiers Point - expand current facility to 3 vehicle-bay and adding a training room at Soldiers Point	250,000	60%	2031
Total Estimate		550,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.11 Flooding and Drainage Works

Raymond Terrace - Rural

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
FD1	Tregenna Street, Raymond Terrace – upgrading the drainage system at the intersection of Tregenna Street and Adelaide Street	650,000	70%	2020
FD2	Elizabeth Street, Raymond Terrace – construction of a new drainage system from Elizabeth Street to Phillip Street via Charles Street	550,000	70%	2020
FD3	Kingston Parade, Heatherbrae – upgrading the drainage system from Kingston Parade to the floodplain via 5 Kingston Parade	300,000	70%	2020
FD4	Richardson Road/Halloran Way, Raymond Terrace - detention basin with pre-treatment	850,000	70%	2020
FD5	Enterprise Drive, Tomago - upgrade drainage system at Enterprise Drive	350,000	70%	2027
Total Estimate		2,700,000		

Central Growth Corridor

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
FD6	Abundance Road, Medowie - construction of a new drainage system from Abundance Road to Campvale Drain	600,000	100%	2020
FD7	Abundance Road, Medowie – land acquisition	2,000,000	100%	2025
FD8	Campvale Drain, Medowie - augmentation of Campvale Drain from pinch Point to the pumping station	500,000	100%	2027
FD9	James Road, Medowie - enlarge 200m of existing drain between 102 and 104 James Road, creation of trunk drainage system and easement	900,000	70%	2027
FD10	George Street, Karuah – construct a new drainage system	200,000	100%	2027
FD11	Medowie Road, Medowie – culvert upgrade between 38 Ferodale Road and 754 Medowie Road	350,000	100%	2030
FD12	Medowie Road, Medowie – channel improvement from Medowie Road to 38 Ferodale Road	220,000	100%	2030
FD13	Meredith Avenue, Lemon Tree Passage – upgrade the existing drainage system	500,000	50%	2032
Total Estimate		4,700,000		
		5,270,000		

Tomaree

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
FD14	Waratah Avenue, Soldiers Point – upgrading the drainage system and construction of a new drainage channel	400,000	50%	2020
FD15	Magnus Street, Nelson Bay – construct drainage system from Magnus Street to Victoria Parade and construct the overflow pipe drainage system	800,000	50%	2027
FD16	Soldier Point Road, Salamander Bay - upgrading the trunk drainage system at the intersection of Fleet Street and Soldiers Point Road	300,000	50%	2027
FD17	Nelson Bay Road, Anna Bay – widening of Fern Tree Drain	800,000	50%	2027
FD18	Stockton Street, Nelson Bay - extending and upgrading the drainage system at 45 Donald Street to Donald Street drainage system	300,000	50%	2027
FD19	Gan Gan Road, Anna Bay – upgrade drainage between Moma Point Road and McKinley Swamp	3,765,000	50%	2032
Total Estimate		6,365,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

A.14 Cross Boundary Projects – City of Newcastle

Fern Bay

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
CPB1	South Stockton Active Hub	158,143	100%	2022
CPB2	Stockton sporting facilities – upgrades to Corroba Oval, Ballast Ground, pool, netball and tennis court and supporting infrastructure	2,372,146	60%	2023
Total Estimate		2,530,289		

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

A.13 Kings Hill Urban Release Area

Kings Hill

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
KH1	East/west collector road (land acquisition and capital costs)	27,496,123	100%	2024
KH2	Intersection of east/west collector road and north/south road (land acquisition and capital costs)	4,075,800	100%	2024
KH3	Intersection of east/west collector road and Newline Road (land acquisition and capital costs)	4,393,000	100%	2024
KH4	Newline Road – road upgrades	2,256,800	45%	2027
KH5	Intersection upgrade at Newline Road, Seaham Road, Port Stephens Street, William Bailey Drive	4,355,000	45%	2027
KH6	Shared pathway along Newline Road	4,992,000	100%	2027
KH7	Multi-purpose community space (land acquisition and capital costs)	1,515,000	100%	2030
KH8	District park (land acquisition and capital costs)	6,018,530	100%	2032
KH9	Skate Park	374,000	100%	2032
KH10	Multi-purpose sports court	600,000	100%	2032
KH11	RFS station (land acquisition and capital costs)	404,500	100%	2036
Total Estimate		56,480,753		

Kings Hill & Raymond Terrace

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
KH12	Riverside Park and Lakeside Reserve – upgrade play equipment, additional pathways and amenity	700,000	28%	2024
KH13	Fitzgerald Bridge reserve – enhance area surrounding boat ramp	1,137,500	28%	2024
KH14	Raymond Terrace Cemetery – niche walls	98,000	50%	2029
KH15	Raymond Terrace Cemetery – expansion	3,627,000	12%	2036
KH16	Lakeside Sports Complex – floodlighting and car park upgrade	1,880,000	28%	2036
KH17	Raymond Terrace Library – expansion	5,921,000	12%	2036
Total Estimate		13,363,500		

All Catchments

Project No	Project Description	Estimate \$	Apportionment	Staging Threshold
KH18	Raymond Terrace – indoor sports and recreation centre	22,754,000	12%	2024
Total Estimate		22,754,000		

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Appendix B

List of Amendments to the Plan

TITLE	DESCRIPTION	DATE OF COMMENCEMENT
	CPI adjustment for quarter ended 31 December 2019. All groups CPI weighted average of eight capital cities – 116.2 (December 2019)	29 January 2020
	CPI adjustment for quarter ended 31 March 2020 All groups CPI weighted average of eight capital cities – 116.6 (March 2020)	29 April 2020
Amendment No. 1	Addition of Kings Hill URA chapter and administrative amendments, including the incorporation of the Port Stephens Fixed Local Infrastructure Contribution Plan 2020 and changes to remove completed projects.	TBC

Appendix C

Cost Summary Reports

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Cost Summary Report**Development Costs less than \$1,000,000**

Development Application No:	_____
Complying Development No:	_____
Date:	_____
Applicant's name:	_____
Applicant's address:	_____
Development type:	_____
Development address:	_____

DEVELOPMENT COSTS:

Demolition and alterations	\$
Structure	\$
External walls, windows and doors	\$
Internal walls, screens and doors	\$
Wall finishes	\$
Floor finishes	\$
Ceiling finishes	\$
Fittings and equipment	\$
Hydraulic services	\$
Mechanical services	\$
Fire Services	\$
Lift Services	\$
External works	\$
External services	\$
Other related works	\$
Subtotal	\$
Subtotal above carried forward	\$
Preliminaries and margin	\$

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Consultants fees	\$
Other related development costs	\$
GST	\$
Total Development Costs	\$

I certify that I have:

- Inspected the plans the subject of the application for development consent, complying development certificate.
- Calculated the proposed cost of carrying out the development in accordance with clause 25J of the *Environmental Planning and Assessment Regulation 2000* at current prices.
- Included GST in the calculation.

Signed:

Name:

Position & Qualifications:

ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.

Quantity Surveyor's Cost Summary Report

Development Costs greater than \$1,000,000

Development Application No: _____

Complying Development No: _____

Date: _____

Applicant's name: _____

Applicant's address: _____

Development type: _____

Development address: _____

Development Details:

Gross Floor Area – Commercial	m ²	Gross Floor Area – other	m ²
Gross Floor Area – Residential	m ²	Total Gross Floor Area	m ²
Gross Floor Area – Retail	m ²	Total Site Area	m ²
Gross Floor Area Car parking	m ²	Total car parking spaces	
Total Development Cost	\$		
Total Construction Cost	\$		
Total GST	\$		

Estimate Details

Professional fees	\$	Excavation	\$
% of Development cost	%	Cost per m ² of site area	\$ /m ²
% of Construction cost	%	Car park	\$
Demolition and site preparation	\$	Cost per m ² of site area	\$ /m ²
Cost per m ² - site area	\$ /m ²	Cost per space	\$
Construction - Commercial	\$	Fit out – Commercial	\$
Cost per m ² - commercial area	\$ /m ²	Cost per m ² - commercial area	\$ /m ²

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**

Construction Residential	\$	Fit out - residential	\$
Cost per m ² - residential area	\$ /m ²	Cost per m ² - residential area	\$ /m ²
Construction – retail	\$	Fit out - retail	\$
Cost per m ² - retail area	\$ /m ²	Cost per m ² - retail area	\$ /m ²

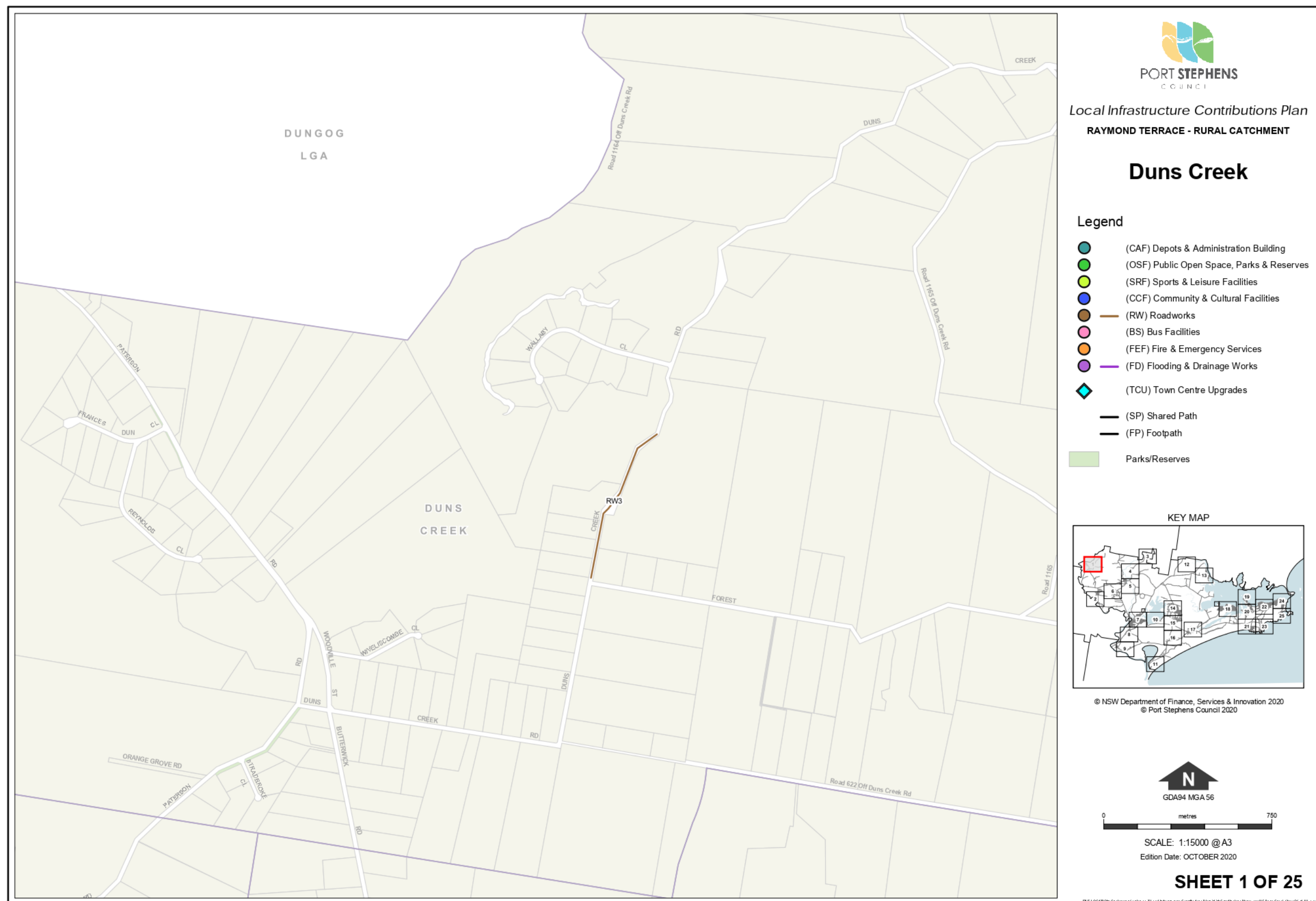
I certify that I have:

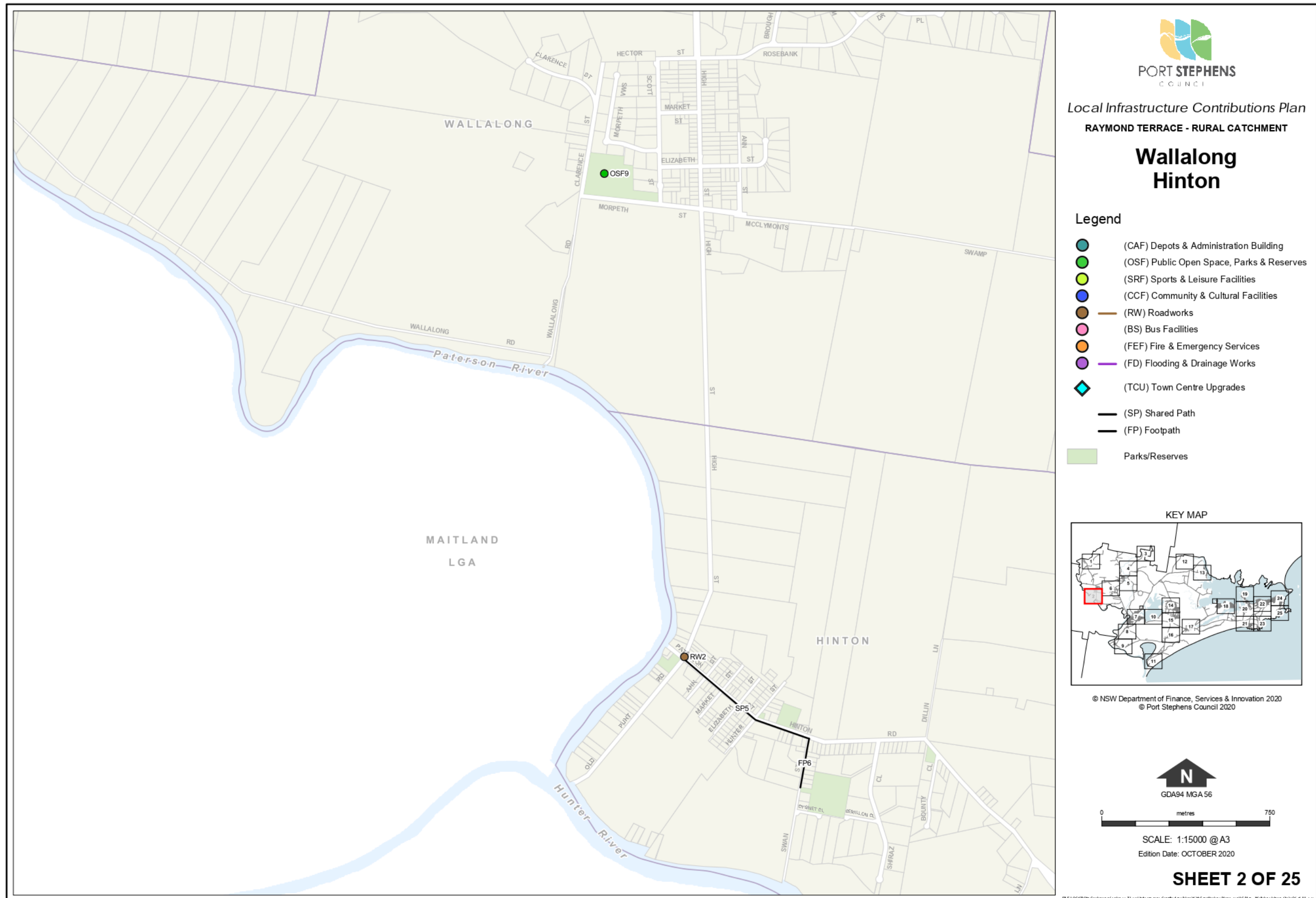
- Inspected the plans the subject of the application for development consent, complying development certificate.
- Prepared and attached an elemental estimate generally prepared in accordance with the most recent Australian Cost Management Manuals published by the Australian Institute of Quantity Surveyors (AIQS).
- Calculated the proposed cost of carrying out the development in accordance with clause 25J of the *Environmental Planning and Assessment Regulation 2000* at current prices.
- Included GST in the calculation.
- Measured gross floor areas in accordance with the Method of Measurement of Building Area in the AIQS Cost Management Manual Volume 1, Appendix A2.

Signed:

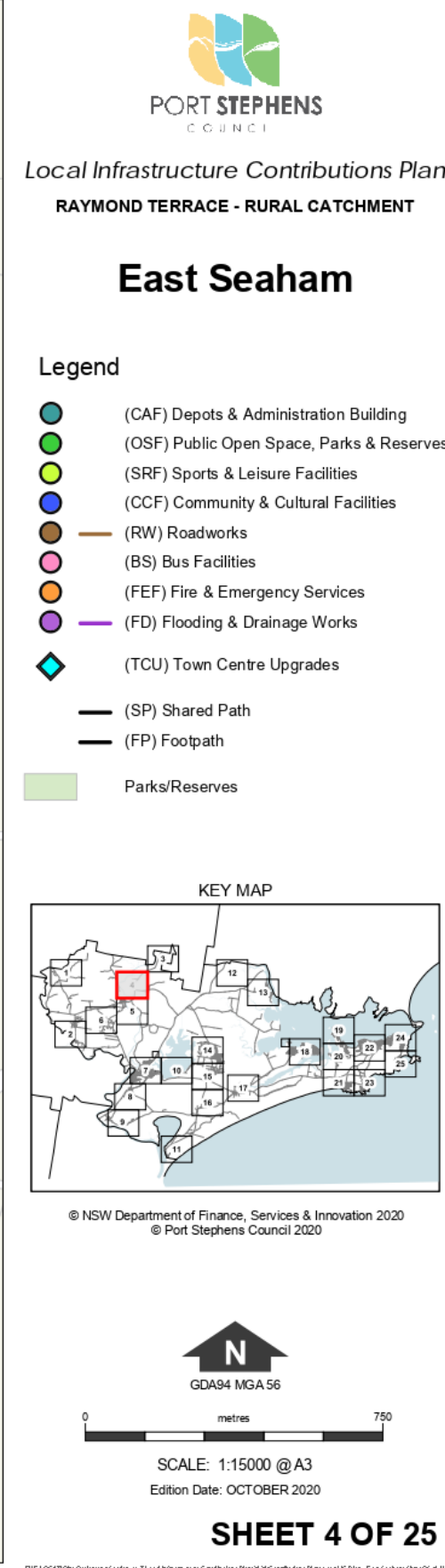
Name:

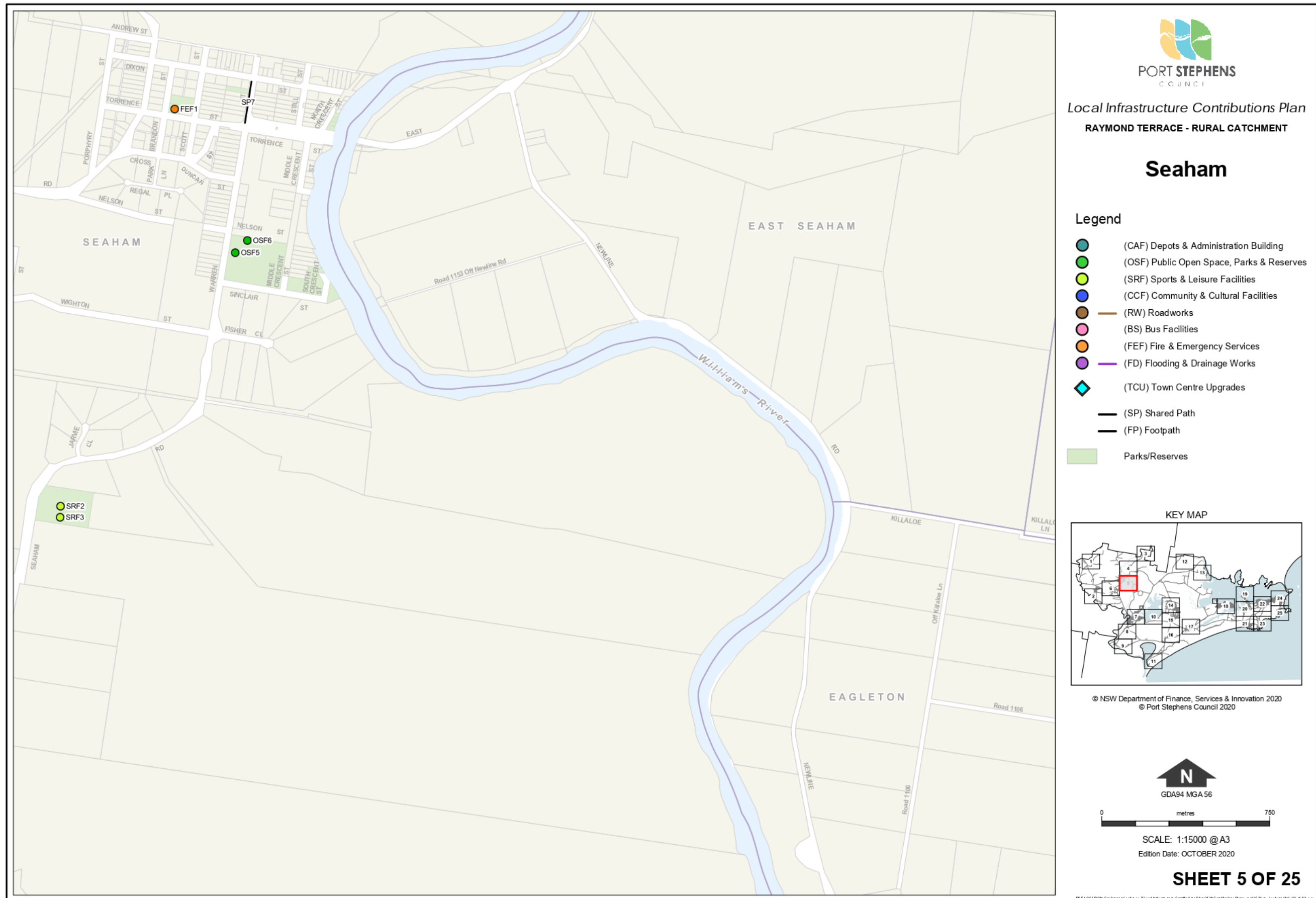
Position & Qualifications:



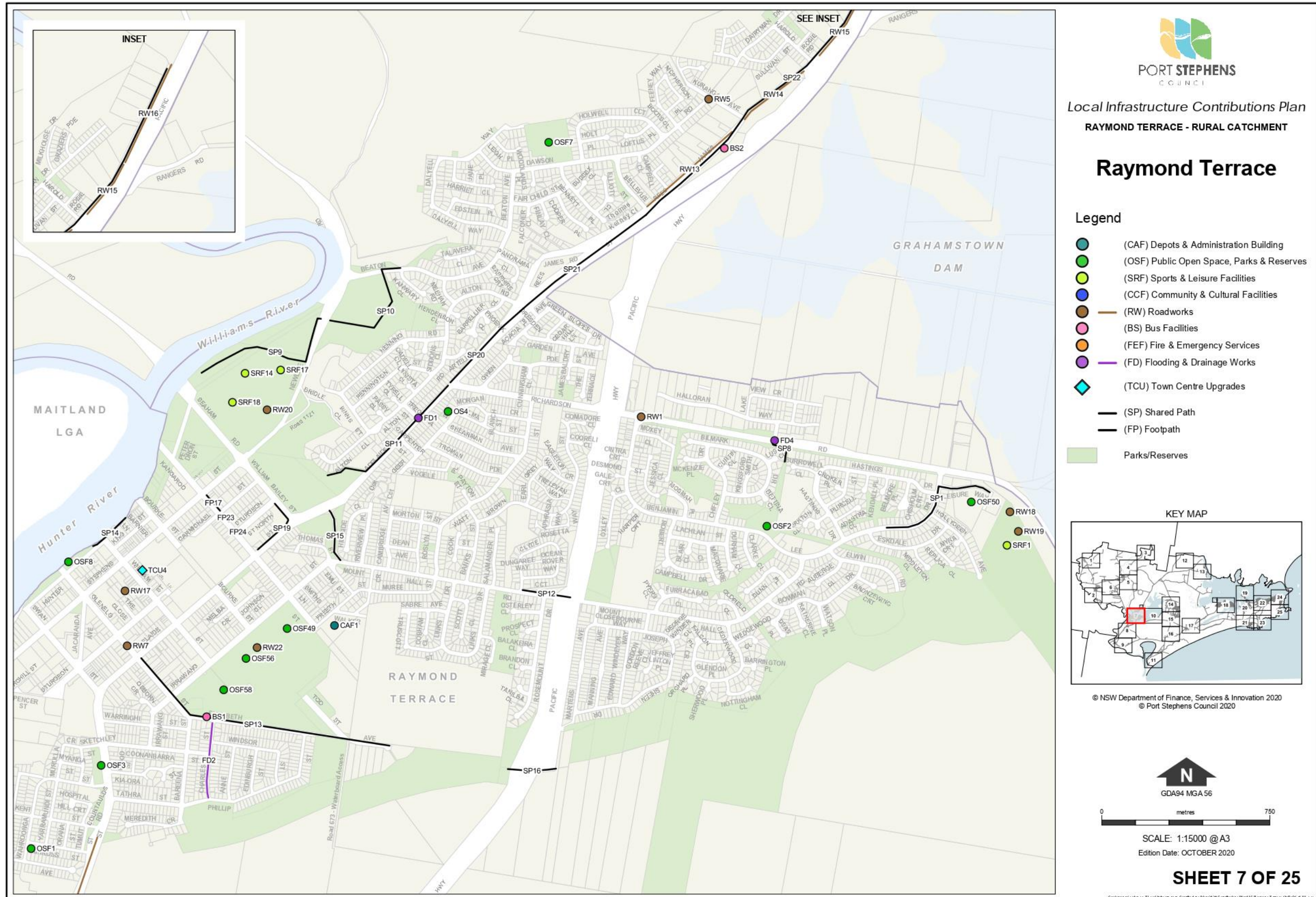


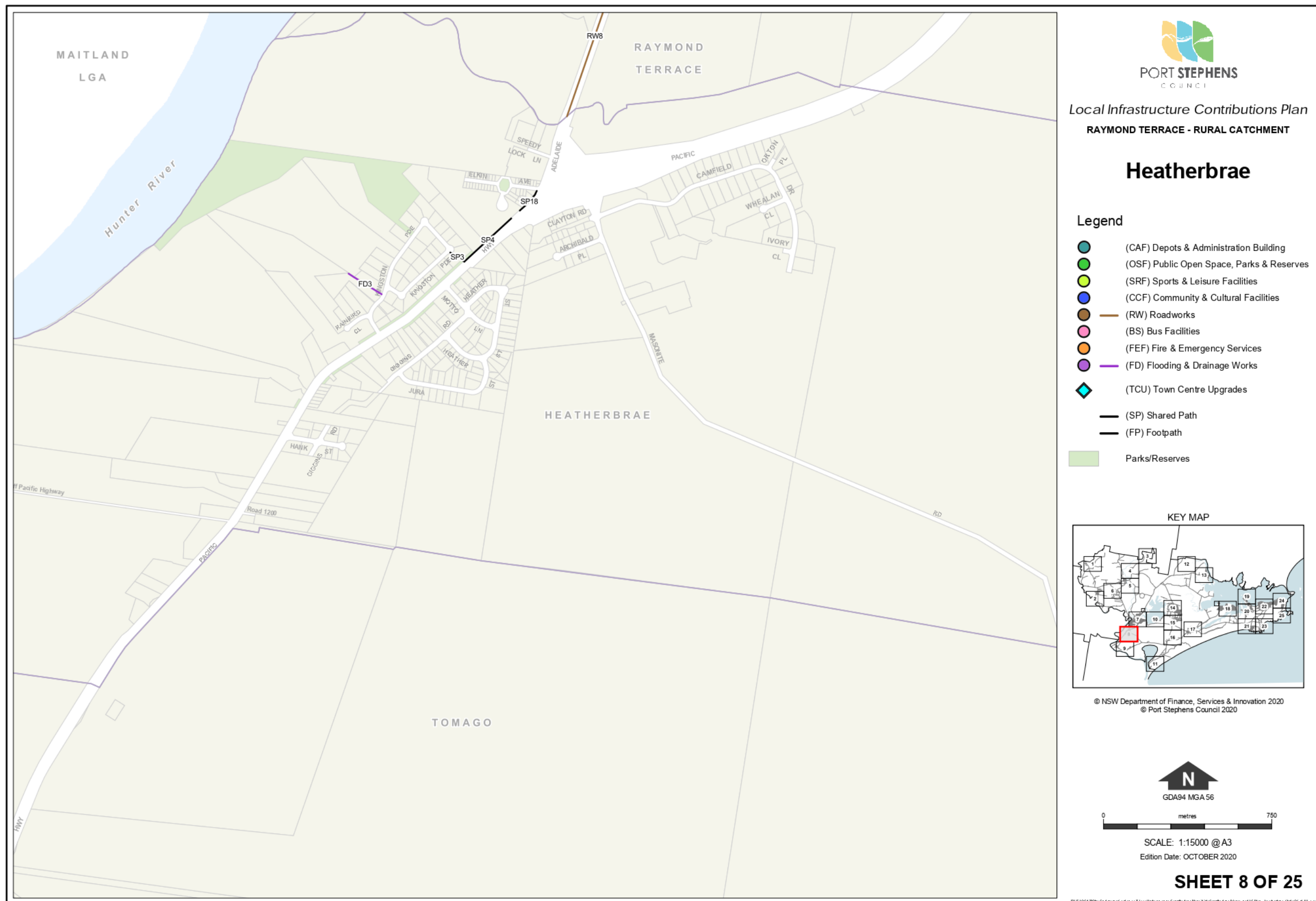


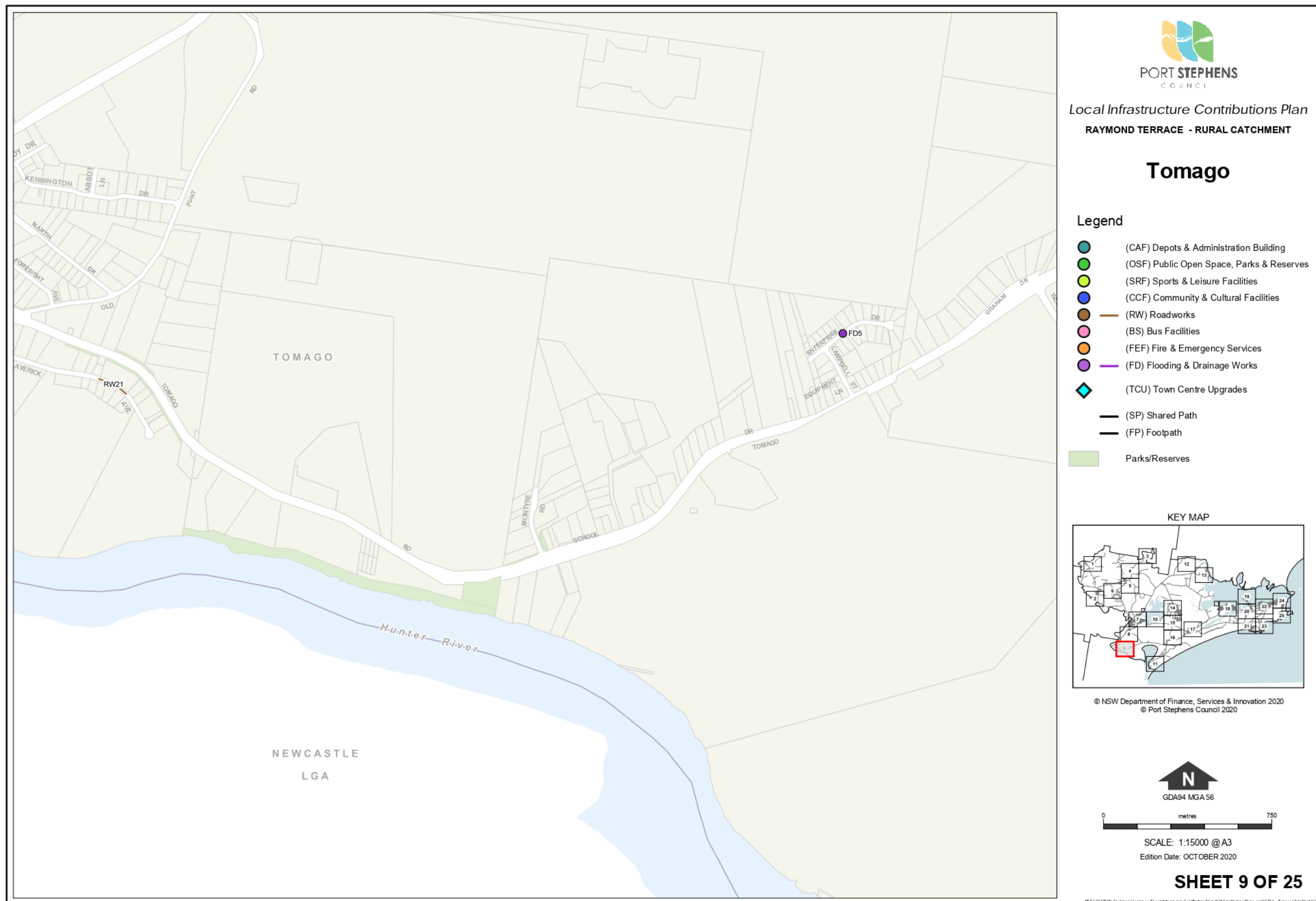


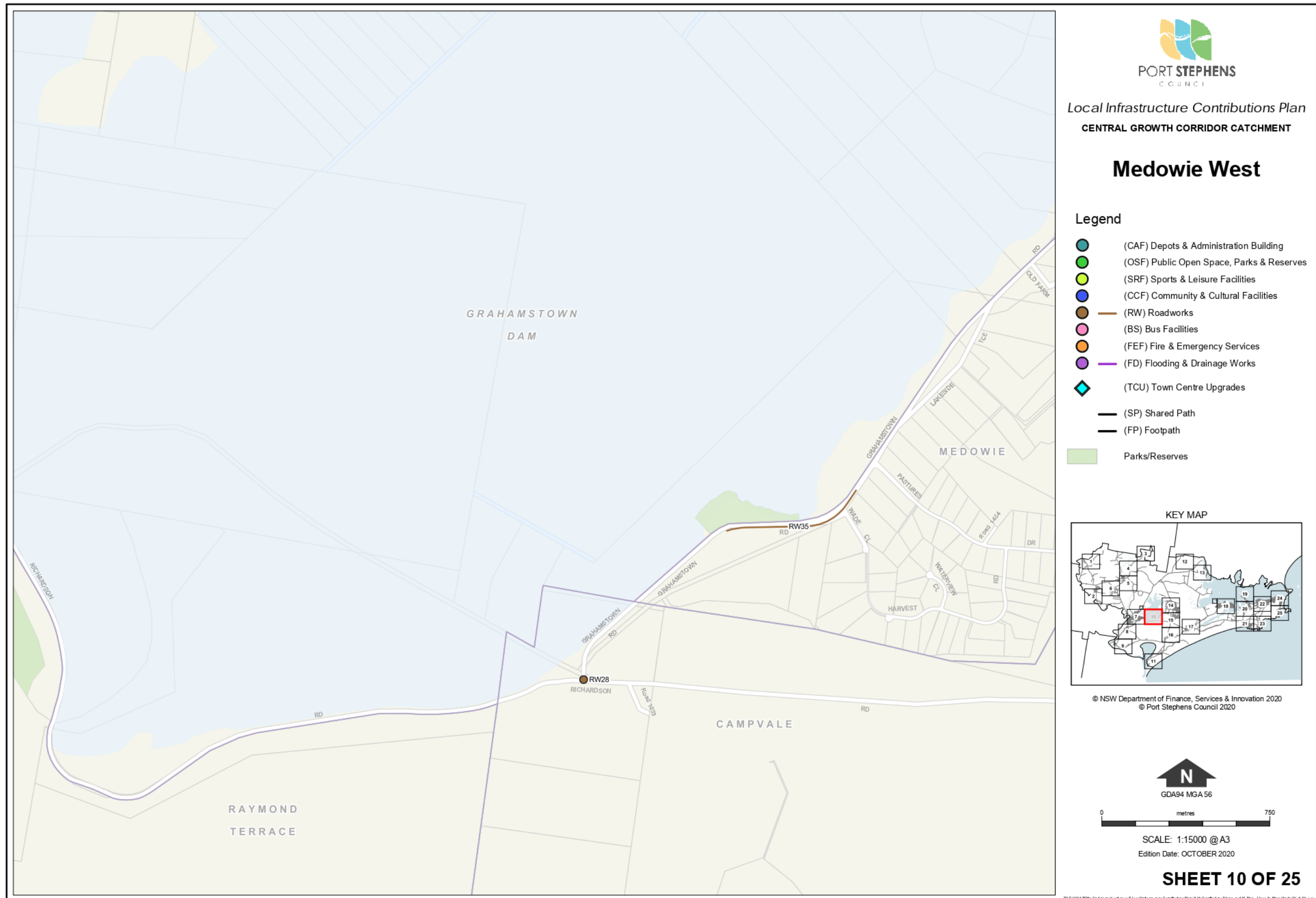


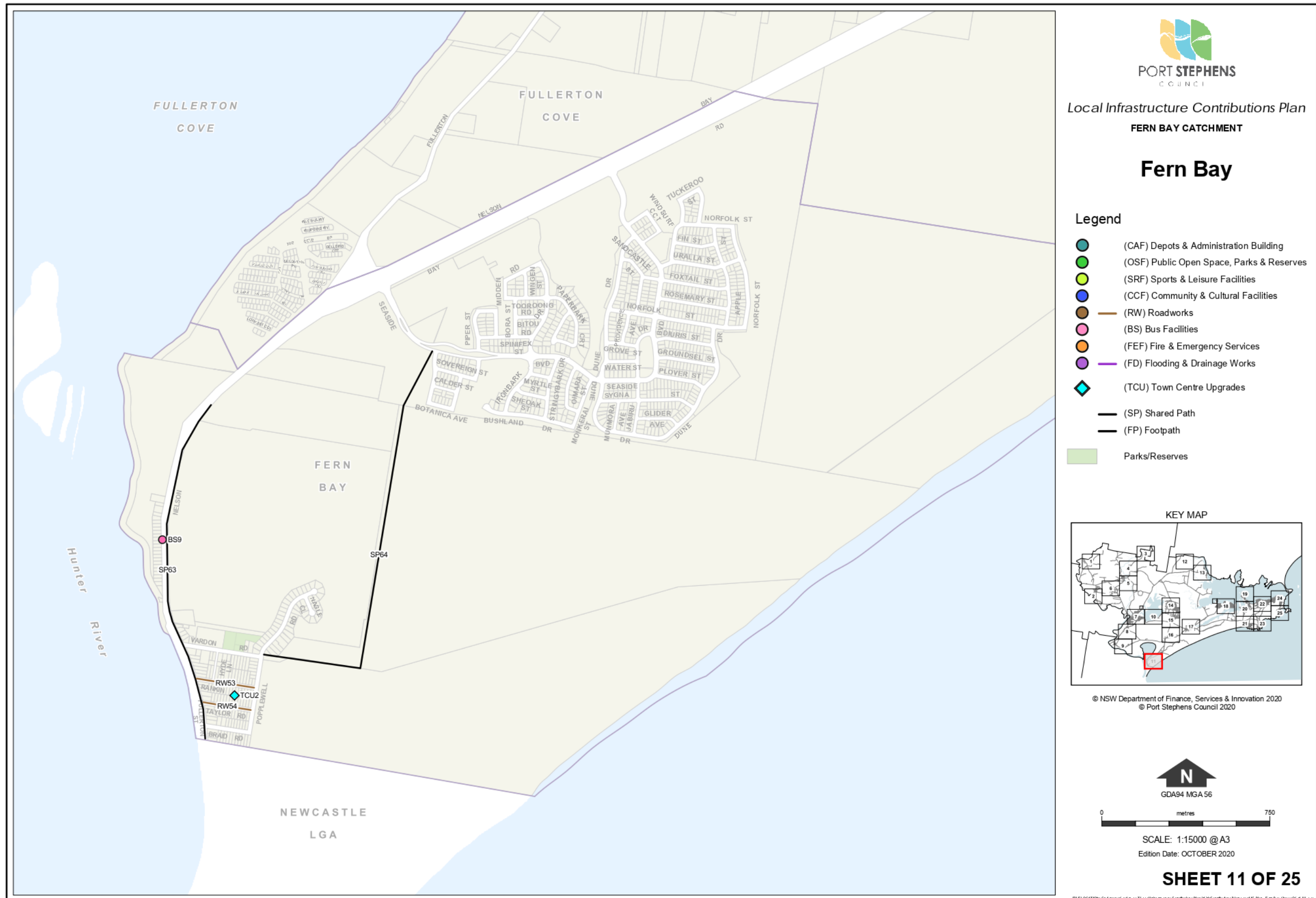


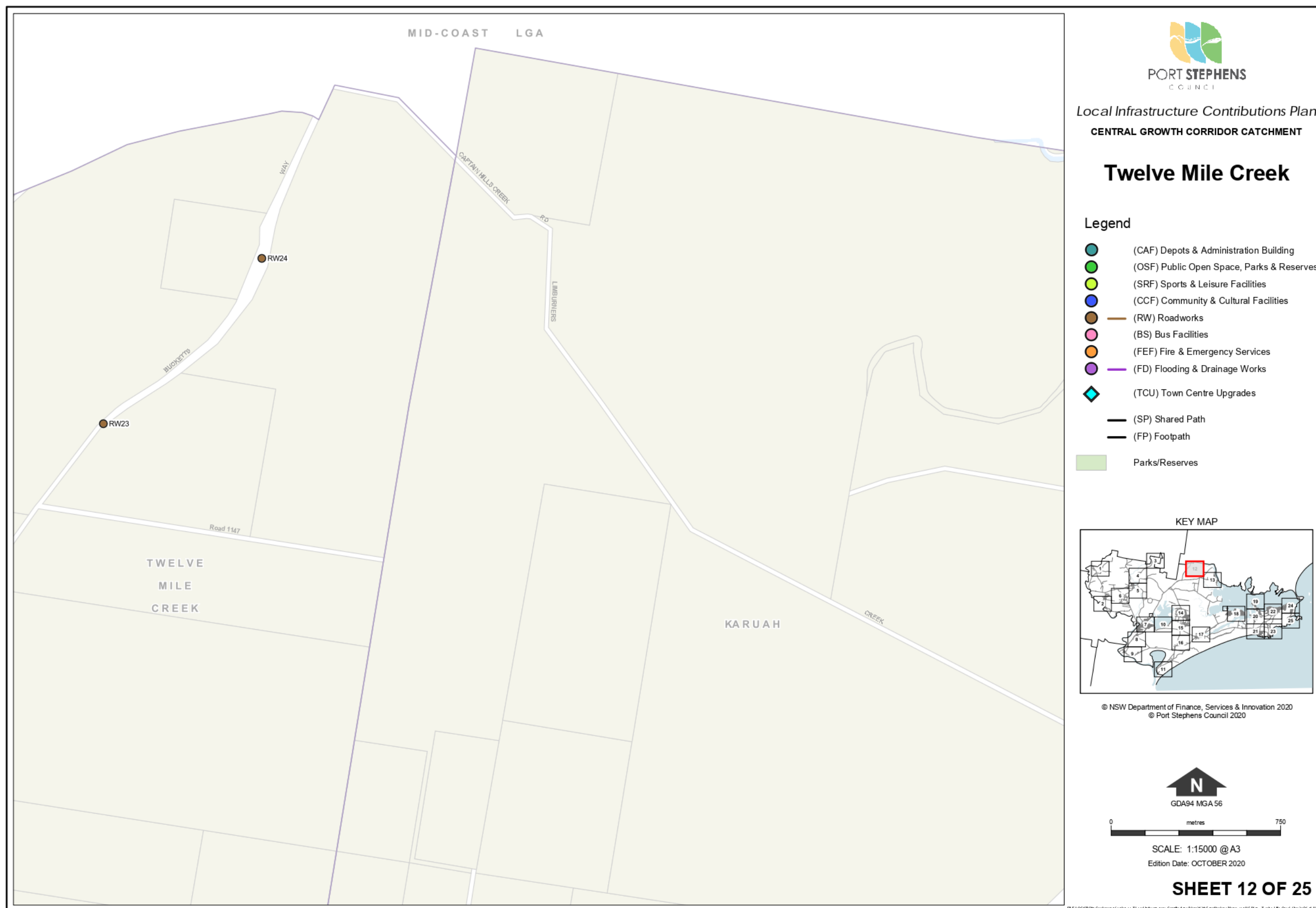


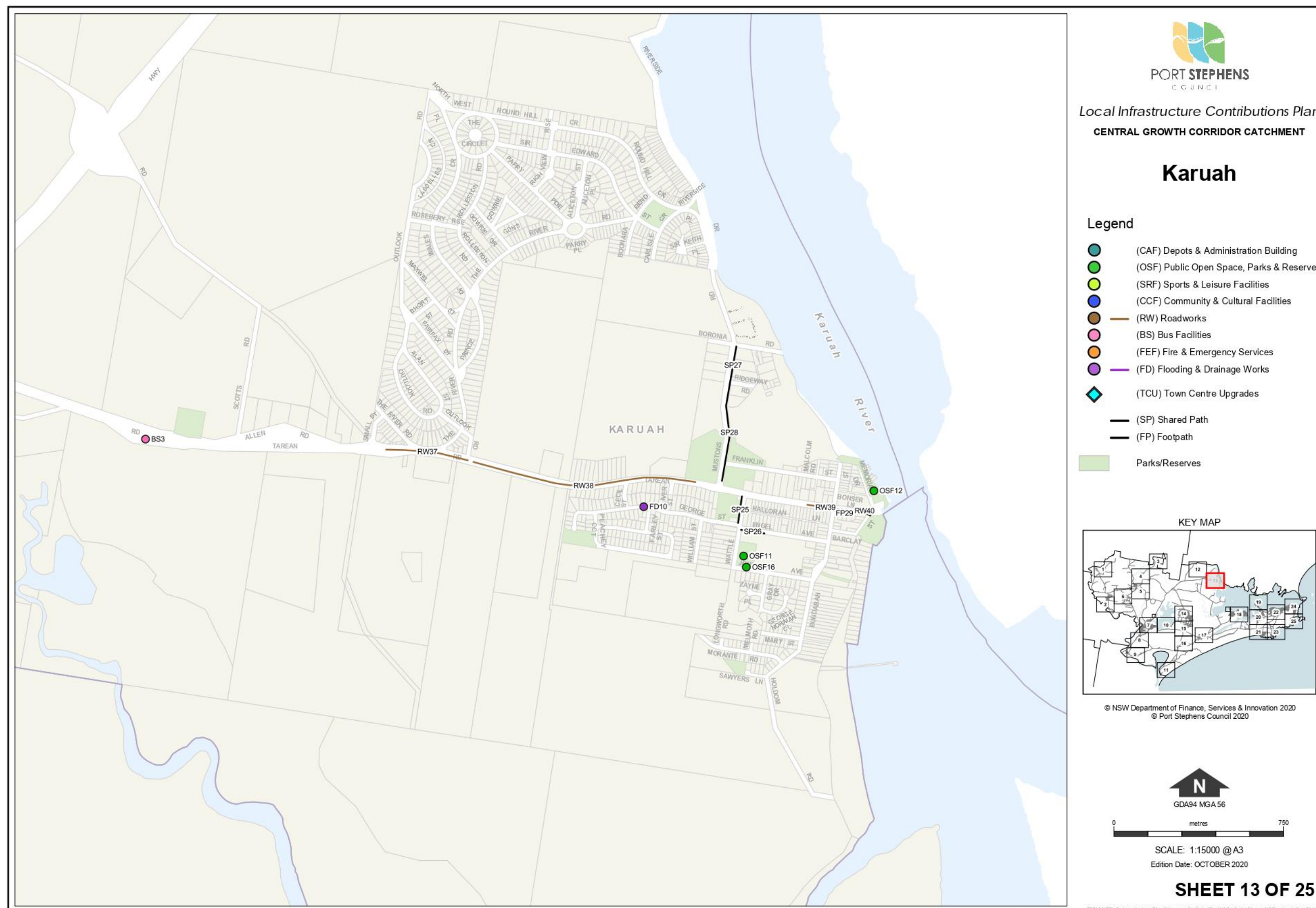


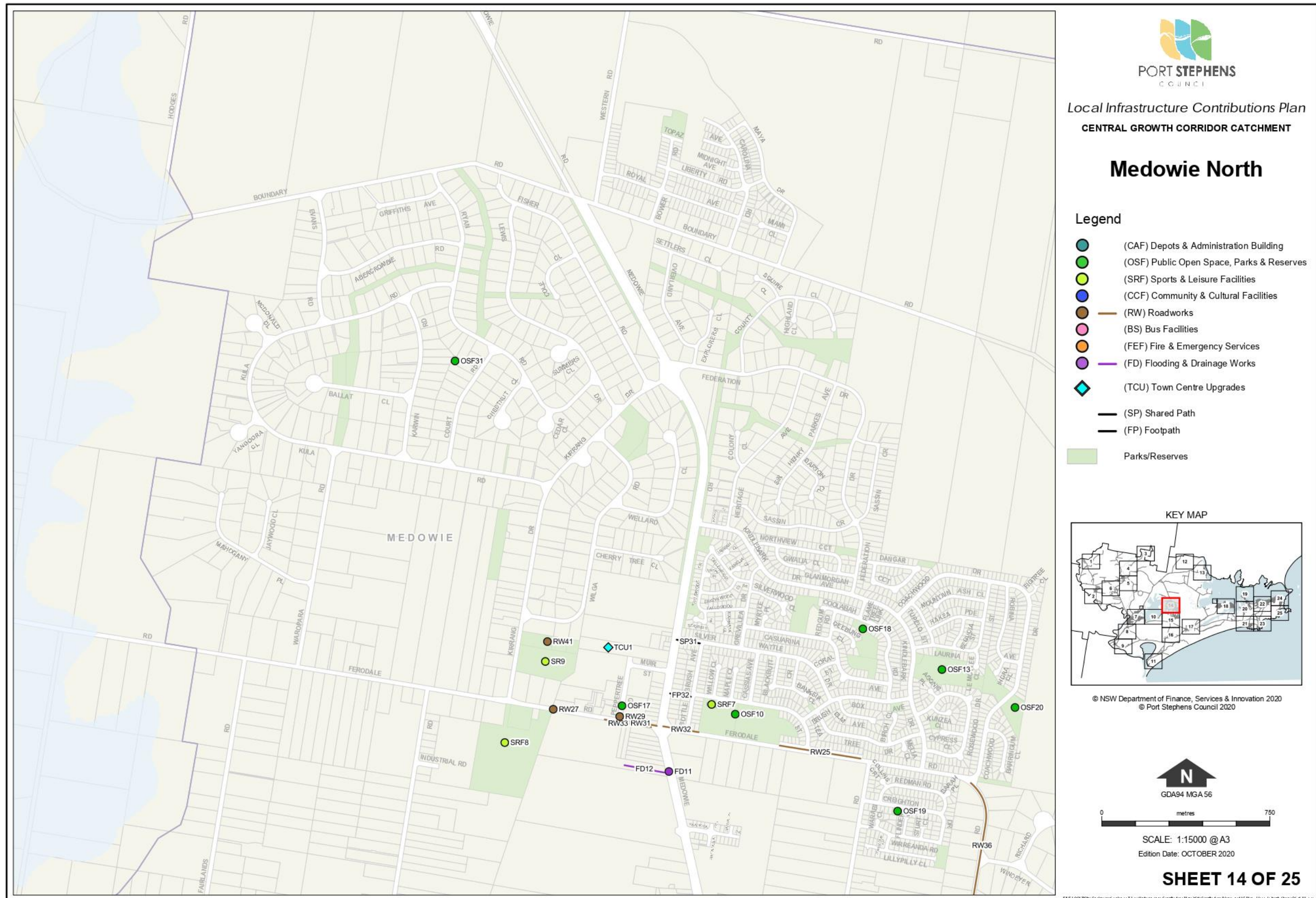


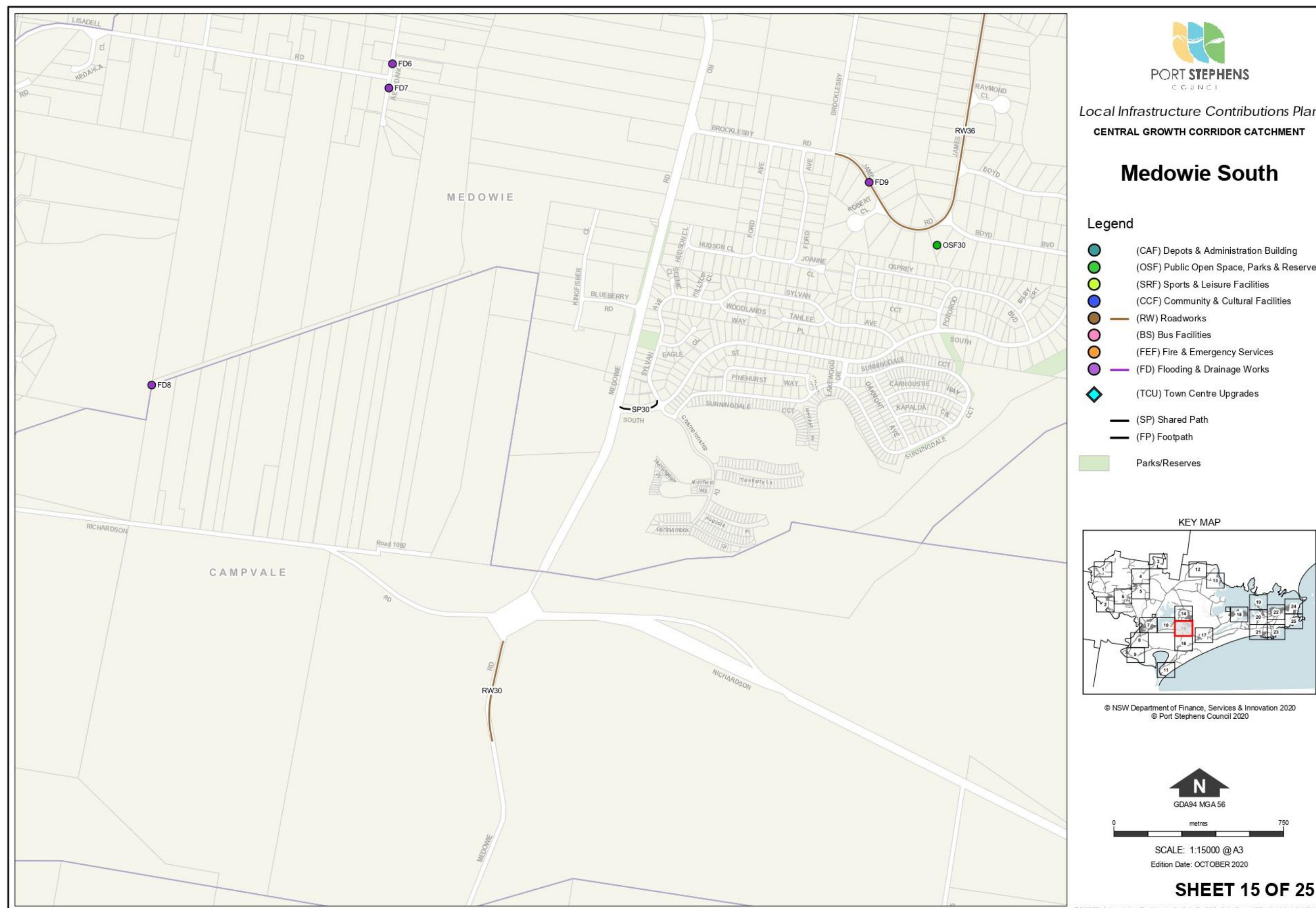


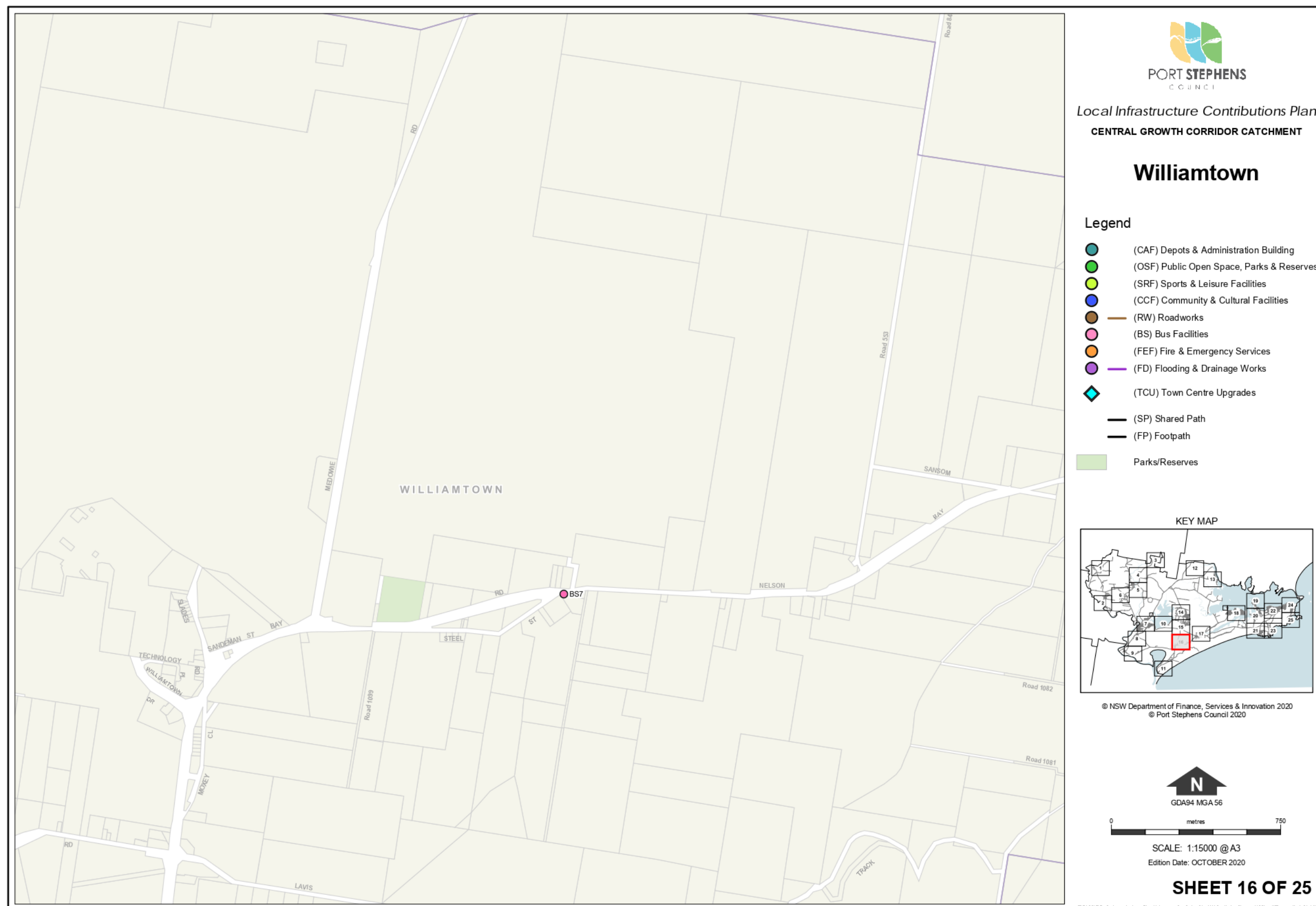


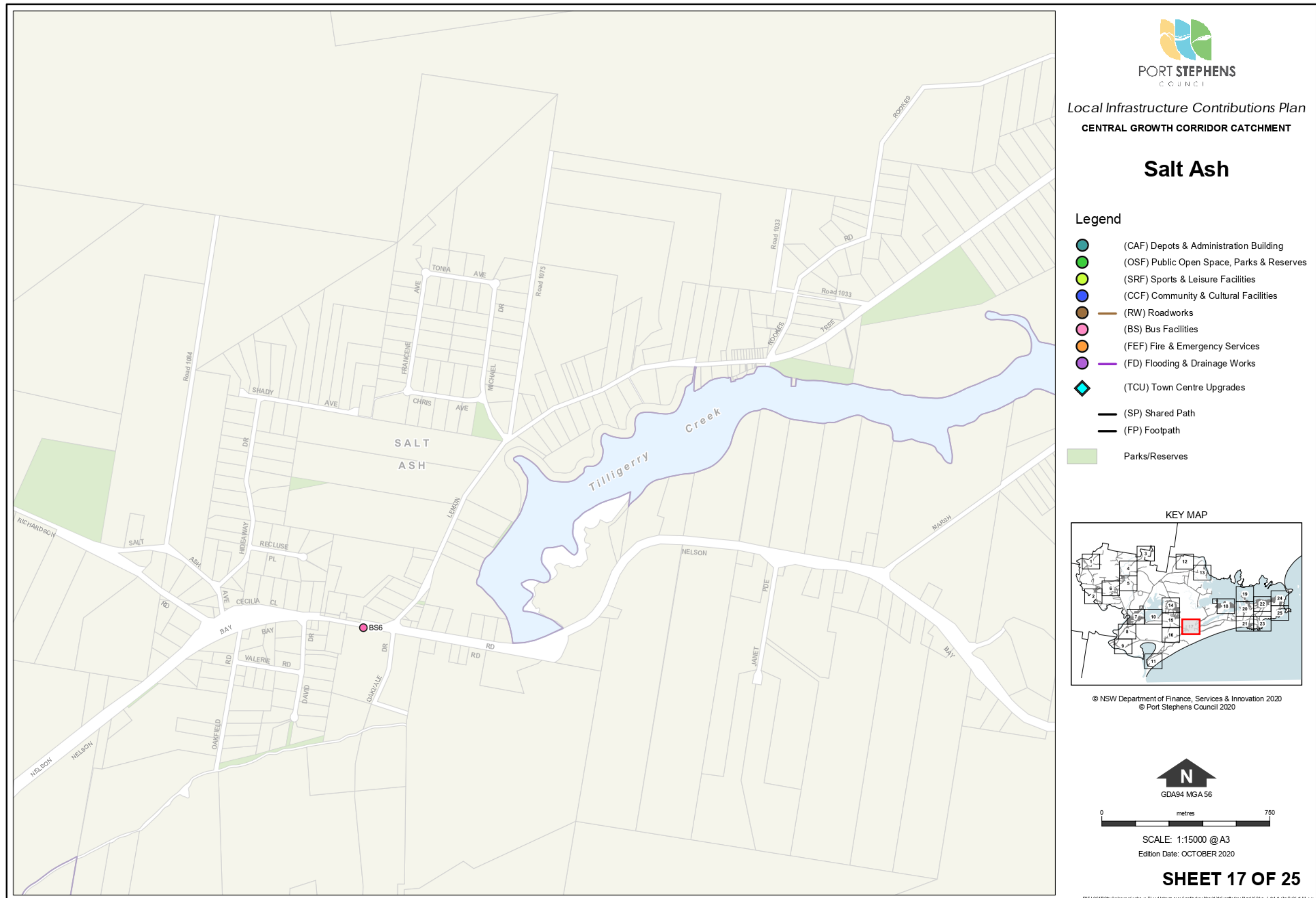


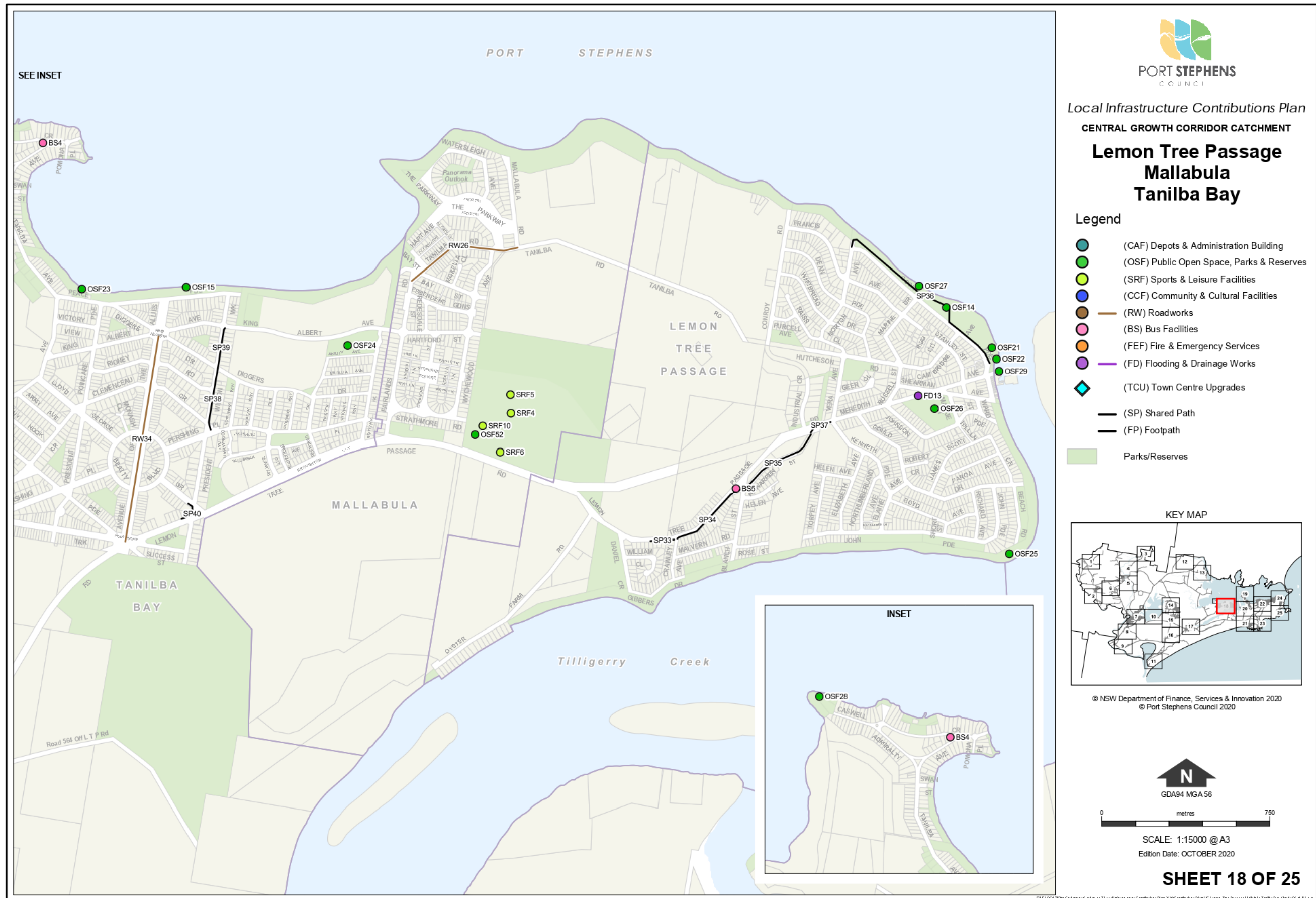


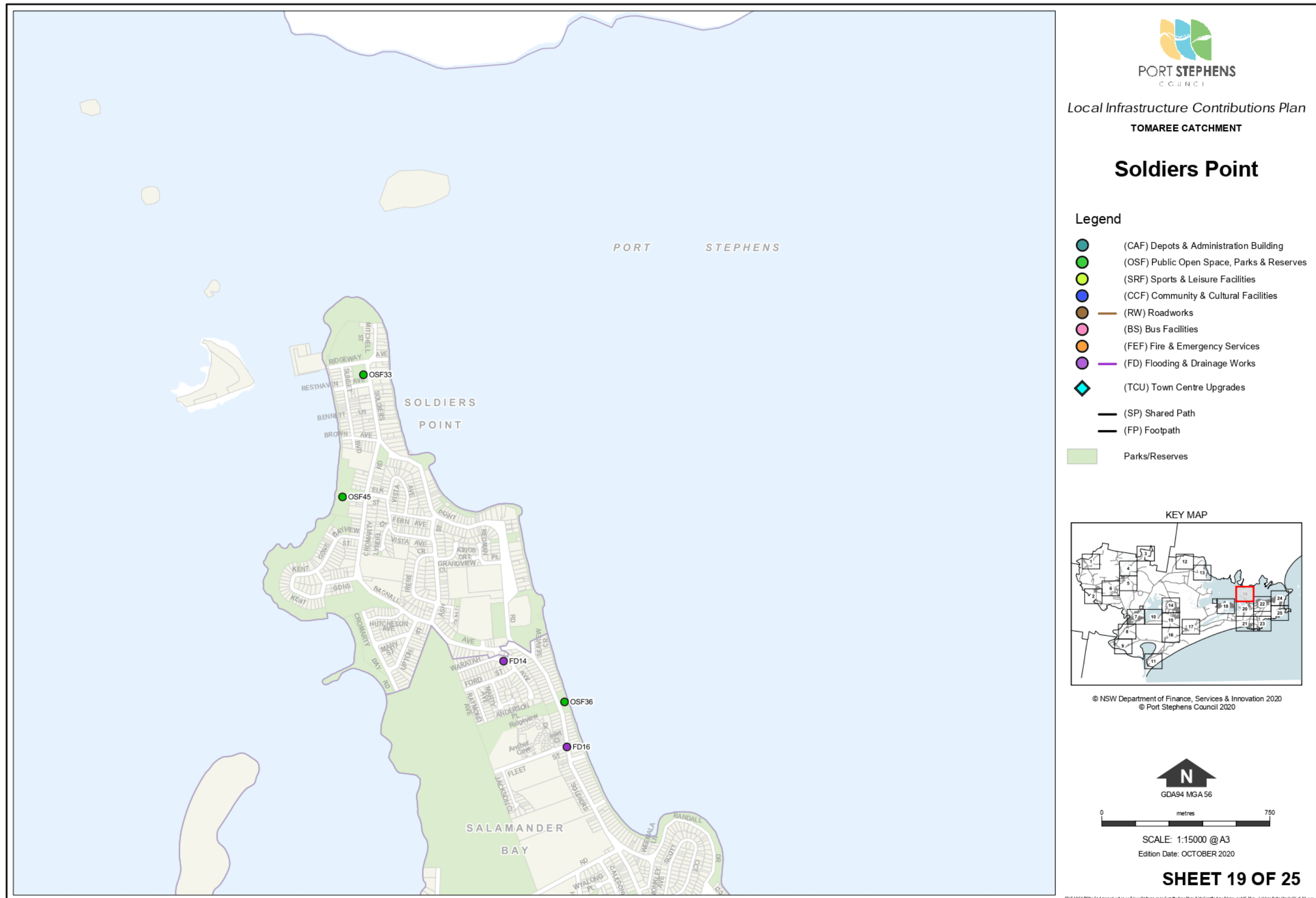


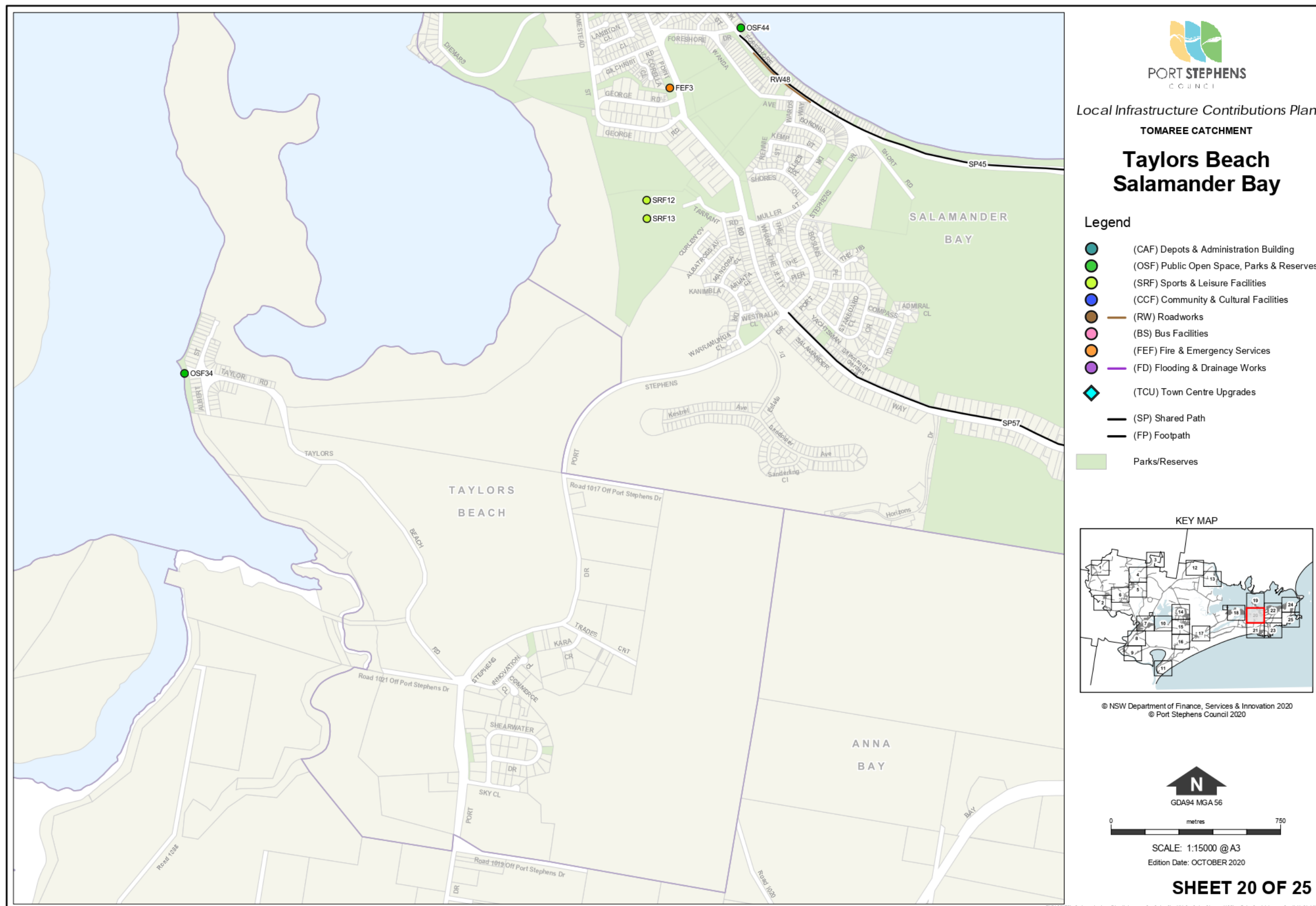




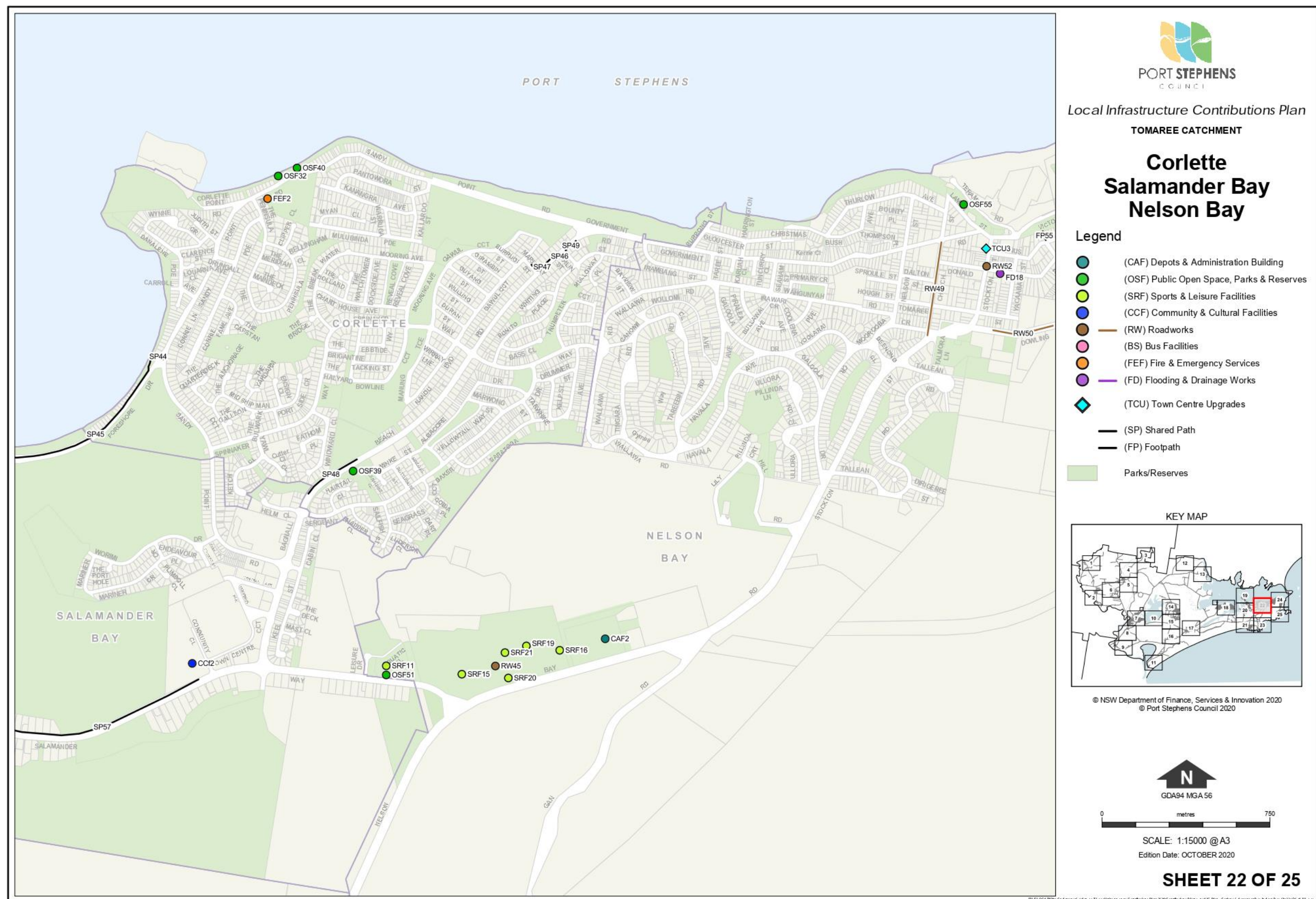




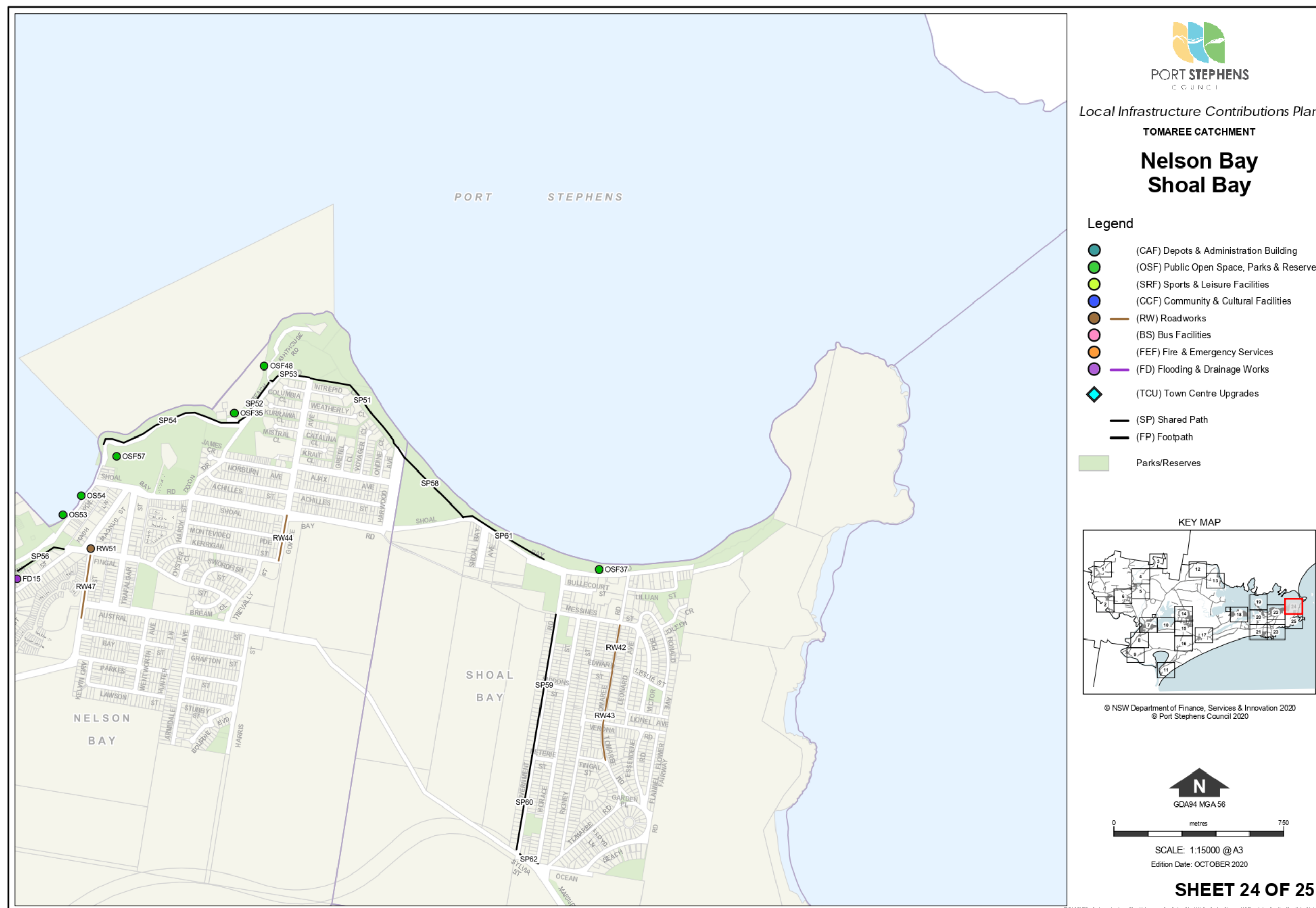








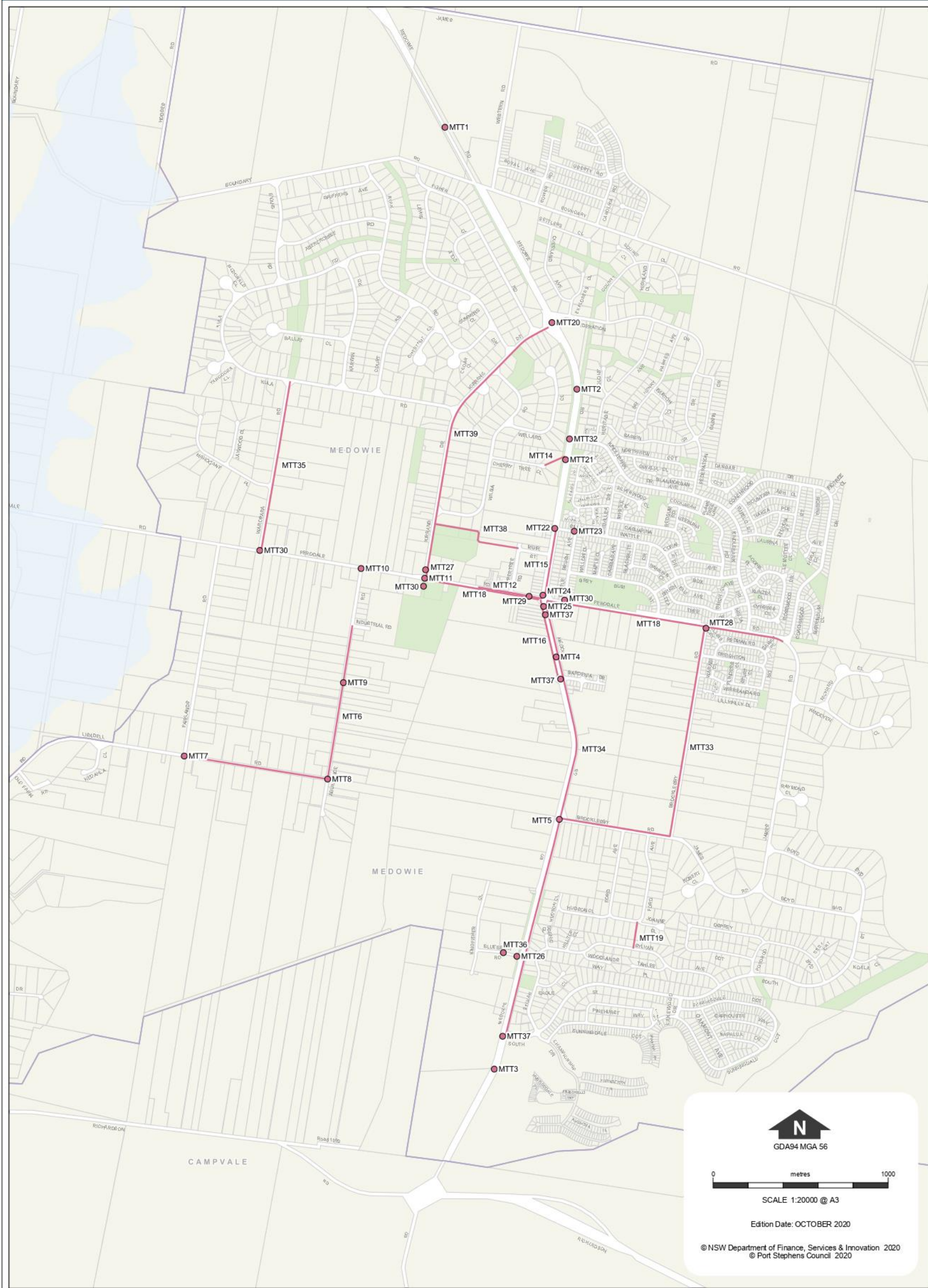








Local Infrastructure Contributions Plan Medowie Traffic & Transport



FILE LOCATION: G:\gis\maps\Section 11-7 Local Infrastructure Contributions Plan\2020\Medowie Traffic & Transport\LIC Plan - Medowie Traffic & Transport (A3P).swd

Local Infrastructure Contributions Plan Kings Hill Urban Release Area



FILE LOCATION: G:\gismaps\Section 11-7 Local Infrastructure Contributions Plan\2020\Kings Hill Urban Release Area\LIC Plan - Kings Hill Urban Release Area (A3P).swd

**ITEM 1 - ATTACHMENT 1 DRAFT PORT STEPHENS LOCAL
INFRASTRUCTURE CONTRIBUTIONS PLAN 2020 - AMENDMENT NO. 1.**



116 Adelaide Street | PO Box 42
Raymond Terrace NSW 2324

PORTSTEPHENS.NSW.GOV.AU
A row of four small social media icons: LinkedIn, Facebook, Twitter, and Instagram.

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD,
MEDOWIE.



ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**SUMMARY**

Subject land: 17 Fairlands Road (Lot 100 DP 583216) (0.8 ha)
2 Ferodale Road (Lot 101 DP 583216) (7.5 ha)

Total land area: 8.3 ha (approximate)

Existing zoning and minimum lot size: RU2 Rural Landscape and 20 ha

Proposed zoning and minimum lot size: R5 Large Lot Residential and 1 ha

Potential lot yield: 6 (preliminary estimate subject to development consent)

The site is located at the western end of Ferodale Road Medowie. It consists of two allotments under separate private ownership each with an existing dwelling. The 'main lot' is Lot 100 DP 583216. It has an area of 7.5 ha and is under agricultural production. The 'remaining lot' is Lot 101 DP 583216 and has an area of 0.8 ha and would not gain additional subdivision potential. The site is shown in Figure 1 *Immediate Site Location* and Figure 2 *Broad Site Location*.

The site has very gentle topography and is effectively cleared of native vegetation. A large part of the site drains to the west and directly to Grahamstown Dam (refer to Figure 3 *Site Sub-catchment Boundary*). This increases the risk of any potential development impacting negatively on the regional drinking water supply. Alternatively, there is a portion of the site that fronts Fairlands Road and drains in the opposite direction and indirectly to Grahamstown Dam via the Campvale Drain.

Future rural residential development under the Planning Proposal is consistent with existing and planned future character of the immediate and broader area. The average lot size along Fairlands Road is approximately 1.5 hectares (refer to Figure 4 *Fairlands Road Lot Sizes*). Potential future development of the site would be consistent with existing lots located on the opposite side of Fairlands Road.

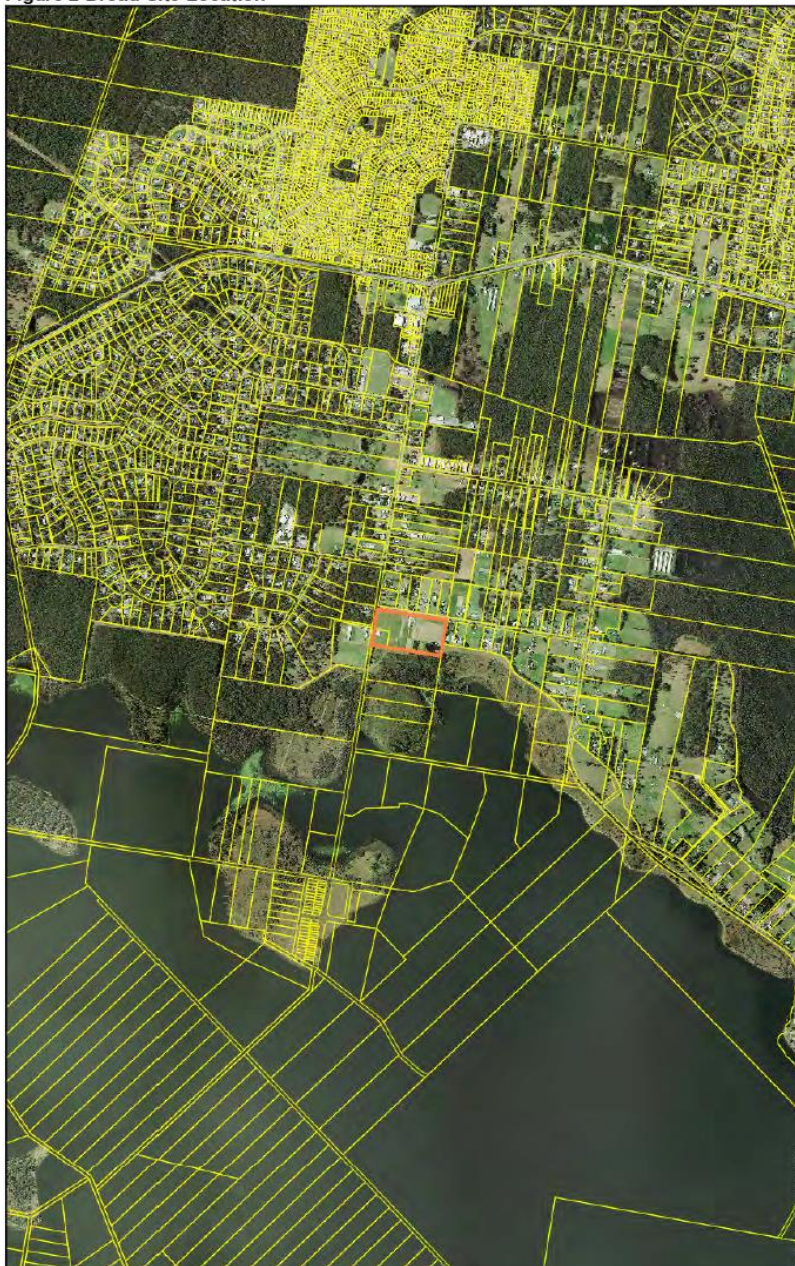
ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

Figure 1 Immediate Site Location



ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD,
MEDOWIE.

Figure 2 Broad Site Location



ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD,
MEDOWIE.

Figure 3 Site Sub-catchment Boundary (approximate)



ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

Figure 4 Fairlands Road Lot Sizes



ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**PART 1 – Objective of the Planning Proposal**

The objective of the Planning Proposal is to enable further subdivision of the site for rural residential development consistent with the *Draft Revised Medowie Planning Strategy*.

PART 2 – Explanation of the provisions to be included in proposed LEP

The objective of the Planning Proposal will be achieved by:

- Amending the *Port Stephens Local Environmental Plan 2013* Land Zoning Map to zone the site R5 Large Lot Residential in accordance with the Draft Land Zoning Map.
- Amending the *Port Stephens Local Environmental Plan 2013* Lot Size Map to change the minimum lot size for the site to 1.0 hectare (10,000m²) in accordance with the Draft Lot Size Map.

The proposed maps are included in this Planning Proposal.

PART 3 – Justification for the Planning Proposal

SECTION A – Need for the Planning Proposal**Is the planning proposal a result of any strategic study or report?**

The Planning Proposal is the result of the identification of Medowie as a proposed urban area in the *Lower Hunter Regional Strategy*; *Draft Plan for Growing Hunter City*; *Port Stephens Planning Strategy*; *Medowie Strategy*; and the *Draft Revised Medowie Planning Strategy*.

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

The objective of the Planning Proposal can only be achieved by an amendment to the zoning and minimum lot size provisions of the *Port Stephens Local Environmental Plan 2013*. The site requires amendment to zoning and minimum lots size provisions to permit further subdivision (with development consent).

It is proposed to proceed with the Planning Proposal rather than wait for a general review of the *Port Stephens Local Environmental Plan 2013* or the adoption of a *Draft Revised Medowie Planning Strategy*. This will enable the Planning Proposal to be considered in a timely manner and consistent with the identification of the land for potential development in planning strategies.

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**SECTION B – Relationship to Strategic Planning Framework**

4. Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?

Lower Hunter Regional Strategy

Medowie is identified in the *Lower Hunter Regional Strategy* as a proposed urban area with boundaries to be defined through local planning. The Planning Proposal is consistent with the objectives and actions of the *Lower Hunter Regional Strategy* with particular reference to the delivery of additional housing in suitable locations.

Draft Hunter Regional Plan and Draft Plan for Growing Hunter City

Medowie is located in the 'Northern Gateways District' in the *Draft Plan for Growing Hunter City*. The revised Planning Proposal is consistent with Direction 7.2 *Manage growth to protect strategic assets* and is consistent with the relevant Action 7.2.1 *To investigate long term opportunities for housing growth including to identify opportunities for sustainable development in Medowie that do not affect water quality*. Development under the Planning Proposal addresses water quality concerns and sets out a process for their resolution.

5. Is the planning proposal consistent with the local Council's Community Strategic Plan, or other local strategic plan?

Port Stephens Community Strategic Plan

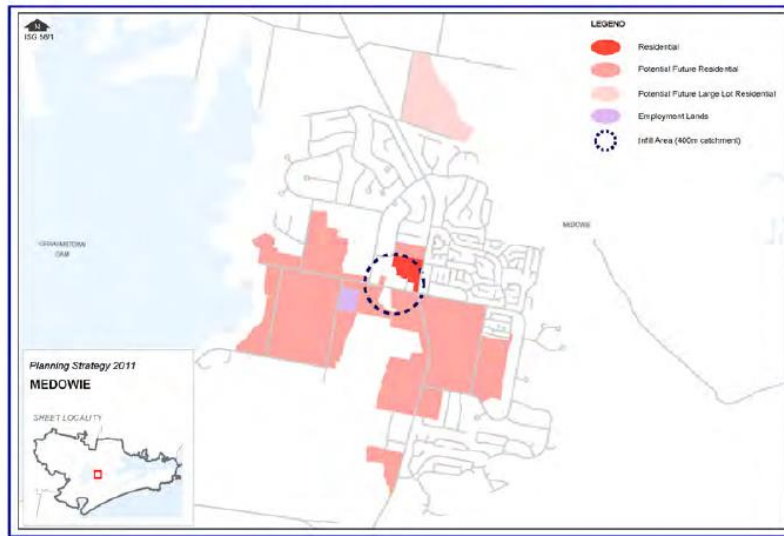
The Planning Proposal is consistent with the *Port Stephens Community Strategic Plan* strategic direction to balance the environmental, social and economic needs of Port Stephens for the benefit of present and future generations. It is also consistent with the delivery program to provide strategic land use planning services.

Port Stephens Planning Strategy

The *Port Stephens Planning Strategy* identifies Medowie for future growth as a Priority 1 Infill and New Release Area. The site is identified for potential future residential development (refer to Figure 5 *Port Stephens Planning Strategy - Medowie Future Growth Area*).

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

Figure 5 Port Stephens Planning Strategy – Medowie Future Growth Area



Medowie Strategy

Council adopted the *Medowie Strategy* in 2009 to manage urban growth. It is currently under review. It identifies the site for large lot residential development with a minimum lot size of 1,000m² to 1,500m² (refer to Figure 6 *Medowie Strategy*). Development of this density is not appropriate for the site because of its proximity to Grahamstown Dam and associated risk to drinking water quality.

Figure 6 Medowie Strategy



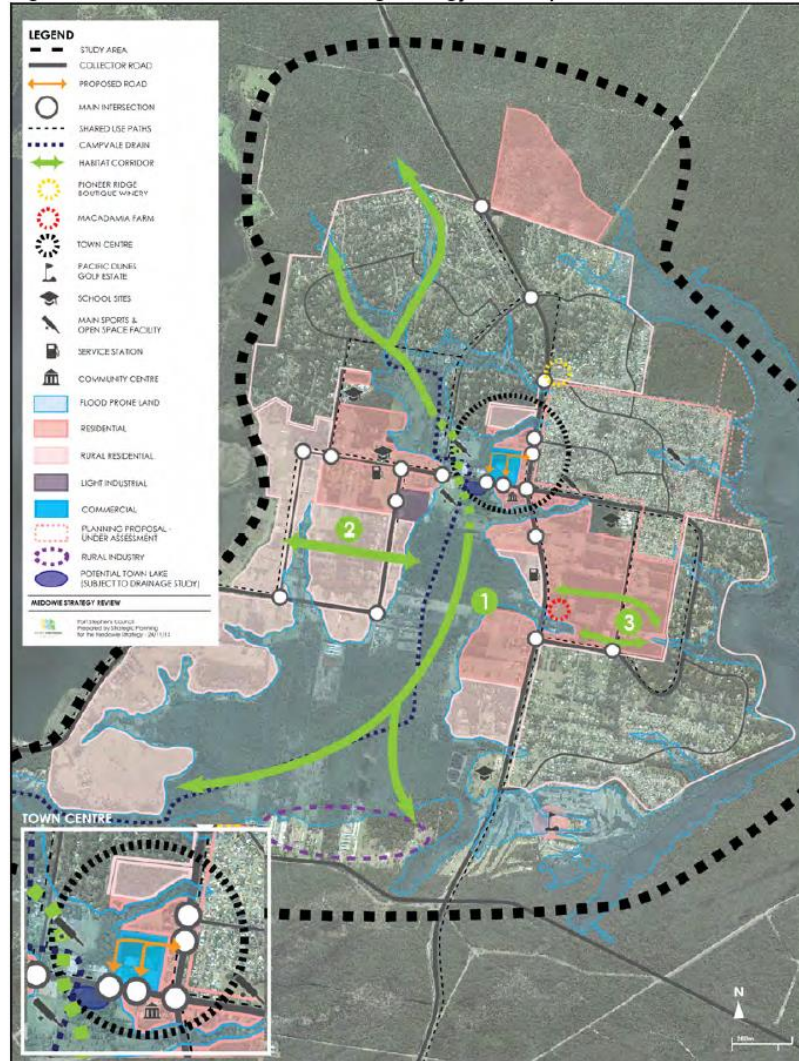
ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**Draft Revised Medowie Planning Strategy**

The *Draft Revised Medowie Planning Strategy* was endorsed for exhibition by Council in November 2015 and commencing February 2016 to April 2016 (it has not been considered for adoption at the time of writing). The Draft Strategy places a much higher emphasis on improving or maintaining water quality within the Medowie drinking water catchment. This is critical to delivering the development of land in Medowie, including on the site. It recommends a larger minimum lot size of 1.0 hectare for the site to address potential risk to water quality and reduce infrastructure requirements. It is proposed to demonstrate satisfaction of water quality concerns through water quality modelling as part of a conditional Gateway Determination.

The Draft Strategy requires planning proposals to demonstrate a 'neutral or beneficial effect' on water quality following a Gateway Determination for land that drains indirectly to Grahamstown Dam. In this instance the part of the site proposed for development drains indirectly to the Dam.

Figure 7 *Draft Revised Medowie Planning Strategy Main Map* is shown on the following page.

Figure 7 Draft Revised Medowie Planning Strategy Main Map




ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

6. Is the planning proposal consistent with applicable State environmental planning policies?

Assessment of the Planning Proposal against the relevant State Environmental Planning Policies is provided in the following Table.

Table A: Relevant State Environmental Planning Policies

SEPP	Consistency and Implications
SEPP 44 – Koala Habitat Protection (Port Stephens Comprehensive Koala Plan of Management) <p>The relevant objectives of the CKPOM are to: Evaluate and rank habitat throughout the LGA; Identify priority conservation areas and strategies to protect significant habitat and populations; Identify threats; Provide for the long-term survival of populations by addressing conservation strategies to effectively address each of the threats; Provide for the restoration of degraded areas; Ensure that adequate detail is provided with development applications in order to assess, minimise and ameliorate likely impacts; Provide guidelines and development standards to protect koalas and habitat; Provide for the effective implementation and monitoring of the CKPOM.</p>	<p>The <i>Port Stephens Comprehensive Koala Plan of Management</i> (CKPOM) is applied in Port Stephens LGA for the purposes of implementing SEPP 44.</p> <p>The site is effectively cleared (refer to Figure 1 <i>Immediate Site Location</i>). It is very unlikely that there will be a need to remove any native vegetation because future development is to be restricted to the Fairlands Road frontage.</p> <p>Council koala habitat planning mapping indicates the south-west corner of the site may comprise a minor area of Preferred Koala Habitat with a further Associated 50m Buffer (shown as blue and yellow respectively) and Link Over Cleared Land (shown light-brown) associated with vegetation on land to the west of the site.</p>  <p>Preliminary review is that the Planning Proposal meets the performance criteria for rezoning proposals of the CKPOM which are that development will:</p> <ol style="list-style-type: none"> <i>Not result in development within areas of Preferred Koala Habitat;</i> <i>Allow only for low impact development within areas of Supplementary Koala Habitat and Habitat Linking Areas;</i>

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

	<p>c) <i>Minimise the removal of any individual preferred koala food trees, where ever they occur on the site;</i></p> <p>d) <i>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.</i></p> <p>The Planning Proposal: will not result in development within areas of Preferred Koala Habitat; is low impact; will minimise the removal of any individual preferred koala food trees; and will not sever koala movement across the site.</p> <p>The Planning Proposal is consistent with this SEPP.</p>
<p>SEPP 55 – Remediation of Land</p> <p>This SEPP aims to promote the remediation of contaminated land for the purpose of reducing the risk of harm to human health or any other aspect of the environment.</p>	<p>This SEPP is relevant because the Planning Proposal seeks to rezone land for residential use.</p> <p>The site has a history of agricultural use. A site contamination study will be required after a Gateway Determination to demonstrate the suitability of the site for residential use.</p> <p>The consistency of the Planning Proposal with this SEPP is to be established as part of a conditional Gateway Determination.</p>
<p>SEPP (Rural Lands) 2008</p> <p>This SEPP aims to facilitate the orderly and economic use and development of rural lands for rural purposes, identify rural planning principles and rural subdivision principles, reduce land use conflicts and identify State significant agricultural land.</p>	<p>This SEPP is relevant because the site is zoned RU2 Rural Landscape and used for agricultural production.</p> <p>The Planning Proposal is appropriate when considered against the Rural Planning Principles of the SEPP which are:</p> <ul style="list-style-type: none"> • <i>The promotion and protection of opportunities for current and potential productive and sustainable economic activities in rural areas;</i> • <i>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.</i> • <i>Recognition of the significance of rural land to the State and rural communities, including the social and economic benefits of rural land use and development.</i>

ITEM 2 - ATTACHMENT 2

PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

	<ul style="list-style-type: none"> • <i>In planning for rural lands, to balance the social, economic and environmental interests of the community.</i> • <i>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.</i> • <i>The provision of opportunities for rural lifestyle, settlement and housing that contribute to the social and economic welfare of rural communities.</i> • <i>The consideration of impacts on services and infrastructure and appropriate location when providing for rural housing.</i> • <i>Ensuring consistency with any applicable regional strategy of the Department of Planning or any applicable local strategy endorsed by the Director-General.</i> <p>The Planning Proposal is appropriate when considered against the Subdivision Principles of the SEPP as follows:</p> <ul style="list-style-type: none"> • <i>The minimisation of rural land fragmentation.</i> • <i>The minimisation of rural land use conflicts, particularly between residential land uses and other rural land uses.</i> • <i>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.</i> • <i>The consideration of the natural and physical constraints and opportunities of land and ensuring that planning for dwelling opportunities takes account of those constraints.</i> <p>The following are the reasons why the Planning Proposal is consistent with these principles, or why any inconsistency is minor or justified:</p> <ul style="list-style-type: none"> • Medowie is not identified as 'biophysical strategic agricultural land' in the <i>Draft Hunter Regional Plan</i> (refer to on Figure 9 <i>Selected Primary Industries</i> of the Draft Plan);
--	---

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

	<ul style="list-style-type: none"> • It is consistent with the long-term future for Medowie set out in strategic plans and with the existing rural residential character of the area. The strategic plans balance the social, economic and environmental interests of the community in planning for rural lands. • The site is small-scale restricting viable agricultural production. • The site is effectively cleared of native vegetation and will have little or no impact on maintaining biodiversity. • Any risk of rural land use conflicts relates to an inactive poultry shed located 100m north of Ferodale Road, locate on land that is also identified in strategic plans for future development (this matter can be investigated further by referral to the NSW Department of Primary Industries (Agriculture) and consultation with relevant landowner). <p>Any inconsistency of the Planning Proposal with this SEPP is justified or of minor significance. The Planning Proposal will be referred to the NSW Department of Primary Industries (Agriculture) and the landowner of the nearby inactive poultry shed for comment.</p>
--	--

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

7. Is the planning proposal consistent with applicable Ministerial Directions?

An assessment of the Planning Proposal against the relevant Section 117 Directions is provided in the following table.

Table A. Relevant s.117 Ministerial Directions (EP & A Act 1979)

Ministerial Direction	Consistency and Implications
1.1 Business and Industrial Zones 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 strategic centres.	This Direction applies because the Planning Proposal may indirectly affect land within an existing or proposed business or industrial zone. The Planning Proposal will have a positive impact. Future residents will support local businesses consistent with future planning for the area. The Planning Proposal is consistent with this Direction.
1.2 Rural Zones The objective of this Direction is to protect the agricultural production value of rural land.	This Direction applies because the Planning Proposal seeks to rezone land from a rural zone to a residential zone and to increase permissible development density. Any inconsistency of the planning proposal with this Direction is justified for the reasons set out in the preceding Table regarding the <i>SEPP (Rural Lands) 2008</i> . Any inconsistency of the Planning Proposal with this Direction is justified or of minor significance. The Planning Proposal will also be referred to the NSW Department of Primary Industries (Agriculture) and the landowner of the nearby inactive poultry shed for comment.
1.3 Mining, Petroleum Production and Extractive Industries The objective of this Direction is to ensure that the future extraction of State or regionally significant reserves of coal, other minerals, petroleum and extractive materials are not compromised by inappropriate development.	This Direction applies because the Planning Proposal will have the effect of restricting the potential development of coal, minerals, petroleum or extractive materials because of future subdivision for rural residential development. Medowie and large areas of the LGA including the site are located within 'Potential Resource Area – Medium Confidence (refer) - containing potential energy resources' as advised by the Department of Industry (Resources and Energy). The Department advises that any

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

	<p>proposed zoning changes that may prohibit or restrict future operations in the RU2 Rural Landscape Zone should be referred to the Department for comment because development could adversely affect, or be affected by, future resource development operations. Any inconsistency with this Direction is minor or justified because it is very unlikely the site will be used for resource extraction because of its location next to Grahamstown Dam and existing residential development.</p> <p>Any inconsistency with this Direction is justified or of minor significance. The Planning Proposal can be referred to the NSW Department of Primary Industry (Resources and Energy) for comment on this Direction (if required).</p>
<p>1.5 Rural Lands</p> <p>The objective of this Direction is to protect the agricultural production value of rural land and facilitate the orderly and economic development of rural lands for rural and related purposes.</p>	<p>This Direction applies because the Planning Proposal will affect land within the RU2 Rural Landscape Zone. It provides that a planning proposal must be consistent with the Rural Planning Principles listed in <i>State Environmental Planning Policy (Rural Lands) 2008</i>.</p> <p>The consistency of the Planning Proposal with Rural Planning Principles of the SEPP has already been addressed in the previous table.</p> <p>Any inconsistency of the Planning Proposal with this Direction is justified or of minor significance. The Planning Proposal will also be referred to the NSW Department of Primary Industries (Agriculture) and the landowner of the nearby inactive poultry shed for comment.</p>
<p>2.1 Environment Protection Zones</p> <p>The objective of this Direction is to protect and conserve environmentally sensitive areas.</p>	<p>This Direction applies whenever a relevant planning authority prepares a planning proposal. It provides that a planning proposal must include provisions that facilitate the protection and conservation of environmentally sensitive areas.</p> <p>The site is effectively cleared of vegetation. Environmental matters (if any) can be addressed at the development application stage.</p> <p>The Planning Proposal is consistent with this Direction.</p>

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

<p>2.3 Heritage Conservation</p> <p>The objective of this Direction is to conserve items, areas, objects and places of environmental heritage significance and indigenous heritage significance.</p>	<p>This Direction applies whenever a relevant planning authority prepares a planning proposal. It provides that a planning proposal must contain provisions that facilitate the conservation of environmental heritage and Aboriginal heritage.</p> <p>A planning proposal may be inconsistent with this Direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer nominated by the Director-General) that the environmental and indigenous heritage significance of the item, area, object or place is conserved by existing or draft environmental planning instruments, legislation or regulations that apply to the land; or the provisions of the planning proposal that are inconsistent are of minor significance.</p> <p>There are no items of European heritage significance on the site or listed in the <i>Port Stephens Local Environmental Plan 2013</i>.</p> <p>The Proponent has not undertaken investigations into Aboriginal heritage at this stage. Referral to the relevant local Aboriginal land council for advice on Aboriginal heritage has not been undertaken at this stage and could be addressed following a Gateway Determination.</p> <p>Future development on the site will be subject to the existing heritage provisions of the <i>Port Stephens Local Environmental Plan 2013</i> and the <i>National Parks and Wildlife Act 1974</i> (NSW). This could potentially address the protection of heritage, given the agricultural use of the site.</p> <p>The consistency of the Planning Proposal with this Direction can be confirmed by referral to the NSW Office of Environment and Heritage and the Worimi Local Aboriginal Land Council.</p>
---	--


ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

<p>3.1 Residential Zones</p> <p>The objectives of this Direction are: To encourage a variety and choice of housing types to provide for existing and future housing needs; To make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services; To minimise the impact of residential development on the environment and resource lands.</p>	<p>This Direction applies because the Planning Proposal seeks to apply the R5 Large Lot Residential Zone and increase residential density on the site.</p> <p>The Planning Proposal is consistent with this Direction because it will provide rural residential housing in accordance with planning strategies for the area.</p> <p>The Planning Proposal is consistent with this Direction.</p>
<p>3.4 Integrating Land Use and Transport</p> <p>The objective of this Direction is to ensure that development achieves the following objectives: Improving access to housing, jobs and services by walking, cycling and public transport; Increasing the choice of available transport and reduce dependence on cars; Reducing travel demand including the number of trips generated by the development and the distances travelled, especially by car; Supporting the efficient and viable operation of public transport services; Providing for the efficient movement of freight.</p>	<p>This Direction applies because the Planning Proposal seeks to apply the R5 Large Lot Residential Zone and increase residential density on the site.</p> <p>The site is located 1.5km from the town centre and directly linked by a shared-use path. It is also close to schools. The site facilitates the use of alternative modes of transport and gives effect to, and is consistent with the aims, objectives and principles of <i>Improving Transport Choice – Guidelines for planning and development</i> (DUAP 2001) and <i>The Right Place for Business and Services – Planning Policy</i> (DUAP 2001).</p> <p>The Planning Proposal is consistent with this Direction.</p>

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

<p>3.5 Development Near Licensed Aerodromes</p> <p>The objectives of this Direction are: to ensure the effective and safe operation of aerodromes; to ensure that their operation is not compromised by development that constitutes an obstruction, hazard or potential hazard to aircraft flying in the vicinity; and to ensure development for residential purposes of human occupation, if situated within ANEF contours of between 20 and 25, incorporates appropriate mitigation measures so that the development is not adversely affected by aircraft noise.</p>	<p>This Direction applies because Medowie is in proximity to RAAF Base Williamtown and Newcastle Airport. The site is not affected by the Australian Noise Exposure Forecast (ANEF) 2012 or 2025 maps – however land outside of ANEF contours can still be affected by aircraft noise and activity. Any inconsistency with this Direction is justified or of minor significance.</p> <p>Any inconsistency of the Planning Proposal with this Direction is justified or of minor significance. The Planning Proposal will be referred to the Department of Defence for comment.</p>
<p>4.1 Acid Sulfate Soils</p> <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 planning maps identify most of the site as containing Class 5 soils requiring consent for works within 500m of adjacent soil classes. This is the lowest risk classification. This issue can be managed through the existing provisions of the <i>Port Stephens Local Environmental Plan 2013</i>.</p> <p>The Planning Proposal is consistent with this Direction.</p>
<p>4.3 Flood Prone Land</p> <p>The objectives of this Direction are to ensure that development of flood prone land is consistent with the NSW Policy and the <i>Floodplain Development Manual 2005</i>, and that the provisions of an LEP on flood prone land are commensurate with hazard and include consideration of the potential flood impacts both on and off the land.</p>	<p>This site is not flood prone.</p> <p>Flooding and drainage are general issues in Medowie however the low-density development facilitated by the Planning Proposal minimises any risk associated with off-site impacts.</p> <p>The Planning Proposal is consistent with this Direction.</p>

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

<p>4.4 Planning for Bushfire Protection</p> <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>This Direction applies because part of the site is mapped as bushfire prone as shown below.</p>  <p>Any dwellings and ancillary structures under the Planning Proposal will front Fairlands Road and are outside that part of the site identified as bushfire prone land. This will limit any direct risk of future dwellings to bushfire. It is very likely this issue is able to be adequately addressed at the development application stage.</p> <p>Consistency of the Planning Proposal with this Direction can be confirmed by referral to the NSW Rural Fire Service.</p>
<p>5.1 Implementation of Regional Strategies</p> <p>The objective of this Direction is to give legal effect to the vision, land use strategy, policies, outcomes and actions contained in regional strategies.</p>	<p>Medowie is identified in the <i>Lower Hunter Regional Strategy</i> as a proposed urban area with boundaries to be identified through local planning. The site is identified in the <i>Draft Revised Medowie Planning Strategy</i> as a rural residential area with a minimum lot size of 1.0 hectare.</p> <p>The Planning Proposal is consistent with this Direction.</p>

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**SECTION C – Environmental, Social and Economic Impact****8. 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 subject land is effectively cleared of native vegetation. No ecological studies have been undertaken at this stage. The Planning Proposal is very unlikely to result in any adverse impacts in regard to critical habitat or threatened species, populations or ecological communities, or their habitats.

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

Stormwater management is a concern for rezoning and development in Medowie because of its proximity and drainage to Grahamstown Dam and potential for impact on drinking water quality. This is particularly relevant to the Planning Proposal because part of the site drains to the west and directly to Grahamstown Dam. No building footprint is proposed to be located on land that drains directly to Grahamstown Dam.

Part of the site fronts Fairlands Road and eventually drains indirectly to Grahamstown Dam via the Campvale Drain. It is this area (only) that is proposed to accommodate building footprints under the revised Planning Proposal. This should maintain (or could potentially demonstrate reduction of) the existing level of direct risk to drinking water quality. Site investigations including survey demonstrate that there is sufficient land area to provide rural residential dwellings and avoid land that drains directly to Grahamstown Dam. If required, minor re-grading earthworks can also be undertaken to reinforce sub-catchment boundaries and development footprints in a practical and reasonable manner.

A site-specific development control plan is proposed to be prepared. This can include: drainage and stormwater management; building footprints; subdivision design; and potential guidance for revision and updating of the existing restrictive covenant (to the benefit of Hunter Water Corporation). This is in addition to the existing general water quality controls in the *Port Stephens Development Control Plan 2014 Chapter B4 Drainage and Water Quality*.

Water quality modelling demonstrating neutral or beneficial effect on water quality is proposed post-Gateway Determination.

There is additional surety that future development will meet water quality requirements at the development application stage through addressing the provisions of clause 7.8 *Drinking water catchments* of the *Port Stephens Local Environmental Plan 2013* being:

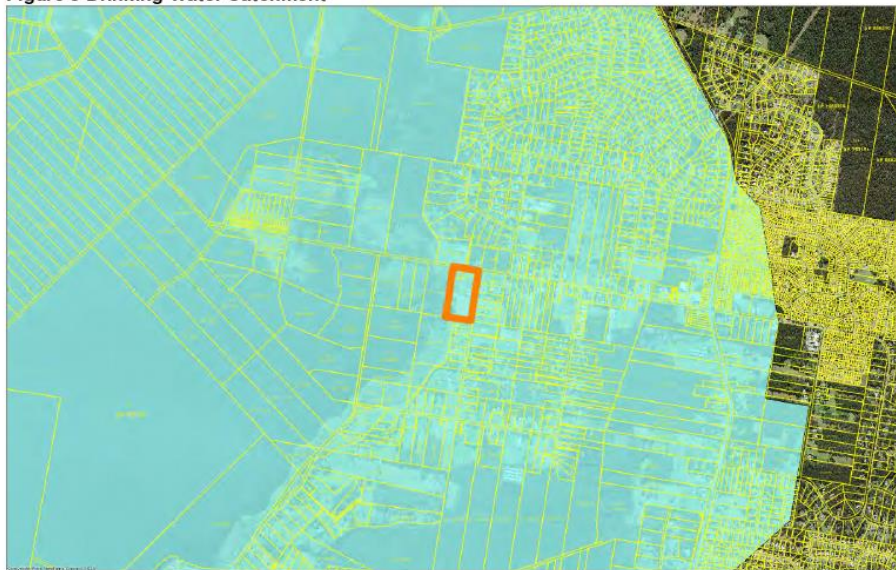
ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**"7.8 Drinking water catchments**

- (1) The objective of this clause is to protect drinking water catchments by minimising the adverse impacts of development on the quality and quantity of water entering drinking water storages.*
- (2) This clause applies to land identified as "Drinking Water Catchment" on the [Drinking Water Catchment Map](#).*
- (3) Before determining a development application for development on land to which this clause applies, the consent authority must consider the following:*
 - (a) whether or not the development is likely to have any adverse impact on the quality and quantity of water entering the drinking water storage, having regard to the following:*
 - (i) the distance between the development and any waterway that feeds into the drinking water storage,*
 - (ii) the on-site use, storage and disposal of any chemicals on the land,*
 - (iii) the treatment, storage and disposal of waste water and solid waste generated or used by the development,*
 - (b) any appropriate measures proposed to avoid, minimise or mitigate the impacts of the development.*
- (4) Development consent must not be granted to development on land to which this clause applies unless the consent authority is satisfied that:*
 - (a) the development is designed, sited and will be managed to avoid any significant adverse impact on water quality and flows, or*
 - (b) if that impact cannot be reasonably avoided—the development is designed, sited and will be managed to minimise that impact, or*
 - (c) If that impact cannot be minimised—the development will be managed to mitigate that impact.*

The location of the site in relation to the Drinking Water Catchment is shown at Figure 8 *Drinking Water Catchment*.

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD,
MEDOWIE.

Figure 8 Drinking Water Catchment



Traffic and Transport

The Planning Proposal minimises requirements for additional traffic infrastructure. Each lot that could be created as a result of the Planning Proposal can be accessed directly from Fairlands Road. There will be no need for internal site traffic and transport infrastructure.

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

The Planning Proposal will have positive social and economic effects through the provision of land for rural residential development consistent with the existing and desired future character of the area.

ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.**SECTION D – State and Commonwealth interests****11. Is there adequate public infrastructure for the planning proposal?**

It is proposed to refer the planning proposal to the Hunter Water Corporation for comment on the provision of adequate sewer and water infrastructure. The *Draft Revised Medowie Planning Strategy* provides that future urban development in the Grahamstown Dam Drinking Water Catchment should be connected to a reticulated sewer and water system.

12. What are the views of the State and Commonwealth public authorities consulted in accordance with the gateway determination?

It is intended to consult with the following organisations after a Gateway Determination:

- Hunter Water Corporation
- Worimi Local Aboriginal Land Council
- NSW Office of Environment and Heritage
- NSW Rural Fire Service
- NSW Roads and Maritime Services
- Department of Defence

Part 4 - Mapping

The proposed mapping amendments to the *Port Stephens Local Environmental Plan 2013* are included as attachments to this Planning Proposal.

Part 5 - Details of Community Consultation

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

It is proposed to exhibit the Planning Proposal for 28 days and notify adjoining and subject landowners in writing.

Notice of the exhibition will be placed in the local newspaper.

Exhibition material will be available on Council's website and during normal business hours at Council's Administration Building. It will also be made available at the Medowie Community Centre.

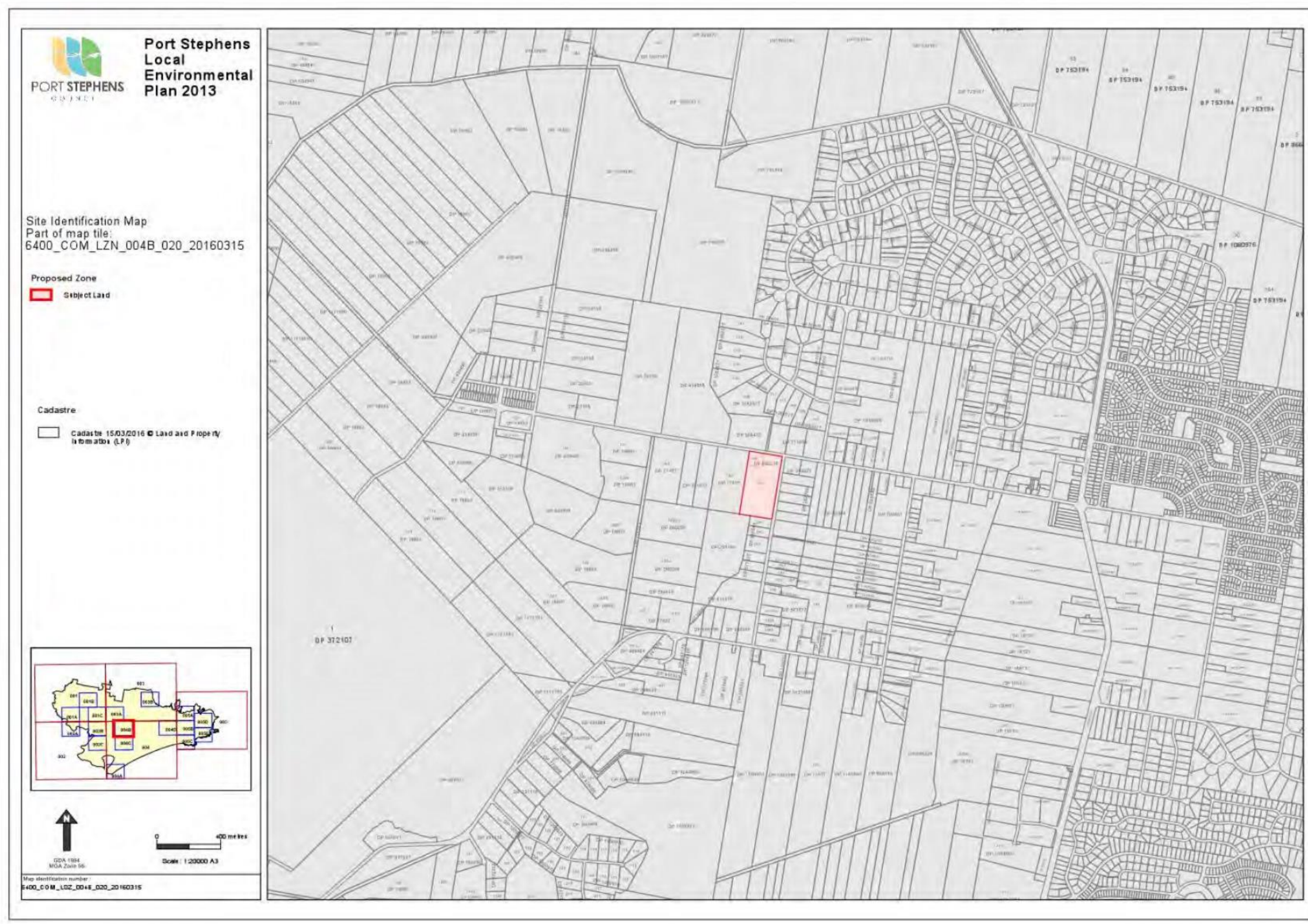
ITEM 2 - ATTACHMENT 2 PLANNING PROPOSAL - 17 FAIRLANDS ROAD, MEDOWIE.

Part 6 – Project timeline

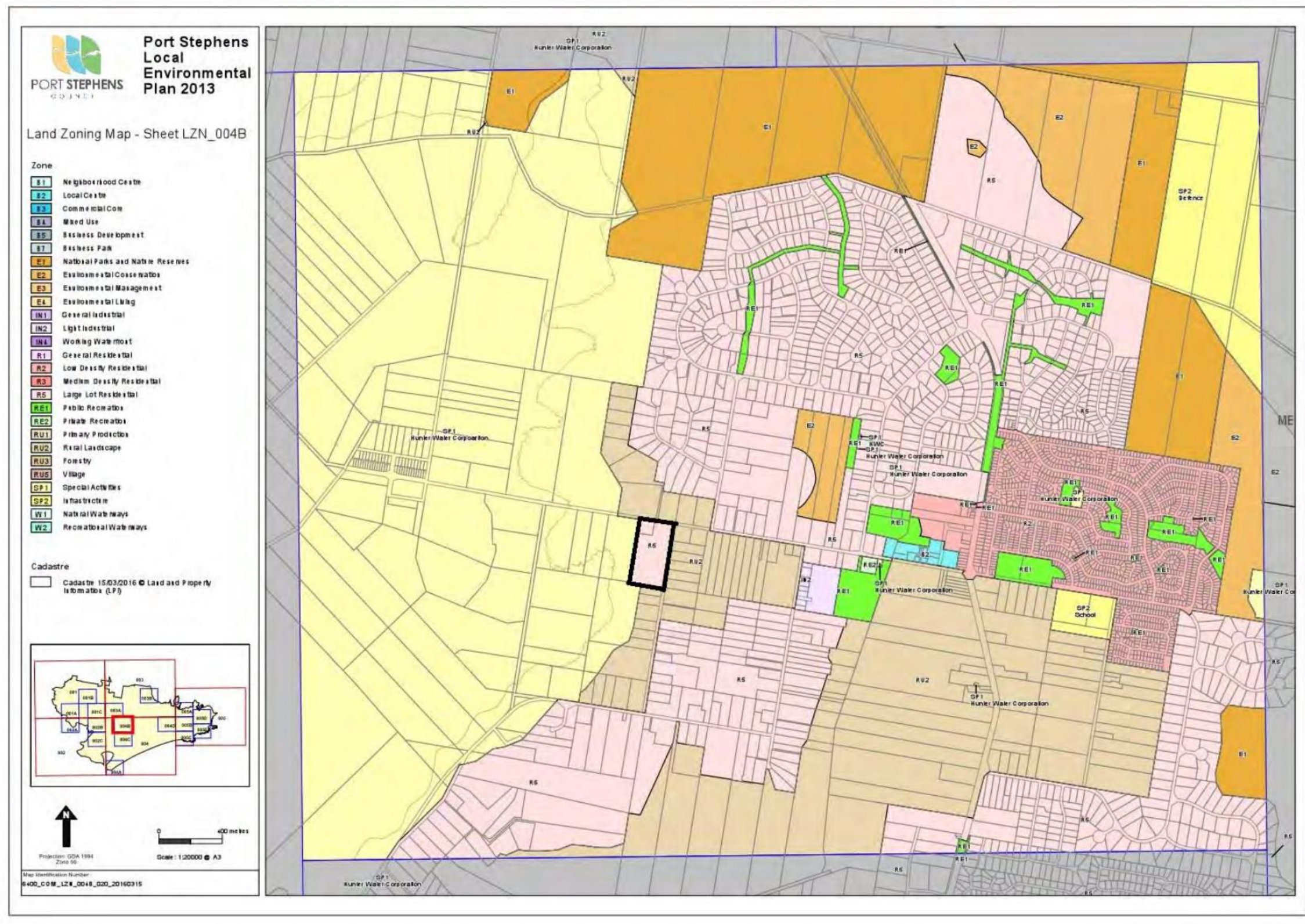
The following timetable is proposed for completing the Planning Proposal:

	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016	OCT 2016	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017
<i>Council Report</i>													
<i>Gateway Determination</i>													
<i>Additional Information</i>													
<i>Agency Consultation</i>													
<i>Public Exhibition</i>													
<i>Review Submissions</i>													
<i>Council Report</i>													
<i>Parliamentary Counsel</i>													

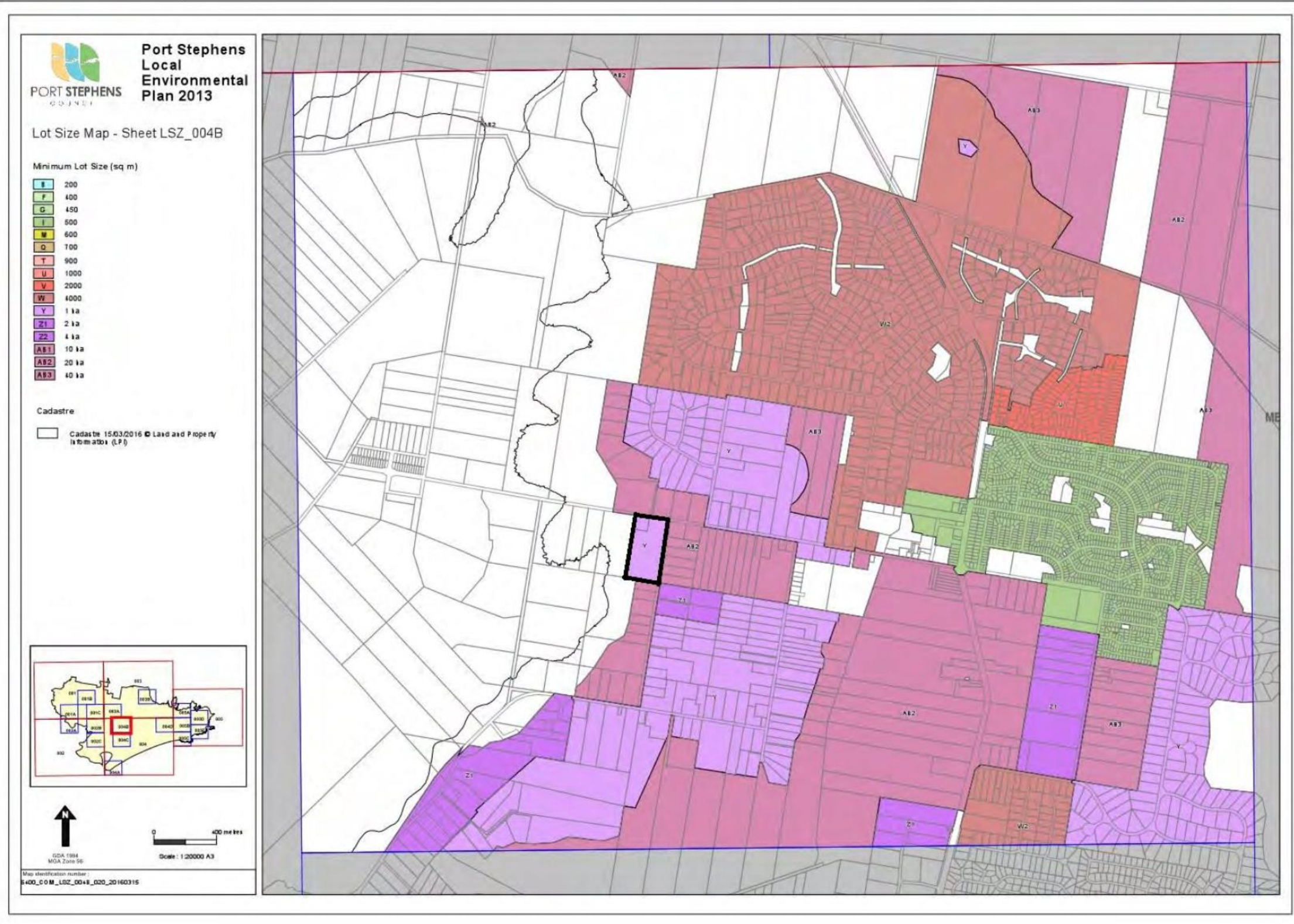
Attachment One – Site identification Map



Attachment Two – Proposed Zoning Map



Attachment Three – Proposed Minimum Lot Size Map





PLANNING PROPOSAL FOR
ANNA BAY NORTH REZONING
NSW

Anna Bay North

Environmental Planning Services Pty Ltd
File No. 1100154
December 2011

Environmental Planning Services Pty Ltd



June 2011 ~



Quality Assurance and Version Control Table				
Project: Planning Proposal for Anna Bay North Rezoning				
Client:	Daly Smith/McDougall			
Rev No.	Date	Our Reference	Author	Reviewer
Draft V01	May 2011	1100154 – Draft PP	Steve McCall	Internal - EPS
Draft V02	June 2011	1100154 – Final PP	Steve McCall	EPS/Client
Checked by:	Steve McCall		Approved by:	Steve McCall
Signature:			Steve McCall Principal Environmental Planner	
Prepared By: Environmental Planning Services Pty Ltd Po Box 348 NELSON BAY NSW 2315 Tel: 0418 426 769 Email: steve@enviropianservices.com.au			 EPS ENVIRONMENTAL PLANNING SERVICES PTY LTD	



PLANNING PROPOSAL

Table of Contents

Preliminary.....	1
Part 1 – Objectives or Intended Outcomes.....	8
Part 2 – Explanation of Provisions	9
Part 3 – Justification	10
3.1 Section A – Need for the Planning Proposal	10
3.2 Section B – Relationship to Strategic Planning Framework.....	26
3.3 Section C – Environmental, Social and Economic Impact	37
3.4 Section D – State and Commonwealth Interests	41
Part 4 – Community Consultation	42

Figures

Figure 1: Locality Sketch.....	2
Figure 2: Aerial Photograph and Area of Investigation.....	5
Figure 3: Potential development footprint (to be determined (TBD) by site assessments)	6
Figure 4: Current Land Use Zoning Plan (PSC)	6
Figure 5: Lower Hunter Regional Strategy Plan Extract	13

Appendices

Appendix 1 – Site Analysis Plan and Lot & Deposited Plans	I
Appendix 2 – Anna Bay Strategy & Town Plan.....	II

PRELIMINARY

The primary objectives of contemporary urban design principles are to create frameworks for the community that are sustainable, safe, stimulating and efficient. Broader and more integrated land use planning is required to achieve this objective, where design issues are addressed at the neighbourhood structure planning level. Neighbourhoods should ideally be guided and structured with consideration of street networks and allotment layout, as well as consideration of crucial issues including service and infrastructure delivery, environmental sustainability, housing demand and economic development that is efficient and sustainable.

Environmental Planning Services Pty Ltd (EPS) acts on behalf of a number of adjoining landowners in Anna Bay North in preparing this planning proposal for the rezoning of area. The purpose of the Planning Proposal is to demonstrate the strategic merits of the proposal to commence the rezoning process and outline further assessments/studies required prior to amendment of the *Port Stephens Local Environmental Plan 2000*.

1.1 Context

The planning proposal has been drafted in accordance with Section 55 of the *Environmental Planning and Assessment Act 1979* and the NSW Department of Planning (DoP) guidelines including 'A guide to preparing planning proposals' (DoP, 2009) and 'A guide to preparing local environmental plans' (DoP, 2009).

This proposal is generally consistent with the *Anna Bay Strategy and Town Plan 2008* (Anna Bay Strategy) which aims to strategically guide the management of future population growth and the building of neighbourhoods in Anna Bay through established contexts and planning policies specific to Anna Bay.

1.2 Subject Land

This planning proposal applies to a number of land parcels located in northern Anna Bay (*the subject site*). The subject site is illustrated in the Locality Sketch (Figure 1), Aerial Photograph (Figure 2), Potential Development Footprint (Figure 3) and Current Zoning Plan (Figure 4).

Rezoning is not proposed for the entire site and any land assessed as unsuitable for rezoning is proposed to remain rural. As outlined throughout this Planning Proposal, further site assessments are required to assess the opportunities and constraints for the area. Some guidance on the area being investigated for rezoning is provided within the Anna Bay Strategy and Town Plan. In accordance with the preliminary works and guidance from this strategy, an investigation site has been proposed based on the extent of the ridgeline to the north of Anna Bay, which runs east-west through the subject site. The investigation area is illustrated in Figure 2. This



Planning Proposal relates to the land identified for investigation. Following a positive Gateway determination, site assessments will be undertaken to provide guidance for the most appropriate strategic land use of the site in accordance with the matters listed in this Planning Proposal.

A Site Analysis Plan and a list of relevant Lot & Deposited Plans for this proposal are contained in Appendix 1.

1.3 Current Zoning and Land Use

The subject land is currently zoned Zone No 1 (a) (Rural Agriculture "A" Zone) pursuant to the *Port Stephens Local Environmental Plan 2000* and covers an area of approximately 143 hectares. The investigation area proposed for rezoning an approximate area of 41.2 hectares, with an estimated potential of 33 hectares for future residential land use, although this area has yet to be confirmed and will be assessed through the site specific studies. The selected site is proposed to be rezoned to Residential in accordance with the revised *Port Stephens LEP*.

Figure 1: Locality Sketch





1.4 Project Investigation Area Justification & Anna Bay Strategy and Town Plan

The Anna Bay Strategy and Town Plan is the main strategic planning document that identifies the area north of Anna Bay as suitable for further investigation for residential land use. This Planning Proposal is considered consistent with the Anna Bay Strategy and Town Plan with regards to the following specific matters:

- **Planning and Policy Context** – The Planning Proposal is consistent with the matters identified in the following documents:
 - Lower Hunter Regional Strategy
 - SEPP 71 Coastal Protection and NSW Coastal Design Guidelines
 - Port Stephens Community Settlement and Infrastructure Policy 2007
 - The previous Anna Bay strategic planning documents that preceded the Anna Bay Strategy and Town Plan
- **Previous Consultation & Feedback** – The community workshops in 2002 & 2003 and the Draft Anna Bay North Structure Plan 2005 submissions all support the need for residential development that addresses a number of infrastructures, social and economic criteria relevant to the future growth of the area.
- **Constraints on Development** – The Planning Proposal acknowledges that environmental constraints are extremely relevant to how Anna Bay North should be developed in the future. The Planning Proposal acknowledges that these constraints require further assessment to determine the most appropriate residential footprint with particular regard to:
 - Flood Prone Land & Drainage
 - Flora and Fauna
 - Bushfire Prone Land
 - Steep Lands
- **Strategic Directions** – The Town Plan (Figure 15) within the Anna Bay Strategy and Town Plan is a strategic response to the constraints and opportunities in Anna Bay and the policy and legal framework. The Planning Proposal is consistent with the key strategic directions and strategic neighbourhoods identified in the Anna Bay Strategy and Town Plan. The Planning Proposal is also relatively consistent with the additional strategic directions of:
 - Vegetation Management
 - Drainage and Flood Management
 - Roads and Streets
 - Design and Development Control
- **Design and Development Control** – This direction outlines that specific development controls principles should be prepared for the site. The Planning Proposal is the first step in addressing some of the principles. It is recommended that a Development Control Plan (DCP) that outlines a master plan for development of the Anna Bay North area be prepared.



- o The DCP should provide further guidance on street layouts, open space, drainage management and other constraints following further site specific assessments that are proposed as part of this Planning Proposal. The overall intention of the DCP is to provide guidance for the orderly development of the area given the multiple ownership of the landholdings within the proposed rezoning area.
- **Implementation** – the Planning Proposal is consistent with the rezoning request structure and staging requested by Council.

As outlined in the Anna Bay Strategy and Town Plan, the future development of the Anna Bay North area needs to consider the environmental constraints of the site. Therefore, the Planning Proposal supports the development footprint identified in the Town Plan but recommends that a further detailed assessment of the wider area be examined. Accordingly, site specific assessments are required to accurately assess future rezoning areas and identify environmental matters of consideration for preservation or amelioration.

Following a detailed site survey of the area undertaken on behalf of the landowners, it is considered that the topography and contours used for the development of the Anna Bay Strategy and Town Plan are not entirely consistent with the actual contours of the site. Given the higher level strategic assessment used for the Anna Bay Strategy and Town Plan, a greater detailed assessment is required to confirm suitable future land use area. This assessment should be consistent with the general principles, constraints and opportunities provided in the Strategy, but should be broad enough to examine all areas of potential opportunity.

To ensure an appropriate assessment of the site is provided, an area of investigation has been selected, extending north from the existing town centre to the sand ridge identified in the Strategy as an important visual backdrop to Anna Bay. Investigation of this land area will provide specific detail on flooding, drainage and other environmental matters to accurately determine an appropriate future residential land use footprint and also provide guidance on how drainage and other matters should be managed for the area. The proposed investigation area incorporates both areas suitable for future development and areas important for retention for ecological and visual reasons.

Preliminary investigations, including a detailed survey of the area have revealed discrepancies between the flood prone lands identified in the Anna Bay Flood Mapping contained in the Anna Bay Strategy and Town Plan and the actual levels on the ground. A preliminary development footprint (as illustrated in Figure 3) has been estimated to assist with assessing the planning proposal based on the preliminary investigations, however it is anticipated that as part of the detailed site assessments, these areas may change.



By incorporating the wider area than identified in the Anna Bay Strategy and Town Plan into the investigation area allows for a holistic assessment and use of an adaptive management approach, where site constraints are identified and then avoided, mitigated or ameliorated. The detailed assessment for the site will also build upon the strategic directions and matters identified in the Anna Bay Strategy and Town Plan.

Following the detailed site assessments, the Planning Proposal will then be able to provide more guidance on the proposed land use and specify relevant areas for standard residential lots, villas and townhouses, environmental living and open space or conservation.

Figure 2: Aerial Photograph and Area of Investigation

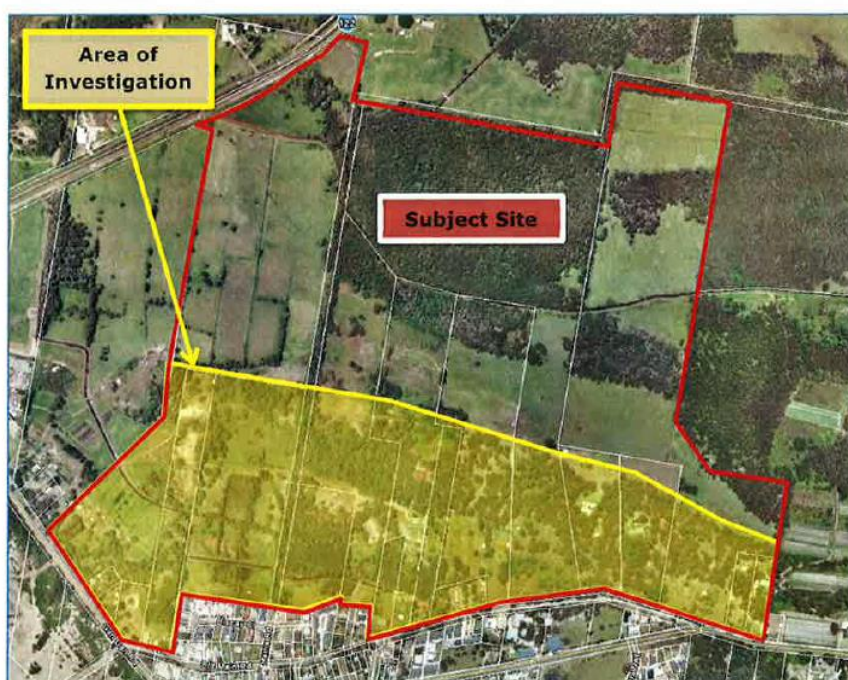
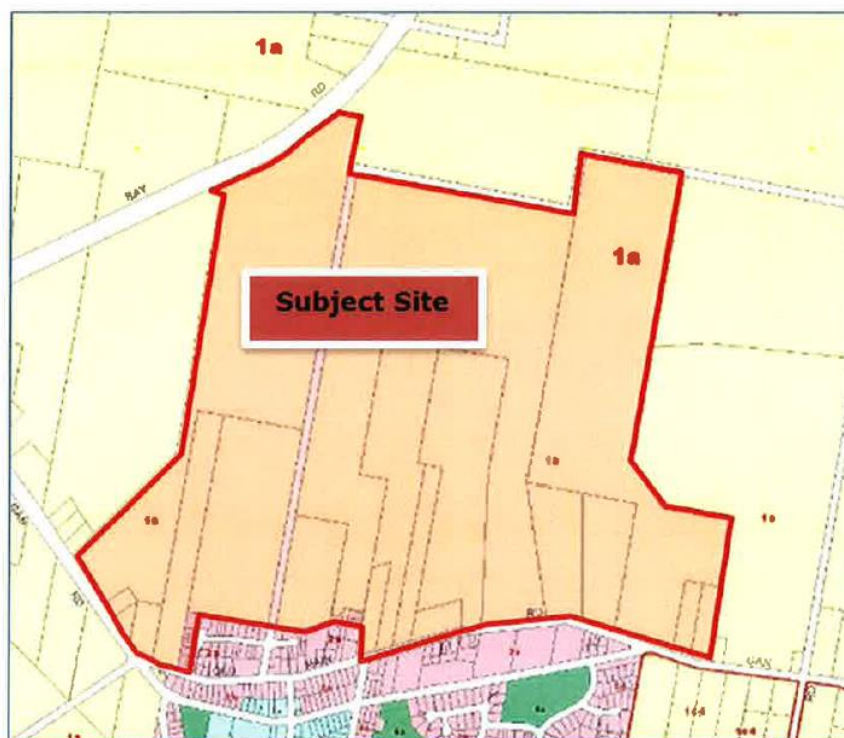




Figure 3: Potential development footprint (to be determined (TBD) by site assessments)



Figure 4: Current Land Use Zoning Plan (PSC)





1.5 Planning Proposal Structure

The planning proposal has been prepared in four parts in accordance with the Department of Planning guideline – '*A guide to preparing planning proposals*' (DoP, 2009) and in conjunction with '*A guide to preparing local environmental plans*' (DoP 2009) and Circular PS 09-015 'Commencement of Certain Provisions of the EP&A Amendment Act 2008 and EP&A Amendment (Plan Making) Regulation 2009'. The four parts include:

- Part 1:
A Statement of the Objectives or Intended Outcomes of the proposed LEP;
- Part 2:
An Explanation of the Provisions that are to be included in the proposed LEP;
- Part 3:
The Justification for those objectives, outcomes and provisions and the process for their implementation;
- Part 4:
Details of the Community Consultation that is to be undertaken for the planning proposal.



PART 1 – OBJECTIVES OR INTENDED OUTCOMES

The objective of this Planning Proposal is to enable residential development, associated open space and residual rural areas over land immediately north of Anna Bay's Town Centre (referred to as Anna Bay North).



PART 2 – EXPLANATION OF PROVISIONS

The proposal seeks to amend the *Port Stephens Local Environmental Plan 2000 (Port Stephens LEP 2000)*. Anna Bay North is currently zoned *Rural 1(a) land*. This proposal intends to facilitate the rezoning of Anna Bay North pursuant to the *Port Stephens LEP 2000* to include the following zones:

- 2 (a) Residential Zone;
- 6 (a) General Recreation "A" Zone; and
- 1 (a) Rural for residual land.

The future zone boundaries are intended to be guided by the outcomes of site specific studies as outlined in this Planning Proposal. The collation of the assessments will provide the site opportunities and constraints and assist in determining the exact zone boundaries.

The future residential areas will be determined in response to the sites topography, habitat values, aesthetic values and constraints of flooding, drainage and slope stability. These factors need to be assessed to determine the most appropriate land use areas for the subject land. The intention of this planning proposal is to provide the relevant information to achieve a positive Gateway determination and then continue to evolve to incorporate the relevant assessments. The final Planning Proposal intends to outline the most appropriate areas for residential land use for the site, based on the opportunities and constraints to ensure that appropriate scale, massing and character of future residential development and landscaping serves to enhance the character of the local neighbourhood and provide a sense of place in accordance with urban design best practice.



PART 3 – JUSTIFICATION

3.1 Section A – Need for the Planning Proposal

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

The planning proposal is the result of several recent strategic studies including the *Draft Anna Bay Local Area Plan* (Port Stephens Council (PSC) 2004), *Draft Anna Bay Urban Management Plan and Guidelines* (Deicke Richards 2002), *Draft Anna Bay North Structure Plan* (Parsons Brinckerhoff (PB) 2005), *Drainage Investigation Report Anna Bay North Structure Plan* (PB 2005), *Flora and Fauna Assessment for Proposed Rezoning of North Anna Bay* (PB, 2004), *Anna Bay Traffic Study* (Traffic Engineering Services 2007), *Anna Bay Catchment Drainage/Flood Study Masterplan* (Sinclair Knight Merz 1995), *Anna Bay Town Plan: Ecological Advice* (Environmental Service, Port Stephens Council 2007) which were analysed and amalgamated to establish the *Anna Bay Strategy and Town Plan* (PSC 2008).

A number of these strategic studies specifically relate to Anna Bay North (the subject site of this planning proposal) including the *Draft Anna Bay North Structure Plan 2005*, *Drainage Investigation Report Anna Bay North Structure Plan* and the *Flora and Fauna Assessment for Proposed Rezoning of North Anna Bay* which identifies the subject area for this planning proposal.

The *Draft Anna Bay North Structure Plan 2005* identifies the issues and possible constraints of the area and potential management requirements if the site is developed. It also highlights key factors and features that should be integrated into development design of Anna Bay North. Additionally the report includes the findings and current issues identified by community feedback in relation to Anna Bay North.

The *Drainage Investigation Report Anna Bay North Structure Plan* was undertaken as part of the Anna Bay North Structure Plan to investigate the drainage infrastructure that would be required to mitigate any negative impacts from future developments. The report recommends that the drainage for Anna Bay North is to be reassessed for any proposed development, and should focus on drainage improvement options and recommends provisions to be included in the developmental design.

Another specialist study that was incorporated in the Anna Bay Strategy and Town Plan (Anna Bay Strategy) that specifically relates to the subject site is the *Flora and Fauna Assessment for Proposed Rezoning of North Anna Bay* (PB, 2004). The above studies will be taken into account for the final rezoning development design of Anna Bay North.

The Anna Bay Strategy and Town Plan draws upon all of these studies to form an idealistic future population growth plan, desired community future outcomes and improved town planning design that enhances the growth opportunities, ecological,



aesthetic, and social and economic features specific for the Anna Bay Township. It also establishes a context and policy direction for future rezoning requests and development controls specific to the Anna Bay area. It achieves this by identifying and integrating details of location, timing and funding for community facilities and infrastructure within the area. A copy of the Anna Bay Strategy and Town Plan is contained in Appendix 2.

The Anna Bay Strategy and Town Plan identifies two areas for rezoning potential, Anna Bay North, as is the subject of this Planning Proposal and Anna Bay East. In relation to the rezoning of Anna Bay North it is requested that;

- Separate rezoning applications are received for Anna Bay North and Anna Bay East;
- Rezoning and development should be gradual and begin adjacent to the existing town centre with orderly development continuing from the existing urban area to outer green field sites;
- Rezoning of land identified for industrial development can occur at any time subject to the availability of services;
- The rezoning request is strategic. That is, it includes a significant area of land for development, as opposed to individual holdings;
- The rezoning request must address the planning policy framework of Council and the NSW State Government;
- The rezoning request must include site analysis and site planning that addresses the Sustainability Principles and Criteria of the *Port Stephens Community Settlement and Infrastructure Strategy* and the provisions of *Anna Bay Strategy and Town Plan*;
- Ensures rezoning facilitates cooperative expansion of development land and infrastructure; and
- The rezoning request is accompanied by a drainage study that identifies any necessary solutions or works required, and how those works or solutions will be implemented.

The proposed Anna Bay North area has been clearly identified in a number of strategic studies as outlined above. These studies highlight the potential for Anna Bay North as an area suitable for residential development. Based upon the future growth projections and need for variable housing, there is demand for contemporary strategic residential development in Anna Bay North.



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

The objective of the planning proposal is to rezone a number of Rural 1(a) allotments to Residential 2(a) and associated open space and residual rural areas. Anna Bay North has been identified as one of two potential areas for rezoning. The Anna Bay Strategy and Town Plan states that landowners are strongly encouraged to coordinate with each other to reduce the number of 'spot' rezoning's for the area and that ideally, one rezoning request should be submitted for land within Anna Bay North. This planning proposal is consistent with the Anna Bay Strategy and Town Plan direction.

The submission of a single Anna Bay North rezoning request also has administrative and cost benefits for the authorities and landowners. The significant area of land to be considered to be rezoned represents a strategic rezoning request and therefore represents the best method of achieving the objective of the land rezoning and the intended outcomes and benefits for Anna Bay as outlined in the Anna Bay Strategy and Town Plan.

3. Is there a net community benefit? (Net Community Benefit Test adapted from draft Centres Policy)

The following questions represent the Net Community Benefit Test:

1. Will the LEP be compatible with the agreed State and Regional strategic direction for development in the area (e.g. Land release, strategic corridors, development within 800 metres of a transit node)?

Lower Hunter Regional Strategy

The NSW Government adopted the Lower Hunter Regional Strategy (LHRS) on the 12th of October 2006. The LHRS provides the broad strategic planning context for the Hunter Region for the next 25 years.

The Regional Strategy is based upon a population growth scenario which forecasts a regional population of 675,000 persons by 2031. This equates to an additional 160,000 persons over the period 2006–31. This growth scenario responds to current levels of growth and recognises that this growth will continue as the Region broadens its economic role in the context of the NSW and national economy.

Greenfield housing or 'new release' areas represent 75 per cent of all new housing, with the remaining 25 per cent of housing located in existing zoned urban areas.

The relevant key housing challenges for the region outlined in the Regional Strategy relevant to this Planning Proposal are:



- To provide sufficient land and development opportunities to provide housing for the future growth of the population;
- To achieve higher residential densities in-and-around major centres to maximise proximity to employment and services and the use of existing infrastructure, while maintaining amenity;
- To provide housing choice and affordability in the right locations reflecting changes in population and associated reduction in household occupancy rates;
- To ensure quality urban design and amenity that is sensitive to and complements the character and lifestyle of the Region's towns and new urban areas; and
- To refocus the housing industry in the Region to increase the amount of total housing provided in the existing urban areas so that a more sustainable balance between the need for new greenfield land releases and the ability of existing urban areas to meet housing demands is created.

The Port Stephens Local Government Area is included in the *Lower Hunter Regional Strategy* which provides strategic planning directions for new neighbourhood planning principles. The subject site is identified in the *Lower Hunter Regional Strategy* plan as a proposed urban area, as illustrated in Figure 5. The *Lower Hunter Regional Strategy* states that for proposed urban areas, the boundaries are to be defined through local urban planning.

Figure 5: Lower Hunter Regional Strategy Plan Extract



The Strategy provides that 60 per cent of new dwellings will be provided in new release areas and 40 per cent will be provided in existing urban areas — that is, a 60:40 split in the provision of new dwellings. One of the key outcomes is to enable

ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL - ANNA BAY NORTH.



the release of up to 69 000 new green-field lots in a coordinated way, with improved neighbourhood design and more efficient use of infrastructure. The rezoning is the prelude to the subdivision of suitable land for greenfield allotment. The rezoning is guided by the Anna Bay Strategy and Town Plan which assists in coordinated release of suitable land.

The Regional Strategy states that sites less than 50 hectares may be developed if consistent with the principles of the Strategy and if they are identified within an endorsed local strategy. The Anna Bay Strategy and Town Plan represent the relevant local strategy.

The Regional Strategy's Neighbourhood Planning Principles to be incorporated into new release areas are:

- *A range of land uses to provide the right mix of houses, jobs, open space, recreational space and green space.*
- *Easy access to major town centres with a full range of shops, recreational facilities and services along with smaller village centres and neighbourhood shops.*
- *Jobs available locally and regionally, reducing the demand for transport services.*
- *Streets and suburbs planned so that residents can walk to shops for their daily needs.*
- *A wide range of housing choices to provide for different needs and different incomes. Traditional houses on individual blocks will be available along with smaller, lower maintenance homes, units and terraces for older people and young singles or couples.*
- *Conservation lands in-and around the development sites, to help protect biodiversity and provide open space for recreation.*
- *Public transport networks that link frequent buses into the rail system.*

The rezoning is considered to be consistent with the Neighbourhood Planning Principles given the sites location adjacent to Anna Bay town centre, Gan Gan Road and Nelson Bay Road.

The Regional Strategy also provides guidance on residential densities. New urban release areas will be planned to achieve an average yield of 12 dwellings per hectare. However, it is recognised that higher densities can be achieved in some areas with careful planning and urban design.



Integrated Land Use and Transport

Integrating Land Use and Transport explains the State policy which has been developed to reduce car travel and provide more equitable access to jobs and services.

Implementing the policy will:

- Help achieve the aims of the government's air quality management plan, Action for Air;
- Enhance the viability of investment in new public transport under the NSW transport plan, Action for Transport 2010; and
- Help achieve a range of social, environmental and economic goals including equity, neighbourhood amenity and lower road congestion support the NSW Government's commitment to the National Greenhouse Strategy.

The aim of integrating land use and transport is to ensure that urban structures, building forms, land use locations, development designs, subdivision and street layouts achieve the following planning objectives:

- Improving access to housing, jobs and services by walking, cycling and public transport;
- Increasing the choice of available transport and reducing dependence on cars;
- Reducing travel demand including the number of trips generated by development and the distances travelled, especially by car;
- Supporting the efficient and viable operation of public transport services; and
- Providing for the efficient movement of freight.

New residential areas provide an opportunity to 'get it right from the start'. To promote more viable public transport and reduce car dependence, it is important that the location, density, design and development (including staging) of new residential areas maximise access to public transport.

The Planning Proposal complies with objectives of the *Integrating Land Use and Transport* in the following ways:

- The subject site is located adjacent to Anna Bay Town Centre and Gan Gan Road, which represents the local public transport route.
- Being located adjacent to Anna Bay Town Centre provides an opportunity for future residents to walk to local shops to meet their daily and weekly shopping requirements. Walking and public transport opportunities open up the prospect to reduce reliance on cars and moderate demand for car travel.
- The site is within 800m of the Anna Bay Town Centre.



Coastal Design Guidelines for NSW

The 'Coastal Design Guidelines for NSW' (Coastal Council of NSW 2003) establishes principles to ensure that future developments and redevelopments are sensitive to the unique natural and urban settings of coastal places in NSW. The Guidelines have the following objectives:

- *To protect and enhance the cultural, ecological and visual characteristics of a locality.*
- *To limit coastal sprawl by establishing separation and greenbelts between settlements.*
- *To integrate new development with surrounding land uses.*
- *To integrate land use with transport.*
- *To protect local character.*
- *To encourage new coastal settlements to be appropriately located.*
- *To create neighbourhoods centred around services and facilities.*

The Guidelines establish 6 design principles for coastal settlements:

- Defining the footprint and boundary of the settlement - describes how to establish the outer limits of a settlement to protect the important visual and natural setting;
- Connecting open spaces illustrates how open space creates recreation, conservation, public access, cultural and heritage opportunities in and around the settlement;
- Protecting the natural edges of the settlement - shows how the coastal edge is protected and understood as a public place, with public access and ecological values including mitigating the impacts of natural hazards;
- Protecting the natural edges of the settlement - shows how the coastal edge is protected and understood as a public place, with public access and ecological values including mitigating the impacts of natural hazards;
- Reinforcing the street pattern highlights how streets enliven centres, connect important places within and around the settlement, allow for improved choice when moving from place to place, and provide commercial and social benefits;
- Appropriate buildings in a coastal context - shows how specific development relates to the site's natural features and to its location within the settlement;

The Planning Proposal will incorporate these principles into the assessment of the subject site to provide guidance for the most appropriate strategic land use of the site. Further detailed studies are required to gain an understanding of the site constraints and opportunities. Following the completion of these studies, the Planning Proposal will be able to progress with an assessment of the most appropriate land uses across the subject site.



2. Is the LEP located in a global/regional city, strategic centres or corridor nominated within the Metropolitan Strategy or other regional/subregional strategy?

The LEP site is nominated within the *Lower Hunter Regional Strategy* as a proposed urban area, as illustrated in Figure 5.

3. Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?

The site has been identified in the strategic studies outlined in this planning proposal and the recommendations of the studies are consistent with the expectations of the landowners which are predominantly "for" the proposal. The potential of the Anna Bay North being developed has been publicly identified through the strategic studies and rezoning the site. The area of investigation is greater than the land use footprint identified in the Anna Bay Strategy and Town Plan, although this is based on undertaking a holistic assessment based on site specific assessment that provide significantly greater detail than was available for the development of the Anna Bay Strategy and Town Plan. Therefore, the investigation area is considered justified, although this may also create a precedent or change the expectations of other landowners. However, it is considered best practice to undertake strategic planning based on the merits of a site rather than simply a recommendation of a strategic study and any potential precedent is considered to be in accordance with contemporary planning practice.

4. Have the cumulative effects of other spot rezoning proposals in the locality been considered?

Yes, the strategic studies have identified the need for additional residential style land in the Anna Bay Area which was considered in a community workshop held for the *Draft Urban Management Plan and Design Guidelines* in February 2002. The spot rezoning of land within the Anna Bay area has been limited and discouraged on an individual site basis. A spot rezoning is currently being finalised to the east of the site in the area identified in the Anna Bay Strategy and Town Plan as the Anna Bay East Neighbourhood. The spot rezoning is consistent with the Anna Bay Strategy and Town Plan.

5. What is the outcome of these considerations?

The cumulative effect of the spot rezoning and this Planning Proposal is considered to be positive as it results in the implementation of the Anna Bay Strategy and Town Plan. The two rezoning's will also contribute to the local infrastructure of the area through the development of appropriate services and stormwater drainage infrastructure.



The drainage and infrastructure delivery is considered one of several matters that have restricted rezoning of the area, as an integrated approach is required to resolve these matters. With the strategic rezoning of the subject site, combined with the spot rezoning to the east, many of the areas constraints will be addressed and resolved. The cumulative effect of the rezoning's is to provide the potential catalyst for the rezoning/development of other lands in the Anna Bay East location and the Anna Bay Strategy and Town Plan.

6. Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?

The LEP will allow the development of the land for residential purposes which will generate temporary employment in the locality during future subdivision and construction of new residential dwellings.

The proposal will also result in an increase in the population of Anna Bay's primary trade area and has the potential to provide a range of high quality housing to attract new residents. This will provide support for permanent local employment as the proposal, when developed, should result in the following:

- Increased local commercial activity within Anna Bay and subsequently investment into the town centre;
- Improvement of the quality and range of services through increased demand;
- Reduce escape spending to other areas; and
- Increase convenience and accessibility for local residents.

The proposal will not result in the loss of employment lands. The proposal should support the proposed new small scale light industrial area proposed in the Anna bay Strategy and Town Plan.

7. Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?

The LEP will have a positive impact on the supply of rural residential demand as identified in the regional and local strategic studies outlined in this planning proposal.

The community identified the opportunity for an increase in the "amount of residential land" in Anna Bay (p8 PSC Anna Bay Strategy 2008). The LEP amendment will facilitate the cooperative expansion of residential development land and infrastructure to create a competitive market in the growing Anna Bay area which positively impacts on housing supply and affordability.

8. Is the existing public infrastructure (roads, rails, utilities) capable of servicing the proposed site?



The existing road infrastructure may require some additional upgrades and the proposal will result in the construction of new residential street networks to adequately service the residential area.

Anna Bay and Port Stephens have no rail service. The only public transport system is Port Stephens Coaches bus service that services the Anna Bay area and connects to the wider region, including Newcastle and Newcastle Airport. The bus service route is along Gan Gan Road, the main street of Anna Bay. The land subject of the Planning Proposal is located within 400m of Gan Gan Road.

Hunter Water Corporation (HWC) has indicated in the Anna Bay Strategy and Town Plan that the current water supply system for Anna Bay is insufficient to cater for the entire development capacity that is anticipated in the Strategy. However preliminary investigations with HWC have indicated that the water systems in place have been significantly improved since the adoption of the Anna Bay Strategy and Town Plan in 2008. Since 2008 the following services have been implemented that impact on Anna Bay:

- A lead-in water main connecting Anna Bay to Boat Harbour
- A new water tank located within Anna Bay to serve as security of supply

In addition, HWC are currently designing a Trunk Main that will connect Grahamstown Dam to Lemon Tree Passage and Anna Bay. This is identified as the Tomaree to Tilligerry Trunk Main. The implementation of this trunk main is expected to take place in 2013 – 2014. This improved infrastructure will have a significant impact on the suitability of the water services in catering for the proposal. Following a positive gateway determination, ongoing consultation with HWC will be required, as well as an in-sewer investigation to be carried out.

9. Is there good pedestrian and cycling access?

The site is located within a 500m - 800m radius from the centre of Anna Bay. Sections of Gan Gan Road have an existing cycleway that connects the town centre to Boat Harbour. The current road network that the proposal will link into is sealed and provides good opportunities for cycling and pedestrian access. The subject sites future internal road network and design should also encourage opportunities for pedestrian and cycle access.

10. Is public transport currently available or is there infrastructure capacity to support future public transport?

Currently the Port Stephens Coaches Bus service operates in the main street of Anna Bay (Gan Gan Road). The service operates a number of times daily between the main commercial areas of Port Stephens and Newcastle. The bus service may consider expanding its bus route as the proposed development of Anna Bay north gradually expands.



The additional residents associated with the development of the subject site would contribute to supporting future public transport bus service options.

11. Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?

The proposal is located adjacent to Anna Bay Town Centre, which as stated previously, provides an opportunity for future residents to walk to local shops to meet their daily and weekly shopping requirements. This in turn should increase local commercial activity within Anna Bay and subsequently investment into the town centre resulting in improvement of the quality and range of services through increased demand. Increased services should also reduce escape spending to other areas and reduce reliance on cars for daily needs, thereby minimising adverse impacts associated with greenhouse gas emissions, operating costs and road safety.

12. Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?

There are no known significant Government investments in infrastructure or services in the area whose patronage will be negatively affected by the proposal. The proposal will generate residential development which could in turn support the future Defence housing requirements associated with RAAF Base Williamtown.

13. Will the proposal impact on the land that the government has identified a need to protect (eg. Land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?

Anna Bay North is not located in an environmentally sensitive area identified as in the need of protection or protected by through a National Park, State Forest or Nature Reserve. The site is subject to a number of potential environmental constraints. As part of the *Anna Bay Strategy* Port Stephens Council engaged the external specialist sub-consultants to undertake a flora and fauna assessment and preliminary drainage investigation to consider and evaluate the impact of future residential development on Anna Bay North.

As summarised in the *Anna Bay Strategy and Town Plan* environmental constraints present at the subject site include;

- Flood prone land and drainage problems;
- Flora and fauna;
- Koala Habitat present;
- Bushfire prone lands; and



- Steep landform areas.

Environmental Constraints maps are included in pages 13-27 of the Anna Bay Strategy and Town Plan.

Flood Prone Land and Drainage

Large areas of Anna Bay have been mapped as flood prone lands (as shown in Figure 6 of the Anna Bay Strategy and Town Plan 2008). A significant proportion of land within Anna Bay North between the town centre and the natural ridge line to the north is low-lying and subjected to inundation under the 100-year average recurrence interval storm event. As a consequence Anna Bay North and the Town Centre are constrained by flood prone areas.

The studies undertaken for the Anna Bay Strategy and Town Plan recommends that any proposed rezoning and filling of the floodplain in Anna Bay North should be further assessed by the developer to improve the drainage network and its performance before any new development in Anna Bay North. Flood modelling showed that a limited amount of development would not worsen the current flood levels of the area. The previous studies are considered relevant but have limitations as they investigated different development scenarios. The Anna Bay Strategy and Town Plan states that new development areas will be required to complete a drainage study during the rezoning. The study will need to address flooding, drainage and water quality issues and provide investigation, funding and construction arrangements of the necessary drainage infrastructure.

Accordingly, following a positive Gateway determination, a drainage study is proposed to be undertaken in accordance with the strategic directions listed in the Anna Bay Strategy and Town Plan. The study will assist in identifying whether filling in some areas identified as flood prone land will have a significant impact and will provide further detail on how the development footprint for the area should be developed. The previous flood studies for the area have suggested that some filling of flood prone land will not have a significant impact, although these assessments require further justification.

Flora and Fauna

Anna Bay North consists of cleared and vegetated rural land. The vegetation communities have been mapped at a broad scale for the Anna Bay Strategy and Town Plan using the Lower Hunter and Central Coast Regional Environmental Management Strategy (LHCCREMS). The vegetation mapping consists of two major vegetation communities, being Coastal Sand Apple Blackbutt Forest and Swamp Mahogany Paperbark Forest.

The Coastal Sand Apple Blackbutt Forest is determined to be the dominate vegetation type present within the subject site. This community is identified as Supplementary Koala Habitat. It is likely that Koalas will use Supplementary Koala



Habitat (*Coastal Sandy Apple Blackbutt Forest*) identified immediately north of the study area as a habitat linkage to Preferred Koala Habitat to the north, as will other fauna.

The Swamp Mahogany Paperbark Forest is identified as the least dominant forest vegetation community located within the site. This community is currently classified as a State Significant *Endangered Ecological Community (EEC)* under the *Threatened Species Conservation Act 1995 (TSC Act)* and contains Swamp Mahogany (*Eucalyptus robusta*) which are preferred Koala feed trees and habitat.

A Flora and Fauna Assessment was prepared for Anna Bay North in 2004 by Parsons Brinckerhoff (PB). This assessment provides a sound basis for the further investigations as the assessment is now seven years old. Accordingly, following a positive Gateway determination, a flora and fauna study is proposed to be undertaken in accordance with the strategic directions listed in the Anna Bay Strategy and Town Plan and to consider the information provided in the Flora and Fauna Assessment (PB, 2004). The flora and fauna study will assess the areas of the site suitable for residential development and the areas suitable for fauna movement corridors and conservation and provide guidance for the most appropriate strategic land use of the site.

Koala Habitat

The Port Stephens Comprehensive Koala Plan of Management identifies *Swamp Mahogany Paperbark Forest* as Preferred Koala Habitat and *Coastal Sandy Apple Blackbutt Forest* as Supplementary Koala Habitat for the Tomaree Peninsula. PB as part of their site investigation re-mapped Anna Bay North's koala habitat boundaries by ground truth mapping of vegetation boundaries and vegetation community types. As outlined above, further ecological site investigations will be undertaken to provide a current assessment of koala habitat and to provide guidance for the most appropriate strategic land use of the site. This assessment will provide detail on any potential impacts if some koala habitat areas are developed provide further detail on how the development footprint for the area should be developed, taking into account koala habitat.

Bushfire Prone Lands

Anna Bay North is classified as bushfire prone land under Port Stephens Council's *Bushfire Hazard Map* and categorised as 'Vegetation Buffer Zone' and 'Vegetation Category 1'. Pursuant to the *Rural Fires Act 1997* future development will require bushfire safety authority issued by the Commissioner as the land could lawfully be used for residential or rural residential purposes. Future development will also need to comply with the *Planning for Bushfire Protection Guidelines*.

Further site assessments of the subject site will be undertaken to consider the level of bushfire threat and consider necessary bushfire protection measures that will be



incorporated in the rezoning and development of the site in accordance with the *Planning for Bushfire Protection Guidelines 2006*.

Steep Land

Anna Bay North includes an east-west linear vegetated ridge with a relief of 15-20m with moderate to steep slopes. The ridge is a variant of the Shoal Bay Aeolian Soil Landscape which consists of well-drained non-cohesive soils of low fertility and steep slopes with a potential for foundation hazards due to slumping of cut and batters. Slopes interpreted from aerial photographs and ground truthing surveys, to be greater than 25% in slope are generally classified as unsuitable for development. The ridge line also forms part of the visual backdrop for Anna Bay and careful assessment of how development, if any, would ensure that the visual backdrop is maintained.

Following a positive Gateway determination, a landform assessment and visual impact assessment will be undertaken to provide a detailed appraisal of the existing topography and visual importance and to provide guidance for the most appropriate strategic land use of the site.

14. Will the LEP be compatible/complimentary with the surrounding land uses?
What is the impact on amenity in the location and wider community?

The amendment to the LEP will be compatible with the surrounding land uses which are currently occupied by residential and rural residential development style living. The LEP amendment will provide an opportunity to incorporate a diverse mix of residential living styles, open space and residue rural areas that will be in sympathetic with the local area in terms of scale and character. Additionally, as no development is proposed along the top of the vegetated ridge line, the visual character of the area will be preserved.

The LEP will provide low to medium residential density opportunities that can cater for a wide variety of housing types suitable for a diverse range of residents. The potential benefits to the community include support for the growth of the town centre which in turn should result in increased convenience and accessibility to services for local residents, reduce escape expenditure to surrounding areas, and reduce travel to retail and commercial services in other towns.

15. Will the public domain improve?

Yes, as outlined above, the development of the site would facilitate opportunities for cooperative development of residential land which will support town centre growth. Growth of Anna Bay's town centre should result in improvements to the public domain including improved infrastructures such as drainage, built form and commercial opportunities. Some areas of the site may be proposed open space.



16. Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?

The proposal will facilitate increased demand for services which would facilitate the opportunity for increasing retail and commercial development in the Tomaree Peninsula.

17. If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?

The proposal is not a centre, but will support the existing township of Anna Bay.

18. What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?

As outlined in the Anna Bay Strategy and Town Plan (2008, p8) the community have identified that opportunities they would like to see for Anna Bay include;

Draft Anna Bay Local Area Plan 2004 Community Workshop

- Protection of natural areas and important attractions and promotion of ecotourism facilities.
- Encouragement of tourism based development with potential for integrated tourism and housing.
- Need to improve existing facilities, provide more sporting, recreational and educational facilities.
- Need to improve vehicular and pedestrian links within and around Anna Bay including more car parking and better infrastructure.
- Need to promote a sense of community, pedestrian permeability and cohesion within Anna Bay.
- Protection of the current lifestyle and the beach/village/rural character of Anna Bay.
- Promotion and provision of greater housing choice and affordability.
- Need to increase the economic activity and viability within the town.

Draft Urban Management Plan and Design Guidelines 2002 Anna Bay Community Workshop

- Upgrade town centre.
- Increase height limit of commercial land to 12m.
- Proposal to open Old Main Road.
- Provide large 1/2 acre blocks north of ridge.
- Increase amount of residential land.

The proposed rezoning and development of Anna Bay North will address a number of these community desired attributes within the town plan. The proposal will



implement the opportunity for protection of elevated natural areas, home based businesses and variable housing choices, improve existing facilities and infrastructure, supply additional pedestrian and cyclist friendly streets while retaining the village/rural character and visual amenity of the area and providing additional residential housing. The proposal will also strategically support greater economic activity and viability in the town, and town centre upgrades through the implementation of a significant residential housing development that is generally consistent with the Anna Bay Strategy and Town Plan.

The Anna Bay Strategy and Town Plan is the result of several strategic studies and assessments dating back to 1995, however there is a lack of up to date detailed site assessments for Anna Bay North. The Anna Bay Strategy and Town Plan indicates that further detailed drainage assessment is required as part of the planning proposal for Anna Bay North. This assessment will guide the development footprint, which in turn requires up to date assessments of other constraints to ensure a holistic assessment approach is undertaken and appropriate consideration can be given to all constraints and opportunities with all of the relevant information required.

Not proceeding with this Planning Proposal would be detrimental for the future development of Anna Bay as the time period between commencing rezoning and actual on the ground construction can be considerable. To delay this further, combined with the significant period of strategic planning in preparation for future development of the area, is considered unreasonable when the Planning Proposal is consistent with the strategic intent of the Anna Bay Strategy and Town Plan.

3.1.1 Summary

As demonstrated in the responses to the questions listed above, the preparation of the draft Local Environmental Plan will facilitate a significant positive community benefit for Anna Bay.



3.2 Section B – Relationship to Strategic Planning Framework

4. Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy?

The planning proposal is consistent with the objectives and actions contained within the Lower Hunter Regional Strategy.

5. Is the planning proposal consistent with Council's Community Strategic Plan, or other local strategic plan?

The planning proposal is the result of the findings and recommendations of the Anna Bay Strategy and Town Plan and is considered consistent with the Port Stephens Community Settlement and Infrastructure Strategy.

Port Stephens Community Settlement and Infrastructure Strategy

The Port Stephens Community Settlement and Infrastructure Strategy (PSCSIS) adopted in April 2007 builds upon the directions of the Port Stephens Urban Settlement Strategy 2002 and are more detailed in its requirements for future urban development.

The purpose of the Strategy is:

- To establish compatibility and local implementation of the Lower Hunter Regional Strategy;
- To have a range of strategic directions and sustainability principles and criteria on future urban settlement that balances and integrates current and future economic, environmental and social issues, trends and characteristics of the Port Stephens Local Government Area;
- To provide a basis for enhancing local development sequencing that represents the most cost effective and balanced funding of infrastructure between the public and private sectors.
- To provide a basis for ongoing upgrading on infrastructure planning and for regular monitoring and review of strategic directions for managing urban growth and building communities in Port Stephens.

The PSCSIS states:

Tomaree Peninsula – the fastest growing Planning District (25.7% since 1996). Greenfield land opportunities are rapidly decreasing and land prices are increasing. Anna Bay is to be the only major greenfield area and is likely to attract local first homebuyers.

The strategic direction for Port Stephens is prioritised for areas with regard to planning, design and implementation, in the PSCSIS, as outlined in Table 3-1. Anna Bay is ranked 4th although the timing has already been exceeded.



Table 1: Strategic Planning Priorities outlined in the PSCSIS

PRIORITY	LOCATION	DEVELOPMENT TYPE	TIMING	DURATION	YIELD (APPROX LOTS)	AVERAGE PERSONS PER DWELLING	AVERAGE DENSITY (DWELLINGS PER HA NET)	POPULATION INCREASE
1	Kingshill*	New town	2008	20 to 25 years	4500	2.7	15+	12,150
2	Medowie	New town	2009	20-25 years	4500	2.7	15+	12,150
3	Williamstown	Airport related employment	2010	10- 15 years	TBD	N/A	N/A	N/A
4	Anna Bay	New neighbourhood and edge of town residential	2010	15 years	600	2.7	12 -15	1620
5	Karuah	New neighbourhood and edge of town residential	2008	15 years	445	2.7	12	1202
6	Tanilba Bay	Neighbourhood and mixed use development	2012	15 years	500	2.7	15	1620
TOTAL			N/A	2031	9045	N/A	N/A	24,692

Table 3-1 also illustrates projected dwelling densities of 12-15 dwellings per hectare (net) and an anticipated yield of 600 allotments.

6. Is the planning proposal consistent with applicable State Environmental Planning Policies?

The following State Environmental Planning Policies (SEPP) are applicable to the planning proposal:

SEPP (Rural Lands) 2008

Rural Planning Principles

- The promotion and protection of opportunities for current and potential productive and sustainable economic activities in rural areas,*
- 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,*
- 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,*
- In planning for rural lands, to balance the social, economic and environmental interests of the community,*
- 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,*



- f) *The provision of opportunities for rural lifestyle, settlement and housing that contribute to the social and economic welfare of rural communities,*
- g) *The consideration of impacts on services and infrastructure and appropriate location when providing for 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 land in question is located adjacent to the centre of Anna Bay. The land has been intermittently utilised for agricultural purposes. The planning proposal is specifically consistent with principles (f) & (h) of the SEPP through providing opportunity for the provision of residential housing to contribute to the social and economic welfare of Anna Bay and is consistent with the local and regional strategic strategies.

SEPP No 71 — Coastal Protection (SEPP 71)

The aims and objectives of this Policy are based around the protection of the NSW coastline. The Policy aims are:

- a) *To protect and manage the natural, cultural, recreational and economic attributes of the New South Wales coast, and*
- b) *To protect and improve existing public access to and along coastal foreshores to the extent that this is compatible with the natural attributes of the coastal foreshore, and*
- c) *To ensure that new opportunities for public access to and along coastal foreshores are identified and realised to the extent that this is compatible with the natural attributes of the coastal foreshore, and*
- d) *To protect and preserve Aboriginal cultural heritage, and Aboriginal places, values, customs, beliefs and traditional knowledge, and*
- e) *To ensure that the visual amenity of the coast is protected, and*
- f) *To protect and preserve beach environments and beach amenity, and*
- g) *To protect and preserve native coastal vegetation, and*
- h) *To protect and preserve the marine environment of New South Wales, and*
- i) *To protect and preserve rock platforms, and*
- j) *To manage the coastal zone in accordance with the principles of ecologically sustainable development (within the meaning of section 6 (2) of the Protection of the Environment Administration Act 1991), and*
- k) *To ensure that the type, bulk, scale and size of development is appropriate for the location and protects and improves the natural scenic quality of the surrounding area, and*
- l) *To encourage a strategic approach to coastal management.*



The preparation of a draft LEP must demonstrate how the proposal is consistent or has considered the matters listed in clause 8 as matters of consideration. The matters for consideration are the following:

- a) *the aims of this Policy set out in clause 2,*
- b) *existing public access to and along the coastal foreshore for pedestrians or persons with a disability should be retained and, where possible, public access to and along the coastal foreshore for pedestrians or persons with a disability should be improved,*
- c) *opportunities to provide new public access to and along the coastal foreshore for pedestrians or persons with a disability,*
- d) *the suitability of development given its type, location and design and its relationship with the surrounding area,*
- e) *any detrimental impact that development may have on the amenity of the coastal foreshore, including any significant overshadowing of the coastal foreshore and any significant loss of views from a public place to the coastal foreshore,*
- f) *the scenic qualities of the New South Wales coast, and means to protect and improve these qualities,*
- g) *measures to conserve animals (within the meaning of the Threatened Species Conservation Act 1995) and plants (within the meaning of that Act), and their habitats,*
- h) *measures to conserve fish (within the meaning of Part 7A of the Fisheries Management Act 1994) and marine vegetation (within the meaning of that Part), and their habitats*
- i) *existing wildlife corridors and the impact of development on these corridors,*
- j) *the likely impact of coastal processes and coastal hazards on development and any likely impacts of development on coastal processes and coastal hazards,*
- k) *measures to reduce the potential for conflict between land-based and water-based coastal activities,*
- l) *measures to protect the cultural places, values, customs, beliefs and traditional knowledge of Aboriginals,*
- m) *likely impacts of development on the water quality of coastal waterbodies,*
- n) *the conservation and preservation of items of heritage, archaeological or historic significance,*
- o) *only in cases in which a council prepares a draft local environmental plan that applies to land to which this Policy applies, the means to encourage compact towns and cities,*
- p) *only in cases in which a development application in relation to proposed development is determined:*



- i. the cumulative impacts of the proposed development on the environment, and
- ii. measures to ensure that water and energy usage by the proposed development is efficient.

The Anna Bay Strategy and Town Plan acknowledges SEPP 71 as part of the planning and policy context considered for the development of the Strategy. The Anna Bay Strategy and Town Plan outlines that under the *NSW Coastal Design Guidelines* Anna Bay is considered a 'coastal town'. The following principles outlined in the Anna Bay Strategy are applicable to the future growth of Anna Bay's township;

- *Creating functional urban areas in close proximity to areas of natural beauty;*
- *The consolidation of future growth where infrastructure, quality buildings and pedestrian friendly streets may be at present under-utilized;*
- *Using the town as a model for new neighbourhoods and infill developments;*
- *Upgrading public transport, cycle and pedestrian systems; and*
- *Regeneration of degraded natural assets.*

The subject investigation area is technically just outside the SEPP 71 boundary, which lies south of Gan Gan Road. However, the rezoning of the site is generally still consistent with the aims and matters for consideration listed in SEPP 71. The site is not directly adjacent to the coastal foreshore and will not result in any detrimental impacts as outlined in the matters for consideration. The main matters for consideration relevant for the Planning Proposal include scenic qualities, measures to conserve animals and plants, existing wildlife corridors, impacts on water quality of coastal water bodies and measures to encourage compact towns. These matters are also identified in the Anna Bay Strategy and Town Plan and further site investigations will be undertaken following a positive Gateway determination to provide guidance for the most appropriate strategic land use of the site taking into account the aims and matters listed under SEPP 71.

SEPP 44 - Koala Habitat Protection (SEPP 44)

SEPP 44 aims to ensure the preparation of a Koala Management Plans prior to development. Port Stephens Council has under SEPP 44 prepared a *Port Stephens Comprehensive Koala Plan of Management* that "*encourages the proper conservation and management of areas of natural vegetation that provide habitat for koalas and to ensure permanent free-living populations over their present range and to reverse the current trend of population decline.*"

Some areas of the investigation area contain koala habitat. The planning proposal will undertake further site investigations to assess any potential impacts for koalas on identified koala habitat. The assessment will consider the interconnectivity of adjacent koala habitats and wildlife corridors.



SEPP No.55 – Remediation of Land (SEPP 55)

The land has a history of agriculture. No known land contamination of the subject area is known at this time. The planning proposal is not located in an investigation area pursuant to the provisions of the *Contaminated Land Management Act 1997*.

SEPP (Mining, Petroleum Production and Extractive Industries) 2007 (SEPP Mining)

A review of the MinView resource database (Department of Industry and Investment) confirmed that there are no known mineral resources on the land that would be sterilised by the proposal. The planning proposal is considered to be consistent with the provisions of the SEPP.

SEPP 14 – Coastal Wetlands (SEPP 14)

The planning proposal is not located within the boundaries of SEPP 14 wetland areas.

7. Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?

The following s117 Directions are applicable to the planning proposal:

1.2 Rural Zones

As listed in the direction, a planning proposal may be inconsistent with the terms of this direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the planning proposal that are inconsistent are:

- (a) justified by a strategy which:
 - i. gives consideration to the objectives of this direction,
 - ii. identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites), and
 - iii. is approved by the Director-General of the Department of Planning, or
- (b) justified by a study prepared in support of the planning proposal which gives consideration to the objectives of this direction, or
- (c) in accordance with the relevant Regional Strategy or Sub-Regional Strategy prepared by the Department of Planning which gives consideration to the objective of this direction, or
- (d) is of minor significance.

The planning proposal is justified by the Anna Bay Strategy and Town Plan and Lower Hunter Regional Strategy. The area of land under investigation for rezoning for residential purposes, not including the residual rural land is only approximately 41.2 hectares. Additionally, the rezoning of this amount of land in accordance with the above strategies is considered to result in only a small loss of rural land and is



considered of minor significance. Accordingly, the Planning Proposal is inconsistent with the terms of the direction, although it is considered justified in accordance with the matters listed above to provide a suitable response for assessment by the Director-General.

1.3 Mining, Petroleum Production and Extractive Industries

The land is not located in an identified mineral resource area. The planning proposal is considered to be consistent with this direction as the proposal will not impact upon the future extraction of State or regional resources.

The site is located within Petroleum Exploration Licence (PEL) 458, although the size and location of the site should not impact on the exploration rights of the PEL. Further correspondence with the Department of Planning and Infrastructure and the NSW Department of Trade and Investment, Regional Infrastructure and Services (Minerals) would be required with future development of the planning proposal following a positive gateway determination.

1.5 Rural Lands

The purpose of this direction is to protect the agricultural production value of rural land and facilitate the orderly and economic development of rural lands for rural and related purposes. A planning proposal may be inconsistent with the terms of this direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the planning proposal that are inconsistent are:

- (a) justified by a strategy which:
 - i. gives consideration to the objectives of this direction,
 - ii. identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites, and
 - iii. is approved by the Director-General of the Department of Planning and is in force, or
- (b) is of minor significance.

As outlined above, the planning proposal is justified by the Anna Bay Strategy and Town Plan and Lower Hunter Regional Strategy. The area of land under investigation for rezoning for residential purposes, not including the residual rural land is approximately 41.2 hectares. Additionally, the rezoning of this amount of land in accordance with the above strategies is considered to result in only a small loss of rural land and is considered of minor significance. Accordingly, the Planning Proposal is inconsistent with the terms of the direction, although it is considered justified in accordance with the matters listed above to provide a suitable response for assessment by the Director-General.



2.2 Coastal Protection

This planning proposal is consistent with the Anna Bay Strategy and Town Plan which is the result of several environmental and strategic studies. The Planning Proposal should not significantly impact on coastal protection matters listed in SEPP 71, NSW Coastal Policy and Coastal Design Guidelines for NSW.

3.1 Residential Zones

The objectives of this direction are:

- (a) to encourage a variety and choice of housing types to provide for existing and future housing needs,
- (b) to make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and
- (c) to minimise the impact of residential development on the environment and resource lands.

A planning proposal must include provisions that encourage the provision of housing that will:

- (a) broaden the choice of building types and locations available in the housing market, and
- (b) make more efficient use of existing infrastructure and services, and
- (c) reduce the consumption of land for housing and associated urban development on the urban fringe, and
- (d) be of good design.

A planning proposal must, in relation to land to which this direction applies:

- (a) contain a requirement that residential development is not permitted until land is adequately serviced (or arrangements satisfactory to the council, or other appropriate authority, have been made to service it), and
- (b) not contain provisions which will reduce the permissible residential density of land.

This Planning Proposal is considered consistent with this direction. A Utilities Servicing Assessment will be undertaken to investigate reticulated water and sewage and other utility system capacities and their ability to service the proposal.

3.4 Integrating Land Use and Transport

The objectives of this direction are:

- (1) The objective of this direction is to ensure that urban structures, building forms, land use locations, development designs, subdivision and street layouts achieve the following planning objectives:
 - (a) improving access to housing, jobs and services by walking, cycling and public transport, and
 - (b) increasing the choice of available transport and reducing dependence on cars, and



- (c) reducing travel demand including the number of trips generated by development and the distances travelled, especially by car, and
- (d) supporting the efficient and viable operation of public transport services, and
- (e) providing for the efficient movement of freight.

A planning proposal must locate zones for urban purposes and include provisions that give effect to and are consistent with the aims, objectives and principles of:

- (a) *Improving Transport Choice – Guidelines for planning and development* (DUAP 2001), and
- (b) *The Right Place for Business and Services – Planning Policy* (DUAP 2001).

As outlined in the Net Community Benefit test, the Planning Proposal complies with objectives of the *Integrating Land Use and Transport* in the following ways:

- The subject site is located adjacent to Anna Bay Town Centre and Gan Gan Road, which represents the local public transport route.
- Being located adjacent to Anna Bay Town Centre provides an opportunity for future residents to walk to local shops to meet their daily and weekly shopping requirements. Walking and public transport opportunities open up the prospect to reduce reliance on cars and moderate demand for car travel.
- The site is within 800m of the Anna Bay Town Centre.

4.1 Acid Sulphate Soils

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. A large portion of land around Anna Bay is affected by potential Acid Sulphate Soils (ASS). Port Stephens Council has prepared an LGA wide ASS's Map that indicates areas categorised by the potential ASS's may occur in the area. These maps are based on topographic and inundation maps. The ASS map indicates that the majority of the proposed subject site may potentially contain ASS and may be impacted if any works are undertaken 1-2m below the natural ground level.

An ASS assessment will be undertaken following a positive Gateway determination to assess the potential for ASS on the site. The assessment will consider the Acid Sulphate Soils Planning Guidelines adopted by the Director-General of the Department of Planning and assess the appropriateness of the change of land use should the presence of Acid Sulphate Soils be confirmed.



4.3 Flood Prone Land

The objectives of this direction are:

- (a) to ensure that development of flood prone land is consistent with the NSW Government's Flood Prone Land Policy and the principles of the *Floodplain Development Manual 2005*, and
- (b) to ensure that the provisions of an LEP on flood prone land is commensurate with flood hazard and includes consideration of the potential flood impacts both on and off the subject land.

As outlined in the Anna Bay Strategy and Town Plan, results from the specialist studies prepared previously for the area, including the *Drainage Investigation Report Anna Bay North Structure Plan* (PB 2005) and the *Anna Bay Catchment Drainage/Flood Study Masterplan* (Sinclair Knight Merz 1995) showed that flood modelling for a limited amount of development within Anna Bay north would not greatly impact on the existing flood levels of the area. The proposed rezoning is considered consistent with the previous flood assessments and future residential development is not considered likely to have a significant impact upon the flooding of the area, however further investigation into this issue will be undertaken for this proposal to define any potential impacts and to provide guidance for the most appropriate strategic land use of the site, in accordance with the objectives of this direction.

4.4 Planning for Bushfire Protection

The objectives of this direction are:

- (a) to protect life, property and the environment from bush fire hazards, by discouraging the establishment of incompatible land uses in bush fire prone areas, and
- (b) to encourage sound management of bush fire prone areas.

Anna Bay North is classified as bushfire prone land. A Bushfire Threat Assessment will be prepared to consider the level of bushfire threat and consider necessary bushfire protection measures that will be incorporated in the rezoning and development of the site in accordance with the *Planning for Bushfire Protection Guidelines 2006*. This direction also requires that a draft LEP comply with the provisions as appropriate:

- (a) provide an Asset Protection Zone (APZ) incorporating at a minimum:
 - (i) an Inner Protection Area bounded by a perimeter road or reserve which circumscribes the hazard side of the land intended for development and has a building line consistent with the incorporation of an APZ, within the property, and
 - (ii) an Outer Protection Area managed for hazard reduction and located on the bushland side of the perimeter road,



5.1 Implementation of Regional Strategies

The objective of this direction is to give legal effect to the vision, land use strategy, policies, outcomes and actions contained in regional strategies, including the Lower Hunter Regional Strategy. The Planning Proposal is consistent with this direction.

6.3 Site Specific Provisions

The objective of this direction is to discourage unnecessarily restrictive site specific planning controls. A planning proposal that will amend another environmental planning instrument in order to allow a particular development proposal to be carried out must either:

- (a) allow that land use to be carried out in the zone the land is situated on, or
- (b) rezone the site to an existing zone already applying in the environmental planning instrument that allows that land use without imposing any development standards or requirements in addition to those already contained in that zone, or
- (c) allow that land use on the relevant land without imposing any development standards or requirements in addition to those already contained in the principal environmental planning instrument being amended.

A planning proposal must not contain or refer to drawings that show details of the development proposal.

Accordingly, the planning proposal is consistent with the objective of this direction as it does not contain any unnecessarily restrictive site specific planning controls and does not contain or refer to drawings that show details of the development proposal.



3.3 Section C – Environmental, Social and Economic Impact

8. 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?

As indicated in the Anna Bay Strategy and Town Plan a number of environmental studies and assessments have been undertaken to evaluate the impact of future residential development on threatened flora and fauna, wildlife corridors and connectivity as well as Koala Habitat present in the area.

It was determined that in regards to the site that there were no observed:

- Critical habitat;
- or threatened flora species

The following have been identified;

- One State Significant EEC the *Swamp Mahogany and Paperbark Forest* Community under the *TSC Act*;
- Two State Significant habitats the *Swamp Mahogany & Paperbark Forest* and the *Coastal Sandy Apple Blackbutt Forest* Communities as they are considered as preferred habitat to the Koala a threatened species;
- Potential habitat for threatened species *Tetratheca juncea*, *Diuris arenaria* and *Diuris praecox*;
- Comprises part of a wildlife corridor connecting vegetated areas to northern vegetation sites.

A site specific ecological assessment will be undertaken for this proposal following a positive gateway determination, incorporating the findings of the previous site investigations and will be undertaken to assess the potential for any adverse impacts on these matters and additionally will provide guidance for the most appropriate strategic land use of the site. This assessment will incorporate field inspections to confirm/identify any critical habitat or threatened species, populations or ecological communities, or their habitats on the site.

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

The identification of the subject site for the proposed rezoning and development followed an evaluation of available data and investigated information of Anna Bay's environmental constraints, review of the townships growing population and housing demand, and the outcomes of community feedback for the area.

This assessment addresses the suitability of the site from a strategic level, although current additional site specific assessments are still required. The additional



environmental matters that require consideration and how they are proposed to be managed are outlined below:

Visual Amenity

The Anna Bay Strategy identifies the importance of Anna Bay as a coastal village that values the natural assets of the area. The Anna Bay Strategy and Town Plans strategic directions aim to maintain the treed ridge north of the town above the 10m AHD, although this can be reviewed if it can be demonstrated that the removal of the vegetation and subsequent development is not visible from a public street park or other public vantage point. This matter will be investigated following a positive Gateway determination to assess the view-shed potential.

Visual character of the proposed future residential development will be sympathetic in scale and character and will strive to reflect the coastal village environment in its strategic design. The new development will be ameliorated through a number of measures such as;

- The implementation of integrated natural drainage with public open space and reserves at the western proportion of the subject area. This will include retaining vegetation to provide visual amenity and a measure of scale to the future built form. This will assist in ameliorating the visual impacts of the future development on existing residents and the town centre;
- No ridgelines will be developed to enhance the feel of natural assets;
- Potential for natural assets along ridgelines to be enhanced and regenerated improving the scenic backdrop to future development and contributing to the village character of the area;
- Strategic design of the proposal to ensure it is sympathetic in scale and contemporary design, adopts relevant best practice planning guidelines and aims to integrate reserves and public open space to soften the visual impacts on the surrounds.

Water Management – Stormwater, Hydrology & Flooding

The site topography is slightly undulating with some lower lying areas located at the western end of the proposal and an elevated ridgeline running east-west through the site. The majority of the land, particularly in the northern part of the site, is currently identified as flood prone land and is impacted by poor drainage. Land to the north of the ridgeline is flood prone and this ridgeline represents a logical boundary for future residential land use.

The undulating topography represents good opportunities to provide appropriate stormwater catchment areas and controls to service any potential future development.

Following a positive gateway determination, a detailed water management assessment will be undertaken to examine stormwater design options, hydrology and



flooding. This assessment will assist in identifying areas within the site suitable for residential development and any potential constraints.

Geotechnical Matters, Geology and Soils

The site geology and soil is identified as a variant of the Shoal Bay Aeolian landscape which consists of non-cohesive sand soils that are well drained, low in fertility and can have steep slopes.

Following a positive gateway determination, a geotechnical assessment will be undertaken to further examine the site geology and ASS potential. This assessment will assist in identifying areas within the site suitable for residential development and any potential constraints.

Cultural Heritage

The subject site has been partially cleared and disturbed over many years. Upon review of the Port Stephens LEP, the NSW Heritage Online Database, and the State Aboriginal Heritage Information Management System (AHIMS), the site is not known to contain any significant European or Aboriginal cultural heritage that would restrict a gateway determination for the proposal.

Following a positive gateway determination, a cultural heritage assessment will be undertaken to further assess if any European and Aboriginal cultural heritage values would restrict the development of the site. This assessment will be undertaken in accordance with the *National Parks and Wildlife Act 1974* and the *Heritage Act 1977*.

Traffic and Connectivity

The site can be accessed by Old Main Road and Gan Gan Road. A traffic impact assessment will be undertaken following a favourable gateway determination to assess the traffic movements associated with future development. The traffic assessment will examine the existing traffic network and movements plus the impacts of increasing traffic flows along Old Main Rd and Gan Gan Rd. The traffic assessment will determine potential intersection treatment and identify the need for any upgrade requirements of intersections and roadways.

10. How has the planning proposal adequately addressed any social and economic effects?

The strategic studies outlined throughout this planning proposal adequately justify the socio-economic benefits of the proposed rezoning. Anna Bay Township is a steadily growing district that has an identified need to increase the opportunities for residential development for a wider variety of housing types that are suited to a variety of resident types including families, retiree's, first home buyers and single person households. The demographics of the area, outlined in the Anna Bay Strategy and Town Plan shows a reduction in household size, which supports the additional



supply of townhouses and flats/units/apartments, as well as the continued supply of detached houses.

The employment figures for Anna Bay listed in the Anna Bay Strategy and Town Plan show that most people are employed in retail, accommodation, cafes and restaurants, followed by construction and manufacturing. The results demonstrate that only nine people are employed in the agriculture, forestry and fishing sector. This is consistent with the historical shift away from employment in this sector over time and indicates that Anna Bay is no longer predominately an agriculture area.

The planning proposal will facilitate suitably zoned land for low to medium density residential housing purposes which will meet an identified demand as demonstrated in the relevant strategic planning strategies. The rezoning of the land will assist in improving employment opportunities for developers, builders and related industries over the construction period of the site and future dwellings. This will result in significant economic benefits for the Anna Bay and Tomaree Peninsula.

In addition to the socio-economic benefits outlined in the strategies, the proposal provides significant additional social and economic opportunities through the provisions of site benefits as outlined in the Net Community Benefits Test.

11. Summary of Environmental Assessments to be undertaken following a positive Gateway Determination

The following assessments will be undertaken following a positive gateway determination:

- Flora and Fauna Assessment (including Koala SEPP 44 and PSC CKPoM)
- Utilities Servicing Assessment
- Water Management Assessment (including Flood, Stormwater and Drainage)
- Visual Amenity Assessment
- Geotechnical and Landform Assessment (including Acid Sulphate Soils)
- Bushfire Threat Assessment
- Cultural Heritage Assessment



3.4 Section D – State and Commonwealth Interests

12. Is there adequate public infrastructure for the planning proposal?

With regard to this planning proposal, Hunter Water Corporation (HWC) is the authority for water and sewer services, while Council is the authority for most other infrastructure including roads, drainage, waste management, recycling services and the like. Services such as health, which includes a community hospital, nursing home and doctor's surgery as well as education, public transport and emergency services, are more than adequate to support the additional population that will be generated by the development of the land.

It should be noted that the land is located adjacent to the Anna Bay town centre which provides services such as a doctor's surgery, chemist, petrol station, and small shopping centre etc. Additional services are located within close distance at Salamander Bay and Nelson Bay town centres.

Following a positive gateway determination infrastructure delivery of water and sewer will be assessed to determine whether or not the proposal will require the upgrade of these services for development.

13. What are the views of the State and Commonwealth public authorities consulted in accordance with the gateway determination?

The relevant State Agencies were consulted through the preparation of the various strategic studies for Anna Bay. The Anna Bay Strategy was undertaken and adopted by Port Stephens Council in 2008.

It is considered that sufficient strategic justification from the previously assessments and local and regional strategies are adequate for the gateway determination of this planning proposal. These justifications clearly articulate the demand for variable residential development in Anna Bay to cater for the steadily growing township and identify a number of areas suitable for investigation for rezoning.

Upon receipt of a positive gateway determination, further consultation with the Department of Planning and Infrastructure plus other relevant authorities will be undertaken in a timely manner in accordance with that determination.



PART 4 – COMMUNITY CONSULTATION

The community consultation process has commenced through community workshops and the exhibition undertaken for the documents associated with the Anna Bay Strategy and Town Plan. Community workshops undertaken for the *Draft Urban Management Plan and Design Guidelines 2002*, *Draft Anna Bay Local Area Plan 2004*, *Draft Anna Bay North Structure Plan 2005* have allowed initial community consultations and feedback that was utilized in the establishment of the Anna Bay Strategy and Town Plan, and contributes to the strategic planning influence that guides this proposal.

The *Draft Urban Management Plan and Design Guidelines 2002* community consultation process included a meeting in 2002 that aimed to clarify and confirm resident likes and dislikes and to identify specific opportunities for the changing nature of the town. The *Draft Anna Bay Local Area Plan 2004* similarly held a community workshop in 2003 to identify what the community considered as issues and opportunities for Anna Bay. The *Draft Anna Bay North Structure Plan 2005* received submissions while on exhibition from the community that identified some of the issues the residents had with the structure plan which included issues such as insufficient parking and traffic in tourist and commercial areas, flooding and drainage, concerns of land designated conservation and koala habitat etc. All of the feedback received from community consultation was incorporated into the Anna Bay Strategy and Town Plan.

The planning proposal will require additional community consultation following a favourable gateway determination.

In accordance with the guidelines published by the Department of Planning, the consultation will be tailored to specific proposals and in this circumstance it is considered the proposal meets the requirements of a low impact planning proposal.

A low impact planning proposal means, in the opinion of the person making the gateway determination; the proposal is consistent with the pattern of surrounding land use zones and/or land uses; is consistent with the strategic framework; presents no current issues with regard to infrastructure servicing; is not a principal LEP; and does not reclassify public land. Accordingly, the planning proposal exhibition period is proposed as 28 days. Notification will include giving notice:

- In the local newspaper;
- In the local library to which the planning proposal applies;
- Council Administration Building
- On the Council website; and
- By notification of adjoining land owners.

APPENDICIES



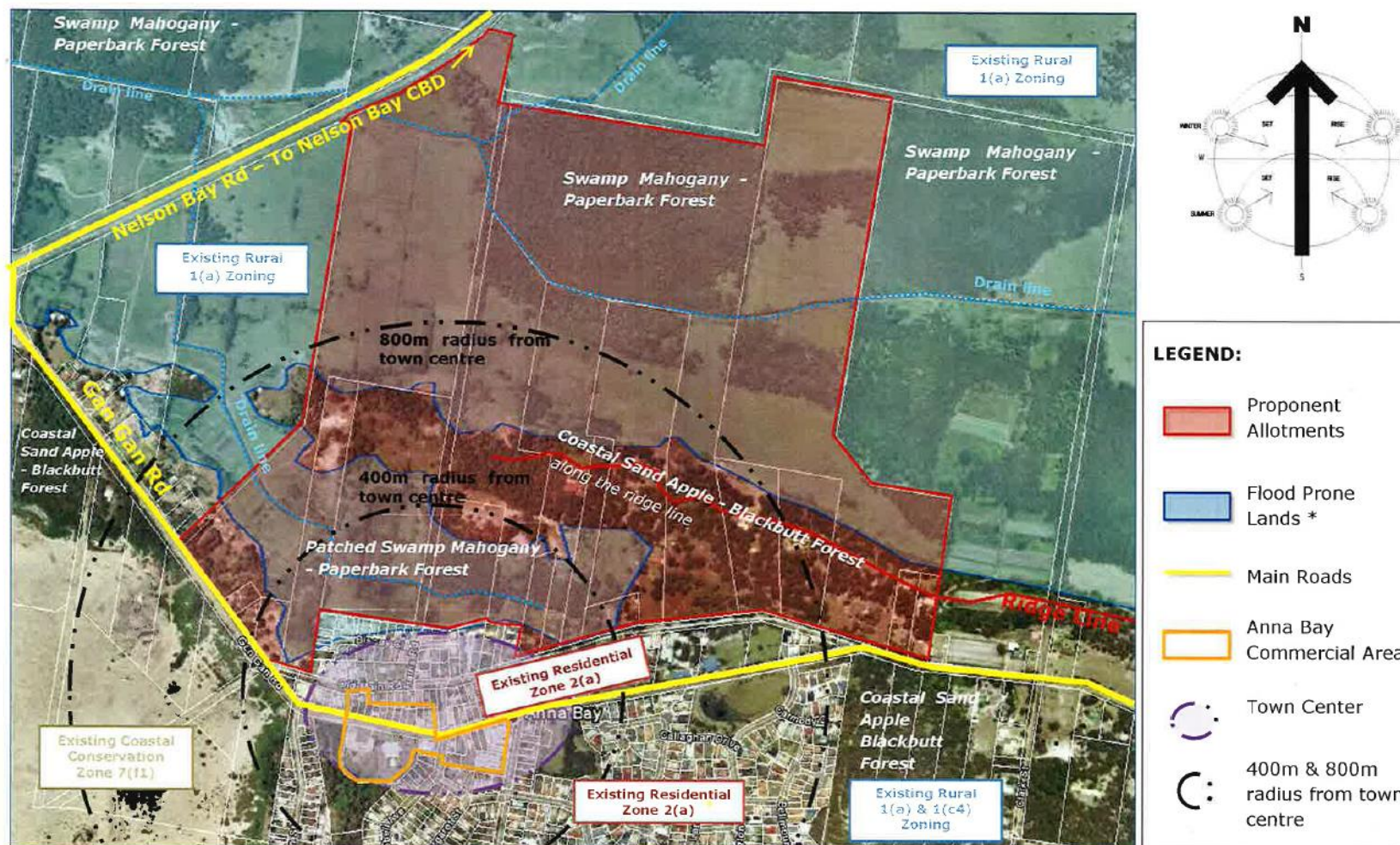
Appendix 1 – Site Analysis Plan and Lot & Deposited Plans

ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL - ANNA BAY NORTH.

Environmental Planning Services Pty Ltd
2011

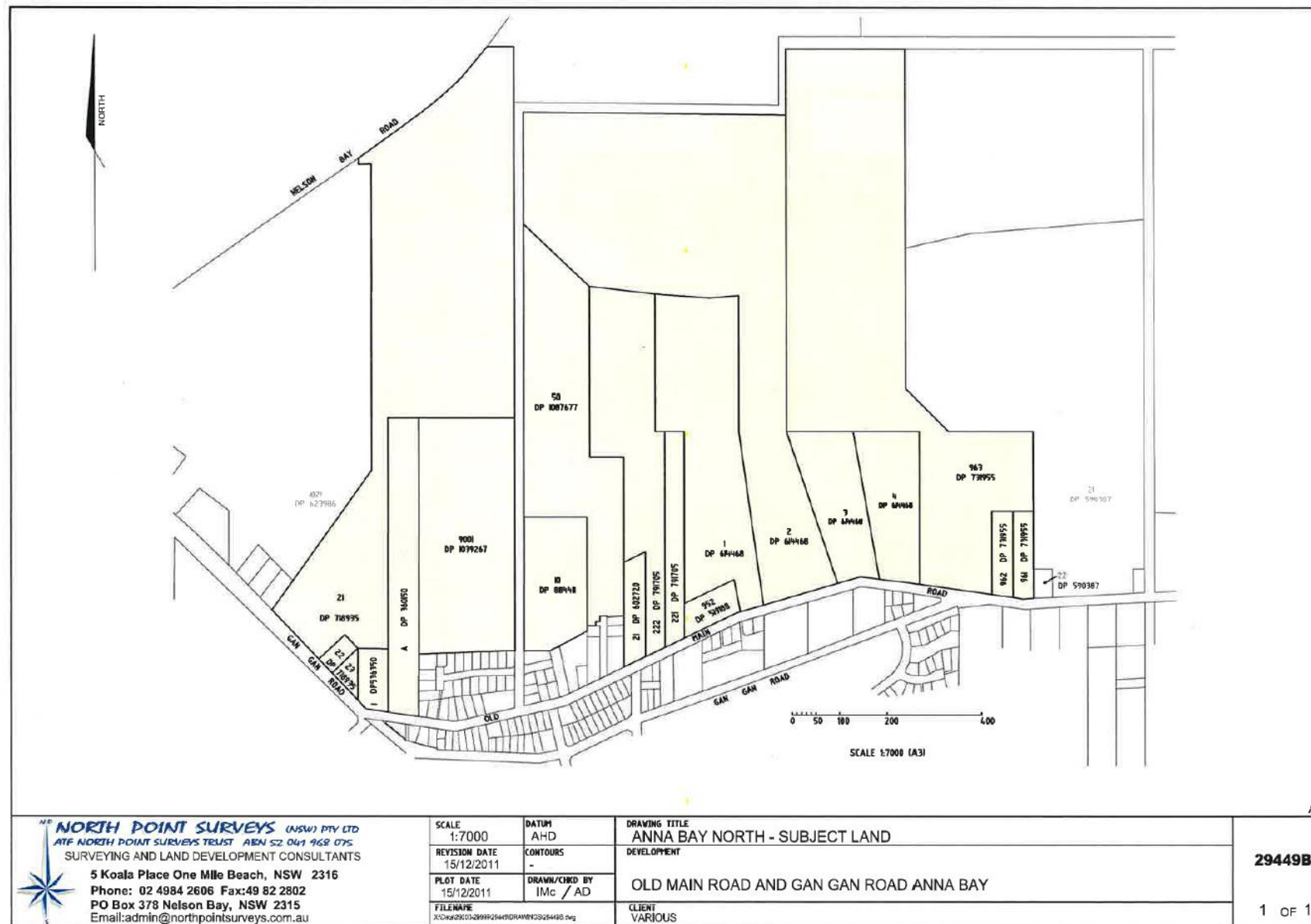
December

Site Analysis Plan



* **NOTE:** Flood Prone Lands are mapped as detailed in the Anna Bay Strategy and Town Plan 2008 Figure 6. Recent actual site surveys have revealed some discrepancies with this data which will be resolved for this proposal

ITEM 2 - ATTACHMENT 3 PLANNING PROPOSAL - ANNA BAY NORTH.



APPENDICIES



Appendix 2 – Anna Bay Strategy & Town Plan

Port Stephens Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

"A great lifestyle in a treasured environment"



Port Stephens Council**General Purpose Financial Statements**

for the year ended 30 June 2020

Contents	Page
1. Statement by Councillors & Management	3
2. Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
3. Notes to the Financial Statements	9
4. Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	100
On the Financial Statements (Sect 417 [3])	101

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.

Port Stephens Council

General Purpose Financial Statements
for the year ended 30 June 2020

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 other pronouncements of the Australian Accounting Standards Board
- 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 08 September 2020.



Ryan Palmer
Mayor
08 September 2020



Councillor
08 September 2020



Wayne Wallis
General Manager
08 September 2020



Tim Hazell
Responsible Accounting Officer
08 September 2020

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
	Income from continuing operations			
59,087	Rates and annual charges	3a	59,812	57,652
41,682	User charges and fees	3b	41,465	44,698
2,503	Other revenues	3c	2,877	6,596
12,339	Grants and contributions provided for operating purposes	3d,3e	12,837	11,918
5,866	Grants and contributions provided for capital purposes	3d,3e	24,318	21,312
1,421	Interest and investment income	4	884	1,451
250	Net gains from the disposal of assets	6	—	278
787	Fair value increment on investment properties	11	13	3,592
3,794	Rental income	14e	4,154	—
—	Net share of interests in joint ventures and associates using the equity method		540	—
127,729	Total income from continuing operations		146,900	147,497
	Expenses from continuing operations			
46,786	Employee benefits and on-costs	5a	49,812	47,553
767	Borrowing costs	5b	797	705
40,103	Materials and contracts	5c	39,023	38,120
16,003	Depreciation and amortisation	5d	17,073	14,683
14,387	Other expenses	5e	17,558	18,058
—	Net losses from the disposal of assets	6	2,570	—
—	Revaluation decrement / impairment of IPP&E	5d	—	3,174
118,046	Total expenses from continuing operations		126,833	122,293
9,683	Operating result from continuing operations		20,067	25,204
9,683	Net operating result for the year		20,067	25,204
	Attributable to:			
9,683	- Council		20,067	25,204
—	- non-controlling interests		—	—
3,817	Net operating result for the year before grants and contributions provided for capital purposes		(4,251)	3,892

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Income Statement should be read in conjunction with the accompanying notes.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		20,067	25,204
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	(4,503)	8,951
Total items which will not be reclassified subsequently to the operating result		(4,503)	8,951
Total other comprehensive income for the year		(4,503)	8,951
Total comprehensive income for the year		15,564	34,155
Attributable to			
- Council		15,564	34,155
- non-controlling interests		—	—

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	16,525	13,948
Investments	7(b)	22,913	35,067
Receivables	8	8,406	8,914
Inventories	9a	5,149	5,162
Other	9b	946	610
Total current assets		53,939	63,701
Non-current assets			
Investments	7(b)	3,939	1,222
Receivables	8	172	188
Inventories	9a	9,820	10,030
Infrastructure, property, plant and equipment	10(a)	1,001,598	960,971
Investment property	11	37,575	35,550
Intangible Assets	12	5,835	6,149
Right of use assets	14a	4,740	—
Investments accounted for using the equity method		540	—
Other	9b	37	1,774
Total non-current assets		1,064,256	1,015,884
Total assets		1,118,195	1,079,585
LIABILITIES			
Current liabilities			
Payables	15	13,888	14,345
Contract liabilities	13	2,513	—
Lease liabilities	14b	794	—
Borrowings	15	3,332	4,464
Provisions	16	16,566	17,067
Total current liabilities		37,093	35,876
Non-current liabilities			
Payables	15	3,280	—
Lease liabilities	14b	4,069	—
Borrowings	15	29,515	15,064
Provisions	16	771	742
Total non-current liabilities		37,635	15,806
Total liabilities		74,728	51,682
Net assets		1,043,467	1,027,903
EQUITY			
Accumulated surplus	17	640,250	618,886
Revaluation reserves	17	403,217	409,017
Council equity interest		1,043,467	1,027,903
Total equity		1,043,467	1,027,903

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20			as at 30/06/19		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		618,886	409,017	1,027,903	593,330	400,418	993,748
Changes due to AASB 1058 and AASB 15 adoption	17	–	–	–	–	–	–
Changes due to AASB 16 adoption	17	–	–	–	–	–	–
Restated opening balance		618,886	409,017	1,027,903	593,330	400,418	993,748
Net operating result for the year		20,067	–	20,067	25,204	–	25,204
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10(a)	–	(4,503)	(4,503)	–	8,951	8,951
Other comprehensive income		–	(4,503)	(4,503)	–	8,951	8,951
Total comprehensive income		20,067	(4,503)	15,564	25,204	8,951	34,155
Transfers between equity items		1,297	(1,297)	–	352	(352)	–
Equity – balance at end of the reporting period		640,250	403,217	1,043,467	618,886	409,017	1,027,903

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
58,559	Rates and annual charges		59,588	57,360
41,682	User charges and fees		44,342	47,184
1,421	Investment and interest revenue received		1,262	1,284
16,063	Grants and contributions		33,183	23,646
–	Bonds, deposits and retention amounts received		281	133
6,297	Other		13,532	11,774
Payments:				
(48,815)	Employee benefits and on-costs		(48,826)	(47,166)
(40,133)	Materials and contracts		(43,254)	(39,120)
(767)	Borrowing costs		(796)	(702)
(10,255)	Other		(19,094)	(24,151)
	Net cash provided (or used in) operating activities	18b	40,218	30,242
24,052				
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		35,084	32,950
–	Sale of real estate assets		–	2,255
250	Sale of infrastructure, property, plant and equipment		2,095	1,204
Payments:				
–	Purchase of investment securities		(25,736)	(27,997)
–	Purchase of investment property		(2,012)	(491)
(21,138)	Purchase of infrastructure, property, plant and equipment		(58,380)	(27,324)
–	Purchase of real estate assets		(1,075)	(263)
–	Purchase of intangible assets		(193)	(2,150)
(20,888)	Net cash provided (or used in) investing activities		(50,217)	(21,816)
Cash flows from financing activities				
Receipts:				
6,500	Proceeds from borrowings and advances		18,100	–
Payments:				
(3,302)	Repayment of borrowings and advances		(4,782)	(4,306)
–	Lease liabilities (principal repayments)		(742)	–
3,198	Net cash flow provided (used in) financing activities		12,576	(4,306)
6,362	Net increase/(decrease) in cash and cash equivalents		2,577	4,120
13,948	Plus: cash and cash equivalents – beginning of year	18a	13,948	9,828
20,310	Cash and cash equivalents – end of the year	18a	16,525	13,948
36,289	plus: Investments on hand – end of year	7(b)	26,852	36,289
56,599	Total cash, cash equivalents and investments		43,377	50,237

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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 2020

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	13
2(b)	Council functions/activities – component descriptions	14
3	Revenue from continuing operations	15
4	Interest and investment income	24
5	Expenses from continuing operations	25
6	Gain or loss from disposal of assets	31
7(a)	Cash and cash equivalents	32
7(b)	Investments	32
7(c)	Restricted cash, cash equivalents and investments	34
8	Receivables	35
9	Inventories and other assets	38
10(a)	Infrastructure, property, plant and equipment	40
10(b)	Externally restricted infrastructure, property, plant and equipment	43
11	Investment properties	44
12	Intangible assets	45
13	Contract assets and liabilities	46
14	Leases	48
15	Payables and borrowings	53
16	Provisions	57
17	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	61
18	Statement of cash flow information	68
19	Interests in other entities	69
20	Commitments	73
21	Contingencies	74
22	Financial risk management	77
23	Material budget variations	81
24	Fair Value Measurement	83
25	Related party disclosures	90
26	Events occurring after the reporting date	93
27	Statement of developer contributions	93
28	Result by fund	97
29	Statement of performance measures – consolidated results	98
	Additional Council disclosures (unaudited)	
30	Council information and contact details	99

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 10 November 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the 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.

(a) 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.

(b) 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 11
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (iii) estimated tip remediation provisions – refer Note 16
- (iv) employee benefit provisions – refer Note 16.

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 8.

- (ii) Interests in other entities

Council has made a judgement about the relationship it has with external entities - refer Note 19

continued on next page ...

Page 10

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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.

Volunteer services

Income relating to volunteer services can only be recognised where the amount is material, the services would be purchased if they were not donated and the amount of all volunteer services can be reliably measured. Council is not able to reliably satisfy all these aspects therefore no income and corresponding expense has been recognised in the financial statements.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

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 1059 Service Concession Arrangements: Grantors**AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059****AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059**

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

continued on next page ...

Page 11

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

Council does not expect any material impact to future financial statements as we do not generally enter into service concession arrangements.

This standard has an effective date for the 30 June 2021 reporting period.

**AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128**

AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

The standard amendments address an acknowledged inconsistency between the requirements in AASB10 and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

These amendments will only impact Council where there has been a sale or contribution of assets between Council and any Joint Venture or Associate.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Apart from the standards listed above, there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 18.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(a). Council functions/activities – financial information

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).										
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
\$ '000	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Our Community	6,013	3,328	10,050	7,115	(4,037)	(3,787)	677	512	173,998	132,230
Our Council	84,549	86,673	46,710	50,364	37,839	36,309	11,012	5,576	229,530	213,920
Our Environment	19,517	19,040	19,321	17,814	196	1,226	387	467	4,383	4,553
Our Place	36,821	38,456	50,752	47,000	(13,931)	(8,544)	12,109	7,829	710,369	728,882
Total functions and activities	146,900	147,497	126,833	122,293	20,067	25,204	24,187	14,384	1,118,195	1,079,585

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

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.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	34,362	33,202
Farmland	1058 (1)	821	799
Business	1058 (1)	8,158	7,887
Less: pensioner rebates (mandatory)		(1,066)	(1,061)
Rates levied to ratepayers		42,275	40,827
Pensioner rate subsidies received	1058 (1)	598	581
Total ordinary rates		42,873	41,408
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1058 (1)	14,131	13,644
Waste management services (non-domestic)	1058 (1)	2,997	2,805
Section 611 charges		11	–
Less: pensioner rebates (mandatory)		(456)	(454)
Annual charges levied		16,683	15,995
Pensioner subsidies received:			
– Domestic waste management	1058 (1)	256	249
Total annual charges		16,939	16,244
TOTAL RATES AND ANNUAL CHARGES		59,812	57,652

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,
 15 (2) indicates income recognised under AASB 15 “over time”,
 1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while
 1058 (2) indicates income recognised under AASB 1058 “over time”.

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 which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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 and are in substance a rates payment.

2019 accounting policy

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.

continued on next page ...

Page 15

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	15 (1)	1,486	1,607
Total specific user charges		1,486	1,607
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67	15 (1)	95	137
Section 10.7 certificates (EP&A Act)	15 (1)	184	195
Section 603 certificates	15 (1)	145	138
Building inspection fees	15 (1)	283	266
Building services	15 (1)	1,115	1,106
Shop inspection fees	15 (1)	182	205
Subdivision fees	15 (1)	316	440
Total fees and charges – statutory/regulatory		2,320	2,487
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Animal control		4	12
Cemeteries	1058 (1)	181	165
Child care	15 (2)	2,377	1,859
Holiday parks	15 (2)	9,956	11,306
Leisure centre	1058 (1)	2,183	100
Library		86	105
Newcastle airport	1058 (1)	14,086	17,045
Waste disposal tipping fees		352	331
RMS (formerly RTA) charges (state roads not controlled by Council)	1058 (1)	6,110	7,187
Parking meters	1058 (1)	439	651
Parks, gardens and other community services		2	–
Sewerage management fees	15 (2)	644	588
Other		1,239	1,255
Total fees and charges – other		37,659	40,604
TOTAL USER CHARGES AND FEES		41,465	44,698

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for user charges and fees

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

continued on next page ...

Page 16

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

2019 accounting policy

User charges and fees are recognised as revenue when the service has been provided.

continued on next page ...

Page 17

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(c) Other revenues			
Rental income – investment property (2019 only)		–	2,989
Rental income – other council properties (2019 only)		–	724
Ex gratia rates	1058 (1)	108	57
Fines – parking	1058 (1)	398	222
Fines – other	1058 (1)	252	372
Legal fees recovery – rates and charges (extra charges)		17	68
Legal fees recovery – other	1058 (1)	212	6
Commissions and agency fees	15 (2)	179	199
Insurance claims recoveries	1058 (1)	481	677
Events and promotions		52	91
Long service leave receipts		2	73
Private works	15 (2)	301	356
Other		875	762
TOTAL OTHER REVENUE		2,877	6,596

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

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.

continued on next page ...

Page 18

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance	1058 (1)	3,343	3,272	–	–
Payment in advance - future year allocation					
Financial assistance	1058 (1)	3,542	3,393	–	–
Total general purpose		6,885	6,665	–	–
Specific purpose					
Bushfire and emergency services	1058 (1)	1,192	1,132	800	67
Child care	1058 (1)	287	224	–	–
Environmental programs	15 (2)	174	407	–	–
Floodplain management		–	–	–	53
Heritage and cultural		12	15	–	–
Library	1058 (1)	238	188	–	–
LIRS subsidy		48	58	–	–
Recreation and culture		11	–	4,367	2,271
Street lighting		75	74	–	–
Transport (roads to recovery)	1058 (2)	1,081	424	–	–
Transport		68	13	3,330	2,283
Family day care		–	5	–	–
Newcastle airport		–	–	5,392	150
Youth development		77	94	–	–
Other	1058 (1)	43	43	–	40
Weed control	15 (2)	107	178	–	–
Total specific purpose		3,413	2,855	13,889	4,864
Total grants		10,298	9,520	13,889	4,864
Grant revenue is attributable to:					
– Commonwealth funding		7,985	7,117	119	428
– State funding		2,313	2,382	13,770	4,436
– Other funding		–	21	–	–
		10,298	9,520	13,889	4,864

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

continued on next page ...

Page 19

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		1058 (1)	294	398	1,456	5,108
S 7.12 – fixed development consent levies			–	–	129	446
Repealed Funds			–	–	2,481	–
Haulage		1058 (1)	758	579	–	–
Total developer contributions – cash			1,052	977	4,066	5,554
Total developer contributions	27		1,052	977	4,066	5,554
Other contributions:						
Cash contributions						
Bushfire services			–	28	–	357
Kerb and gutter			–	–	33	33
Recreation and culture			–	2	114	74
RMS contributions (regional roads, block grant)		1058 (1)	1,073	1,008	–	–
Other		1058 (1)	117	–	412	–
Economic development and tourism			1	32	–	–
Environmental projects			59	86	–	–
Risk management		1058 (1)	237	265	–	–
Total other contributions – cash			1,487	1,421	559	464
Non-cash contributions						
Bushfire services			–	–	–	1,642
Dedications – subdivisions (other than by s7.11)			–	–	5,804	8,788
Total other contributions – non-cash			–	–	5,804	10,430
Total other contributions			1,487	1,421	6,363	10,894
Total contributions			2,539	2,398	10,429	16,448
TOTAL GRANTS AND CONTRIBUTIONS			12,837	11,918	24,318	21,312

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

continued on next page ...

Page 20

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)**Accounting policy for grants and contributions****Accounting policy from 1 July 2019****Grant income under AASB 15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Contributions

NSW Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s7.4, 7.11 and 7.12 of the Environmental Planning and Assessment Act 1979.

While NSW 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.

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.

Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time and is valued at the fair value of the granted or contributed asset at the date of transfer.

continued on next page ...

Page 21

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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 below.

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.

continued on next page ...

Page 22

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
(f) Unspent grants and contributions – external restrictions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.		
Operating grants		
Unexpended at the close of the previous reporting period	47	136
Add: operating grants received for the provision of goods and services in a future period (2021)	168	–
Less: operating grants recognised in a previous reporting period now spent (2019 only)	–	(89)
Less: operating grants received in a previous reporting period now spent and recognised as income	(47)	–
Unexpended and held as externally restricted assets (operating grants)	168	47
Capital grants		
Unexpended at the close of the previous reporting period	101	140
Add: capital grants received for the provision of goods and services in a future period (2021)	352	–
Less: capital grants recognised in a previous reporting period now spent (2019 only)	–	(39)
Less: capital grants received in a previous reporting period now spent and recognised as income	(101)	–
Unexpended and held as externally restricted assets (capital grants)	352	101
Contributions		
Unexpended at the close of the previous reporting period	19,853	15,487
Add: contributions recognised as income in the current period but not yet spent	5,385	4,366
Less: contributions recognised in a previous reporting period now spent	(10,694)	–
Unexpended and held as externally restricted assets (contributions)	14,544	19,853

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	186	169
– Cash and investments	659	992
– Newcastle airport	128	290
Fair value adjustments		
– Movements in investments at fair value through profit and loss	(89)	–
Finance income on the net investment in the lease	–	–
Total Interest and investment income	884	1,451
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	–	169
General Council cash and investments	745	713
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	139	279
Newcastle airport	–	290
Total interest and investment revenue	884	1,451

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 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	34,858	32,127
Salaries and wages – Newcastle airport partnership	3,655	3,456
Travel and other allowances	3,068	2,505
Employee leave entitlements (ELE)	8,209	8,591
Superannuation	4,443	4,135
Workers' compensation insurance	1,069	562
Fringe benefit tax (FBT)	13	20
Protective clothing	155	167
Corporate uniform	19	48
Occupational health and safety	6	28
Other	29	26
Total employee costs	55,524	51,665
Less: capitalised costs	(5,712)	(4,112)
TOTAL EMPLOYEE COSTS EXPENSED	49,812	47,553

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 21 for more information.

continued on next page ...

Page 25

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on leases	174	–
Interest on overdraft	4	4
Interest on loans	459	508
Interest – Newcastle airport partnership	240	209
Interest on leases - Newcastle Airport	–	–
Total interest bearing liability costs	877	721
Less: capitalised costs	(81)	(19)
Total interest bearing liability costs expensed	796	702
(ii) Other borrowing costs		
Fair value adjustments on recognition of advances and deferred debtors		
Interest applicable on interest free (and favourable) loans to Council	1	3
Total other borrowing costs	1	3
TOTAL BORROWING COSTS EXPENSED	797	705

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 as incurred.

continued on next page ...

Page 26

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	7,071	7,514
– Waste collection (2019 only) and disposal contract	8,200	12,320
– Other contractor and consultancy costs	18,294	17,763
Auditors remuneration ²	146	129
Legal expenses:		
– Legal expenses	482	727
– Legal provision write back	–	(925)
Expenses from short-term leases (2020 only)	57	–
Expenses from leases of low value assets (2020 only)	22	–
Expenses relating to peppercorn leases (2020 only)	1	–
Variable lease expense relating to usage (2020 only)	4,562	–
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	462
Other	188	130
TOTAL MATERIALS AND CONTRACTS	39,023	38,120

Accounting policy for materials and contracts

Expenses are recorded on an accruals basis as the council receives the goods or services.

Operating leases (2019 only)

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
Computers	–	292
Other	–	56
	<u>–</u>	<u>462</u>

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	99	82
Remuneration for audit and other assurance services	<u>99</u>	<u>82</u>

Total Auditor-General remuneration

	<u>99</u>	<u>82</u>
--	-----------	-----------

Non NSW Auditor-General audit firms**(i) Audit and other assurance services**

Internal audit services: PKF Lawler	47	47
Remuneration for audit and other assurance services	<u>47</u>	<u>47</u>

Total remuneration of non NSW Auditor-General audit firms

	<u>47</u>	<u>47</u>
--	-----------	-----------

Total Auditor remuneration

	<u>146</u>	<u>129</u>
--	------------	------------

continued on next page ...

Page 27

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,939	1,833
Office equipment		631	452
Furniture and fittings		18	24
Land improvements (depreciable)		80	77
Infrastructure:	10(a)		
– Buildings – specialised		4,085	4,016
– Other structures		505	560
– Roads		2,796	2,500
– Bridges		53	13
– Footpaths		376	256
– Stormwater drainage		712	208
– Swimming pools		176	171
– Other open space/recreational assets		1,382	754
– Other infrastructure		337	352
Right of use assets	14	865	–
Other assets:			
– Heritage collections		2	2
– Library books		301	253
– Car parks		140	541
– Newcastle airport		2,168	1,966
Intangible assets	12	507	705
Total depreciation and amortisation costs		17,073	14,683
Impairment / revaluation decrement			
Inventory - Real Estate		–	3,174
Total impairment / revaluation decrement costs / (reversals) charged to Income Statement		–	3,174
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT		17,073	17,857

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets

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, Note 11 for intangible assets and Note 14a for right of use 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.

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

continued on next page ...

Page 28

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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.

continued on next page ...

Page 29

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(e) Other expenses		
Bad and doubtful debts	332	16
Bank charges	346	265
Contributions/levies to other levels of government		
– Lands department levy (holiday parks)	378	403
– NSW rural fire service levy	801	507
– Waste levy	2,377	1,742
Councillor expenses – mayoral fee	63	61
Councillor expenses – councillors' fees	184	180
Councillors' expenses (incl. mayor) – other (excluding fees above)	60	126
Donations, contributions and assistance to other organisations (Section 356)	877	932
Electricity and heating	1,434	1,686
Insurance	1,642	1,598
Memberships	137	131
Newcastle airport	6,864	7,925
Street lighting	876	1,083
Telephone and communications	255	264
Training costs (other than salaries and wages)	528	737
Travel expenses	7	4
Other	397	398
Total other expenses	17,558	18,058
TOTAL OTHER EXPENSES	17,558	18,058

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 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Buildings & Property (excl. investment property)			
Proceeds from disposal – property		1,990	452
Less: carrying amount of property assets sold/written off		(4,006)	(803)
Net gain/(loss) on disposal		(2,016)	(351)
Plant and equipment	10(a)		
Proceeds from disposal – plant and equipment		105	199
Less: carrying amount of plant and equipment assets sold/written off		(205)	(836)
Net gain/(loss) on disposal		(100)	(637)
Newcastle airport partnership	10(a)		
Proceeds from disposal – infrastructure		–	553
Less: carrying amount of infrastructure assets sold/written off		(32)	(553)
Net gain/(loss) on disposal		(32)	–
Real estate assets held for sale	9		
Proceeds from disposal – real estate assets		–	2,255
Less: carrying amount of real estate assets sold/written off		(422)	(989)
Net gain/(loss) on disposal		(422)	1,266
Investments	7(b)		
Proceeds from disposal/redemptions/maturities – investments		35,084	32,950
Less: carrying amount of investments sold/redeemed/matured		(35,084)	(32,950)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,570)	278

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.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	16,024	12,448
Cash-equivalent assets		
– Deposits at call	–	1,500
– Managed funds	501	–
Total cash and cash equivalents	16,525	13,948

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 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost'	22,913	3,939	35,067	1,222
Total Investments	22,913	3,939	35,067	1,222
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	39,438	3,939	49,015	1,222
Financial assets at amortised cost				
Managed funds	3,910	–	–	–
Long term deposits	19,003	3,939	35,067	1,222
Total	22,913	3,939	35,067	1,222

Accounting policy for investments

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)

continued on next page ...

Page 32

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 7(b). Investments (continued)

-
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

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, term deposits 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.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total cash, cash equivalents and investments	39,438	3,939	49,015	1,222
attributable to:				
External restrictions	8,334	3,939	28,770	1,222
Internal restrictions	31,104	–	20,245	–
Unrestricted	–	–	–	–
	39,438	3,939	49,015	1,222

\$ '000	2020	2019
---------	------	------

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	520	–
Deposits, retentions and bonds	1,232	951
External restrictions – included in liabilities	1,752	951

External restrictions – other

Developer contributions – general	4,530	19,853
Specific purpose unexpended grants (recognised as revenue) – general fund	–	148
Domestic waste management	4,561	5,880
Carparking meters crown lands ¹	–	65
Crown holiday parks ¹	–	3,095
Crown reserve	1,430	–
External restrictions – other	10,521	29,041
Total external restrictions	12,273	29,992

Internal restrictions

Asset rehabilitation	–	842
Election reserve	–	200
Federal assistance grant in advance	3,542	3,393
Fleet	–	21
Newcastle airport partnership	11,874	14,753
Other waste services reserve	–	129
Parking meters	–	160
Section 355C committees	674	728
Unexpended loan funds	5,000	–
Ward funds	–	19
Repealed funds	10,014	–
Total internal restrictions	31,104	20,245
TOTAL RESTRICTIONS	43,377	50,237

⁽¹⁾ Balance consolidated into the Crown Reserve

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	2,922	–	2,698	–
Interest and extra charges	229	–	229	–
User charges and fees	1,060	–	606	–
Miscellaneous debtors	797	–	599	–
Contributions to works	26	–	27	–
Accrued revenues				
– Interest on investments	183	–	472	–
– Other income accruals	1,284	–	1,643	–
Net investment in finance lease	–	–	–	–
Government grants and subsidies	12	–	99	–
Net GST receivable	361	–	625	–
Newcastle airport partnership	1,902	–	1,916	–
Other debtors	–	172	–	193
Total	8,776	172	8,914	193
Less: provision of impairment				
User charges and fees	(79)	–	–	–
Newcastle airport partnership	(291)	–	–	(5)
Total provision for impairment – receivables	(370)	–	–	(5)
TOTAL NET RECEIVABLES	8,406	172	8,914	188
Externally restricted receivables				
Domestic waste management	705	–	658	–
Crown Reserve	153	–	–	–
Total external restrictions	858	–	658	–
Internally restricted receivables				
Community Loans	200	–	200	–
Newcastle Airport Partnership	1,902	–	1,916	–
Commercial properties	31	–	2,735	–
Administration building reserve	734	–	764	–
Sustainable energy and water reserve	148	–	125	–
Other waste services reserve	451	–	638	–
Asset Rehabilitation	409	–	–	–
Drainage reserve	38	–	–	–
Election reserve	400	–	–	–
Fleet	1,315	–	–	–
Parking meters	590	–	–	–
IT	176	–	–	–
Ward funds	39	–	–	–
Internally restricted receivables	6,433	–	6,378	–
Unrestricted receivables	1,115	172	1,878	188
TOTAL NET RECEIVABLES	8,406	172	8,914	188

continued on next page ...

Page 35

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year	5	6
+ new provisions recognised during the year	371	5
– amounts already provided for and written off this year	(5)	(6)
+ amounts written off but not provided for	3	–
– previous impairment losses reversed	(4)	–
Balance at the end of the year	370	5

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

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.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1. 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 deemed uncollectable, whichever occurs first.

Receivables with a contractual amount of \$68,000 written off during the reporting period are still subject to enforcement activity.

continued on next page ...

Page 36

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

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.

Rates and annual charges outstanding are secured against the property.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale	4,992	9,820	5,019	10,030
Stores and materials	157	–	143	–
Total inventories at cost	5,149	9,820	5,162	10,030
TOTAL INVENTORIES	5,149	9,820	5,162	10,030

(b) Other assets

Prepayments	946	37	610	24
Other	–	–	–	1,750
TOTAL OTHER ASSETS	946	37	610	1,774

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	5,019	11,788
Total unrestricted assets	6,095	9,857	753	16
TOTAL INVENTORIES AND OTHER ASSETS	6,095	9,857	5,772	11,804

(i) Other disclosures

\$ '000	Notes	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Details for real estate development					
Residential		–	3,027	–	2,954
Industrial/commercial		4,992	6,793	5,019	7,076
Total real estate for resale		4,992	9,820	5,019	10,030

(Valued at the lower of cost and net realisable value)

continued on next page ...

Page 38

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets (continued)

\$ '000	Notes	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Represented by:					
Acquisition costs		774	9,403	773	9,692
Development costs		4,218	417	4,246	338
Total costs		4,992	9,820	5,019	10,030
Total real estate for resale		4,992	9,820	5,019	10,030
Movements:					
Real estate assets at beginning of the year		5,019	10,030	5,653	13,102
– Purchases and other costs		106	79	161	102
– Transfers in from (out to) Note 11		890	(890)	194	–
– WDV of sales (expense)	6	–	(422)	(989)	–
– Impairment write down		–	–	–	(3,174)
– Transfer between current/non-current		(1,023)	1,023	–	–
Total real estate for resale		4,992	9,820	5,019	10,030

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.

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.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment

	as at 30/06/19			Asset movements during the reporting period						as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Revaluation increments / (decrement) to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000												
Capital work in progress	9,311	(91)	9,220	5,333	7,480	(115)	–	(1,015)	–	20,993	(91)	20,902
Plant and equipment	25,300	(13,788)	11,512	939	10	(208)	(1,939)	–	–	25,406	(15,089)	10,317
Office equipment	3,051	(1,580)	1,471	257	–	–	(631)	–	–	3,301	(2,205)	1,096
Furniture and fittings	1,300	(1,089)	211	118	–	–	(18)	–	–	1,419	(1,108)	311
Land:												
– Operational land	39,505	(573)	38,932	61	228	(980)	–	890	–	39,704	(573)	39,131
– Community land	42,518	–	42,518	–	368	–	–	–	–	42,885	–	42,885
– Crown land	29,223	–	29,223	–	–	–	–	–	–	29,223	–	29,223
– Land under roads (post 1/7/08)	1,985	–	1,985	–	–	–	–	–	–	1,985	–	1,985
– Newcastle airport	–	–	–	–	10,126	–	–	–	–	10,126	–	10,126
Land improvements – depreciable	9,187	(2,412)	6,775	302	–	(11)	(80)	–	–	9,384	(2,398)	6,986
Infrastructure:												
– Buildings – specialised	183,879	(88,879)	95,000	6,593	4,756	(304)	(4,085)	649	–	194,077	(91,466)	102,611
– Other structures	9,700	(4,321)	5,379	642	116	(27)	(505)	41	–	10,423	(4,776)	5,647
– Roads	443,749	(53,919)	389,830	5,203	3,753	(2,413)	(2,796)	57	(28,472)	417,927	(52,765)	365,162
– Bridges	11,257	(333)	10,924	20	–	–	(53)	–	2,026	14,941	(2,024)	12,917
– Footpaths	63,126	(8,435)	54,691	–	1,596	–	(376)	–	1,196	67,815	(10,709)	57,106
– Car parks	11,610	(8,804)	2,806	408	–	(105)	(140)	–	10,463	15,603	(2,171)	13,432
– Stormwater drainage	202,514	(6,435)	196,079	1,440	1,425	(25)	(712)	189	10,284	235,581	(26,902)	208,679
– Swimming pools	7,584	(4,513)	3,071	209	–	–	(176)	–	–	7,794	(4,690)	3,104
– Other open space	32,237	(10,957)	21,280	1,547	25	–	(1,382)	34	–	33,853	(12,349)	21,504
– Other infrastructure	10,817	(3,715)	7,102	559	52	–	(337)	–	–	11,428	(4,052)	7,376
Other assets:												
– Heritage collections	237	(75)	162	–	–	–	(2)	–	–	237	(77)	160
– Library books	5,455	(3,370)	2,085	250	–	–	(301)	–	–	5,705	(3,671)	2,034
– Newcastle airport	48,806	(18,091)	30,715	5,771	2,822	(32)	(2,168)	1,795	–	58,227	(19,323)	38,904
Total Infrastructure, property, plant and equipment	1,192,351	(231,380)	960,971	29,652	32,757	(4,220)	(15,701)	2,640	(4,503)	1,258,037	(256,439)	1,001,598

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page ...

Page 40

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

	as at 30/06/18			Asset movements during the reporting period							as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Tfrs from/to real estate assets (Note 9)	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000													
Capital work in progress	4,190	(74)	4,116	3,249	1,092	–	–	763	–	–	9,311	(91)	9,220
Plant and equipment	17,587	(8,859)	8,728	2,852	1,976	(188)	(1,833)	(21)	–	–	25,300	(13,788)	11,512
Office equipment	2,327	(1,129)	1,198	218	505	–	(452)	–	–	–	3,051	(1,580)	1,471
Furniture and fittings	1,171	(1,065)	106	93	–	–	(24)	36	–	–	1,300	(1,089)	211
Land:													
– Operational land	38,407	(572)	37,835	26	1,204	(454)	–	321	–	–	39,505	(573)	38,932
– Community land	42,294	–	42,294	–	597	(24)	–	(321)	–	(26)	42,518	–	42,518
– Crown land	29,548	–	29,548	–	–	(325)	–	–	–	–	29,223	–	29,223
– Land under roads (post 1/7/08)	1,985	–	1,985	–	–	–	–	–	–	–	1,985	–	1,985
Land improvements – depreciable	2,780	(695)	2,085	68	–	–	(77)	4,699	–	–	9,187	(2,412)	6,775
Infrastructure:													
– Buildings – specialised	177,270	(83,610)	93,660	1,774	2,251	(315)	(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)	(22,918)	–	–	443,749	(53,919)	389,830
– Bridges	11,408	(320)	11,088	16	–	–	(13)	(167)	–	–	11,257	(333)	10,924
– Footpaths	32,898	(3,482)	29,416	422	1,365	–	(256)	23,744	–	–	63,126	(8,435)	54,691
– Stormwater drainage	197,809	(5,985)	191,824	1,372	2,845	–	(208)	246	–	–	202,514	(6,435)	196,079
– Swimming pools	8,190	(4,710)	3,480	114	–	(57)	(171)	(294)	–	–	7,584	(4,513)	3,071
– Other open space	29,941	(11,998)	17,943	1,092	1,207	(143)	(754)	(6,861)	(180)	8,977	32,237	(10,957)	21,280
– Other infrastructure	9,716	(3,712)	6,004	609	377	(32)	(352)	496	–	–	10,817	(3,715)	7,102
– Car parks	11,417	(8,263)	3,154	192	–	–	(541)	–	–	–	11,610	(8,804)	2,806
Other assets:													
– 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
– Other	5,527	(2,782)	2,745	–	–	–	–	(2,731)	(14)	–	–	–	–
– Newcastle airport	46,068	(16,123)	29,945	3,291	–	(553)	(1,966)	–	–	–	48,806	(18,091)	30,715
Total Infrastructure, property, plant and equipment	1,144,320	(213,690)	930,630	20,808	16,845	(2,091)	(13,978)	–	(194)	8,951	1,192,351	(231,380)	960,971

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page ...

Page 41

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(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	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings	15 to 65
Other plant and equipment	5 to 15		
Transportation assets		Stormwater assets	
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	Other infrastructure assets	
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.

continued on next page ...

Page 42

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(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.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note 14.

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 10(b). Externally restricted infrastructure, property, plant and equipment

	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
\$ '000						
Land						
Domestic waste management						
Buildings	4,332	2,030	2,302	4,332	1,933	2,399
Total DWM	4,332	2,030	2,302	4,332	1,933	2,399
TOTAL RESTRICTED IPP&E	4,332	2,030	2,302	4,332	1,933	2,399

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Investment properties

\$ '000	2020	2019
Owned investment property		
Investment property on hand at fair value	37,575	35,550
Total owned investment property	37,575	35,550

(a) Reconciliation – owned investment property

Reconciliation of annual movement:

Opening balance	35,550	31,467
– Capitalised expenditure – this year	2,012	491
– Net gain/(loss) from fair value adjustments	13	3,592
CLOSING BALANCE – OWNED INVESTMENT PROPERTY	37,575	35,550

(b) Leasing arrangements – Council as lessor (2019 only)

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
Later than 1 year but less than 5 years	–	6,371
Later than 5 years	–	618
Total minimum lease payments receivable	–	9,446

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.

(c) Amounts recognised in profit and loss for investment property

Rental income from investment property:

– Minimum lease payments	–	2,989
--------------------------	---	-------

Direct operating expenses on investment property:

– that generated rental income	–	(649)
--------------------------------	---	-------

Net revenue contribution from investment property	–	2,340
--	----------	--------------

plus:

Fair value movement for year	–	3,592
-------------------------------------	----------	--------------

Total income attributable to investment property	–	5,932
---	----------	--------------

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 2020

Note 12. Intangible assets

Intangible assets are as follows:

\$ '000	2020	2019
Intangibles		
Opening values at 1 July		
Gross book value	8,690	6,541
Accumulated amortisation	(2,541)	(1,837)
Net book value – opening balance	6,149	4,704
Movements for the year		
– Purchases	218	2,149
– Disposals	–	1
– Amortisation charges	(507)	(705)
– Disposals	(25)	–
Closing values at 30 June		
Gross book value	8,876	8,690
Accumulated amortisation	(3,041)	(2,541)
Total Intangibles– net book value	5,835	6,149

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.

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 2020

Note 13. Contract assets and liabilities

\$ '000	Notes	2020 Current	2020 Non-current
Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	946	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	671	—
Total grants received in advance		1,617	—
User fees and charges received in advance:			
Fees - holiday park deposits	(iii)	881	—
Fees - rent	(iii)	15	—
Total user fees and charges received in advance		896	—
Total contract liabilities		2,513	—

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Fees paid in advance do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue once the service has been fully delivered.

continued on next page ...

Page 46

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Contract assets and liabilities (continued)

	2020 Current	2020 Non-current
\$ '000		
(i) Contract liabilities relating to restricted assets		
Externally restricted assets		
Unspent grants held as contract liabilities (excl. Water & Sewer)	520	–
Contract liabilities relating to externally restricted assets	520	–

\$ '000	2020
(ii) Revenue recognised (during the financial year) from opening contract liability balances	
Grants and contributions received in advance:	
Capital grants (to construct Council controlled assets)	101
Operating grants (received prior to performance obligation being satisfied)	47
Capital contributions (to construct Council controlled assets)	–
Operating contributions (received prior to performance obligation being satisfied)	–
User Fees and Charges received in advance:	
Upfront fees – leisure centre	–
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	148

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

Council has leases over a range of assets including land, vehicles, carparks and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases:

Plant and equipment

Council leases vehicles and equipment with lease terms varying from 5 to 10 years and include a renewal option to allow Council to renew for another year at their discretion. The lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 3 years with a renewal option of another 3 years, the payments are fixed, however some of the leases include variable payments based on usage.

Other assets - Other

Council leases car parks with lease term of 3 years and include an option to allow Council to renew for another two years at their discretion. The lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Land

Council leases land for their holiday park, with a lease term of 40 years and no renewal option. The lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Newcastle Airport leases land with a lease term of 81 years and includes 3 renewal options to allow the Airport to renew for another 30 years at their discretion. There are fixed lease payments as well as variable lease payments, the fixed payments increase by CPI at each anniversary of the lease inception and the variable payment is based on a percentage of revenue.

Extension options

Council includes options in some of the leases to provide flexibility and certainty to operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

	Plant & Equipment	Newcastle Airport	Office equipment	Other assets - Other	Land - Operational Land	Total
\$ '000						

(a) Right of use assets

Opening balance at 30 June 2019	-	-	-	-	-	-
---------------------------------	---	---	---	---	---	---

continued on next page ...

Page 48

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

\$ '000	Plant & Equipment	Newcastle Airport	Office equipment	Other assets - Other	Land - Operational Land	Total
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	3,696	342	641	418	509	5,606
Depreciation charge	(529)	(4)	(179)	(100)	(53)	(865)
RIGHT OF USE ASSETS	3,167	338	462	318	455	4,740

\$ '000	2020 Current	2020 Non-current
(b) Lease liabilities		
Lease liabilities	794	3,728
Lease liabilities - Newcastle Airport	–	341
TOTAL LEASE LIABILITIES	794	4,069

(i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows and therefore the amounts will not be the same as the recognised lease liability in the statement of Financial Position:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	944	3,234	2,008	6,187	4,863

\$ '000	2020 Current	2020 Non-current
(ii) Lease liabilities relating to restricted assets		
Externally restricted assets		
Holiday Park Reserve	42	427
Domestic Waste Reserve	475	2,770
Lease liabilities relating to externally restricted assets	517	3,197
Total lease liabilities relating to restricted assets	517	3,197
Total lease liabilities relating to unrestricted assets	277	872
Total lease liabilities	794	4,069

continued on next page ...

Page 49

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

\$ '000	2020
---------	------

(c) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

Interest on lease liabilities	174
Interest on lease liabilities - Newcastle Airport	-
Variable lease payments based on usage not included in the measurement of lease liabilities	4,562
Variable lease payments - Newcastle Airport	-
Depreciation of right of use assets	865
Depreciation of right of use assets - Newcastle Airport	-
Expenses relating to short-term leases	57
Expenses relating to short-term leases - Newcastle Airport	-
Expenses relating to low-value leases	22
Expenses relating to low-value leases - Newcastle Airport	-
Expenses relating to peppercorn leases	1
	5,681

(d) Statement of Cash Flows

Total cash outflow for leases	5,558
	5,558

Leases at significantly below market value – concessionary / peppercorn leases

Council has a lease at significantly below market for land and buildings which is used to provide emergency facilities.

The lease is for 5 years that require payment of \$1,000 per year and include a renewal option to allow Council to renew for up to twice the non-cancellable lease term at their discretion. The lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that the lease in place is material from a statement of financial position or performance perspective.

Accounting policy**Accounting policies under AASB 16 – applicable from 1 July 2019**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The

continued on next page ...

Page 50

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 15.

(ii) Council as a lessor

(e) Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note 11) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2020
(i) Operating lease income	
Investment properties	
Lease income (excluding variable lease payments not dependent on an index or rate)	3,055
Lease income relating to variable lease payments not dependent on an index or a rate	371
Other lease income	
Room/Facility Hire	728
Total income relating to operating leases	4,154

(ii) Operating lease expenses

Investment properties

Direct operating expenses that generated rental income 546

Other leased assets

continued on next page ...

Page 51

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

\$ '000	2020
Other	417
Total expenses relating to operating leases	963

(iii) Repairs and maintenance: investment property

Contractual obligations for future repairs and maintenance	2
Total repairs and maintenance: investment property	2

(iv) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	2,431
1–2 years	1,798
2–3 years	1,797
3–4 years	1,265
4–5 years	217
> 5 years	476
Total undiscounted contractual lease income receivable	7,984

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services	8,097	3,280	8,744	–
Accrued expenses:				
– Other expenditure accruals	3,197	–	2,536	–
Security bonds, deposits and retentions	1,232	–	951	–
Unclaimed monies	12	–	10	–
Rates in advance	1,230	–	1,143	–
Other	120	–	961	–
Total payables	13,888	3,280	14,345	–
Borrowings				
Loans – secured ¹	3,332	17,665	4,464	8,814
Loans – Newcastle airport partnership	–	11,850	–	6,250
Total borrowings	3,332	29,515	4,464	15,064
TOTAL PAYABLES AND BORROWINGS	17,220	32,795	18,809	15,064

⁽¹⁾ 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.

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Domestic waste management	2,022	–	1,797	732
Other	1,232	–	951	–
Crown holiday park reserve	401	5,449	34	–
Payables and borrowings relating to externally restricted assets	3,655	5,449	2,782	732
Internally restricted assets				
Newcastle airport partnership	5,316	15,130	4,162	6,250
Payables and borrowings relating to internally restricted assets	5,316	15,130	4,162	6,250
Total payables and borrowings relating to restricted assets	8,971	20,579	6,944	6,982
Total payables and borrowings relating to unrestricted assets	8,249	12,216	11,865	8,082
TOTAL PAYABLES AND BORROWINGS	17,220	32,795	18,809	15,064

continued on next page ...

Page 53

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

\$ '000	2020	2019
---------	------	------

(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	396
Total payables and borrowings	396	396

(c) Changes in liabilities arising from financing activities

	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	13,278	7,704	–	1	–	14	20,997
Lease liabilities	–	4,863	–	–	–	–	4,863
Loans – Newcastle airport	6,250	5,600	–	–	–	–	11,850
TOTAL	19,528	18,167	–	1	–	14	37,710

	as at 30/06/18		Non-cash changes				as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement		Closing balance
\$ '000							
Loans – secured	17,581	(4,306)	–	3	–		13,278
Loans – Newcastle airport	6,250	–	–	–	–		6,250
TOTAL	23,831	(4,306)	–	3	–		19,528

continued on next page ...

Page 54

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

\$ '000	2020	2019
(d) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities ¹	2,500	2,500
Credit cards/purchase cards	1,000	500
Bank loan facilities - Port Stephens Council	7,500	–
Bank loan facilities - Newcastle Airport	25,000	25,000
Total financing arrangements	36,000	28,000
Drawn facilities as at balance date:		
– Credit cards/purchase cards	366	4
– Bank loan facilities - Newcastle Airport	11,850	6,250
Total drawn financing arrangements	12,216	6,254
Undrawn facilities as at balance date:		
– Bank overdraft facilities	2,500	2,500
– Credit cards/purchase cards	634	496
– Bank loan facilities - Port Stephens Council	7,500	–
– Bank loan facilities - Newcastle Airport	13,150	18,750
Total undrawn financing arrangements	23,784	21,746

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 if any events of default specified in the contract occur.

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.

continued on next page ...

Page 55

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

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.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	4,447	–	4,047	–
Sick leave	2,962	–	2,966	–
Long service leave	8,393	771	7,500	742
Flexi time / RDO leave	336	–	299	–
Sub-total – aggregate employee benefits	16,138	771	14,812	742
Asset remediation/restoration:				
Asset remediation/restoration (future works)	263	–	1,355	–
Sub-total – asset remediation/restoration	263	–	1,355	–
Other provisions				
Other	165	–	900	–
Sub-total – other provisions	165	–	900	–
TOTAL PROVISIONS	16,566	771	17,067	742

(a) Provisions relating to restricted assets

Externally restricted assets				
Domestic waste management	263	–	1,355	–
Provisions relating to externally restricted assets	263	–	1,355	–
Internally restricted assets				
Drainage	–	–	900	–
Provisions relating to internally restricted assets	–	–	900	–
Total provisions relating to restricted assets	263	–	2,255	–
Total provisions relating to unrestricted assets	16,303	771	14,812	742
TOTAL PROVISIONS	16,566	771	17,067	742

\$ '000	2020	2019
---------	------	------

(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	11,156	9,776
	<u>11,156</u>	<u>9,776</u>

continued on next page ...

Page 57

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Provisions (continued)

(c) Description of and movements in provisions

\$ '000	Other provisions		Total
	Other Provisions	Asset remediation	
2020			
At beginning of year	900	1,355	2,255
Additional provisions	165	–	165
Amounts used (payments)	(900)	(1,092)	(1,992)
Total other provisions at end of year	165	263	428
2019			
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 year	900	1,355	2,255

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.

Provision for commercial concessions - Newcastle Airport

Newcastle airport has an obligation to pay commercial concessions, mostly rent and fee's to it's tenants as a result of Covid-19.

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 borrowing cost.

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

continued on next page ...

Page 58

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 16. Provisions (continued)

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

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.

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.

continued on next page ...

Page 59

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 16. Provisions (continued)

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.

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.

Other Provisions**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.

Provision for commercial concessions - Newcastle Airport

Liabilities for commercial concessions, that are a result of Covid-19 are expected to be wholly settled within 12 months after the end of the reporting date and 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 2020

Note 17. 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.

(b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

(ii) AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Principal v agent

Prior to adoption of AASB 15, the Council had assessed that they were a principal in transactions where another party was involved in providing the goods or services including pass-through grants.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Council is acting as an agent since the only obligation is to transfer the funds to a third party. The result is that Council can only recognise the "commission" to which they are entitled rather than the gross revenue and expenses. There is no change to reported profit.

continued on next page ...

Page 61

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**Licences**

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

Changes in presentation

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

- Movement of balances between receivables and contract assets.
- Additional line items of contract assets, contract cost assets and contract liabilities have been created

continued on next page ...

Page 62

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of Financial Position as at 30 June 2020

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	16,525	—	—	16,525	
Investments	22,913	—	—	22,913	
Receivables	8,406	—	—	8,406	
Inventories	5,149	—	—	5,149	
Other	946	—	—	946	
Total current assets	53,939	—	—	53,939	
Current liabilities					
Payables	13,888	896	—	14,784	(i)
Contract liabilities	2,513	(896)	(1,617)	—	(i)
Lease liabilities	794	—	—	794	
Borrowings	3,332	—	—	3,332	
Provisions	16,566	—	—	16,566	
Total current liabilities	37,093	—	(1,617)	35,476	
Non-current assets					
Investments	3,939	—	—	3,939	
Receivables	172	—	—	172	
Inventories	9,820	—	—	9,820	
Infrastructure, property, plant and equipment	1,001,598	—	—	1,001,598	
Investment property	37,575	—	—	37,575	
Intangible assets	5,835	—	—	5,835	
Right of use assets	4,740	—	—	4,740	
Investments accounted for using equity method	540	—	—	540	
Other	37	—	—	37	
Total non-current assets	1,064,256	—	—	1,064,256	
Non-current liabilities					
Payables	3,280	—	—	3,280	
Lease liabilities	4,069	—	—	4,069	
Borrowings	29,515	—	—	29,515	
Provisions	771	—	—	771	
Total Non-current liabilities	37,635	—	—	37,635	

continued on next page ...

Page 63

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassification	Remeasurement	Carrying amount under previous revenue standards	Notes
Net assets	1,043,467	–	1,617	1,045,084	
Equity					
Accumulated surplus	640,250	–	1,617	641,867	
Revaluation reserves	403,217	–	–	403,217	
Council equity interest	1,043,467	–	1,617	1,045,084	
Total equity	1,043,467	–	1,617	1,045,084	

(i) Transfer of part of the contract liability to payables (income received in advance) and elimination of contract liability which arises under AASB 15 for funds that have been received prior to the satisfaction of performance obligations.

Income Statement for the year ended 30 June 2020

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Income from continuing operations					
Rates and annual charges	59,812	–	–	59,812	
User charges and fees	41,465	–	–	41,465	
Other revenues	2,877	–	–	2,877	
Grants and contributions provided for operating purposes	12,837	–	671	13,508	(i)
Grants and contributions provided for capital purposes	24,318	–	946	25,264	(i)
Interest and investment income	884	–	–	884	
Fair value increment on investment properties	13	–	–	13	
Rental income	4,154	–	–	4,154	
Net share of interests in joint ventures and associates using the equity method	540	–	–	540	
Total Income from continuing operations	146,900	–	1,617	148,517	
Expenses from continuing operations					
Employee benefits and on-costs	49,812	–	–	49,812	
Borrowing costs	797	–	–	797	
Materials and contracts	39,023	–	–	39,023	
Depreciation and amortisation	17,073	–	–	17,073	

continued on next page ...

Page 64

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Other expenses	17,558	–	–	17,558	
Net losses from the disposal of assets	2,570	–	–	2,570	
Total Expenses from continuing operations	126,833	–	–	126,833	
Total Operating result from continuing operations	20,067	–	1,617	21,684	
Net operating result for the year	20,067	–	1,617	21,684	
Total comprehensive income	15,564	–	–	15,564	

(i) Difference in revenue between recognition on receipt under the old standards and as / when performance obligations are met under new standards.

"The adoption of AASB 15 and AASB 1058 has not materially changed the statement of cash flows for the year ended 30 June 2020."

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	–	–
Total assets	1,079,585	–	1,079,585
Contract liabilities	–	148	148
Total liabilities	51,682	148	51,830
Accumulated surplus	618,886	(148)	618,738
Total equity	1,027,903	(148)	1,027,755

(iii) AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

continued on next page ...

Page 65

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council has recognised right-of-use assets and lease liabilities of \$5.26m at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 3.26%.

	Balance at 1 July 2019
\$ '000	
Operating lease commitments at 30 June 2019 per Council financial statements	1,221
 Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases	
Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	1,183
Add:	
Contracts not accounted for as operating lease commitments last year	3,893
Remeasurement due to lease modification	280
Less:	
Short-term leases included in commitments note	(14)
Leases for low-value assets included in commitments note	(79)
Lease liabilities recognised at 1 July 2019	<u>5,263</u>

continued on next page ...

Page 66

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Adjustments to the current year figures for the year ended 30 June 2020

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Rights-of-use assets	–	5,263	5,263
Total assets	1,079,585	5,263	1,084,848
Leases	–	5,263	5,263
Total liabilities	51,682	5,263	56,945
Accumulated surplus	618,886	–	618,886
Total equity	1,027,903	–	1,027,903

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	16,525	13,948
Balance as per the Statement of Cash Flows		16,525	13,948

(b) Reconciliation of net operating result to cash provided from operating activities

Net operating result from Income Statement	20,067	25,204
Adjust for non-cash items:		
Depreciation and amortisation	17,073	14,683
Net losses/(gains) on disposal of assets	2,570	(278)
Non-cash capital grants and contributions	(5,804)	(10,430)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	89	–
– Investment property	(13)	(3,592)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	3,174
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	1	3
Share of net (profits)/losses of associates/joint ventures using the equity method	(540)	–
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	159	157
Increase/(decrease) in provision for impairment of receivables	365	(1)
Decrease/(increase) in inventories	(14)	53
Decrease/(increase) in other current assets	1,401	(1,950)
Increase/(decrease) in payables	2,633	2,742
Increase/(decrease) in other accrued expenses payable	661	34
Increase/(decrease) in other liabilities	(471)	385
Increase/(decrease) in contract liabilities	2,513	–
Increase/(decrease) in provision for employee benefits	1,355	1,228
Increase/(decrease) in other provisions	(1,827)	(1,170)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	40,218	30,242

(c) Non-cash investing and financing activities

Dedicated subdivisions	5,804	8,788
RFS assets	–	1,642
Total non-cash investing and financing activities	5,804	10,430

(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 2020

Note 19. Interests in other entities

Joint arrangements

(i) Joint ventures

Strategic Services Australia Limited (Hunter Councils)

Council has an interest in Strategic Services Australia Limited, along with other Member Councils of Hunter Councils. The activities of this organisation are not controlled by any one Council.

Strategic Services Australia Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region. One such service is the establishment and provision of a Record Repository Centre for the use of the Member Councils and to outsource this service to other organisations.

This Organisation was established in January 2003 as Hunter Councils Limited after receiving Minister's consent, pursuant to Section 358(1) (a) of the Local Government Act 1993.

Strategic Services Australia Limited has the same year end date as Council.

This is the first year that Council has recognised the value of its interest in Strategic Services Australia Limited. Previously Council disclosed the value within the notes to the financial statements but never recognised within the Statement of Financial Position and Income Statement as it was considered immaterial. This decision has changed due to the growth of the organisation.

Aggregate information for joint ventures that are not individually material

The Group has interests in a number of joint ventures none of which is considered individually material. The table below summarises, in aggregate, the financial information of individually immaterial joint ventures.

Council's sharePercentage Owned (%)

Strategic Services Australia Limited	11.71%
--------------------------------------	--------

(a) Summarised financial information for individually immaterial joint ventures

\$ '000	2020	2019
Strategic Services Australia Limited		
Carrying Amount of Investment in joint ventures that are not individually material	540	–
Council's Share of those joint ventures:		
Profit/(loss) from continuing operations	540	–
Total comprehensive income – individually immaterial joint ventures	540	–

(b) Unrecognised share of losses

The unrecognised share of losses of joint ventures due to the Council's interest, reduce to zero under the equity methods are \$0 for the reporting period and \$0 on a cumulative basis.

continued on next page ...

Page 69

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in other entities (continued)

(c) Risk associated with the interests in joint ventures

\$ '000	2020	2019
Commitments relating to joint ventures held	–	–
Contingent liabilities incurred jointly with other investments over joint ventures held	–	–

Each of the partners in Strategic Services Australia Limited are jointly and severally liable for the debts of the organisation.

There are no significant restrictions on the ability of joint ventures to transfer funds to the group in the form of cash dividends, or to repay loans or advances made by the council.

(i) Joint operations

(a) Council is involved in the following joint operations (JO's)

\$ '000			Interest in ownership		Interest in voting	
			2020	2019	2020	2019
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%	50%	50%	50%

(b) Council assets employed in the joint operations

\$ '000	2020	2019
Council's share of assets jointly owned with other partners		
Current assets	13,606	16,761
Current liabilities	(5,158)	(4,470)
Non current assets	51,083	32,380
Non-current liabilities	(15,515)	(6,278)
Total net assets employed – Council and jointly owned	44,016	38,393

(c) Share of joint operations expenditure commitments

Capital commitments		
Payable not later than 1 year	11,034	5,395
Total capital commitments	11,034	5,395

continued on next page ...

Page 70

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in other entities (continued)

\$ '000	2020	2019
(d) Contingent liabilities of joint operations		
Share of contingent liabilities incurred jointly with other participants	100	100
Share of contingent liabilities for which Council is severally liable	100	100

continued on next page ...

Page 71

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 19. Interests in other entities (continued)**Accounting policy for joint arrangements:**

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

The council has determined that it has joint operations and joint ventures.

Joint ventures:

Joint ventures are those joint arrangements, which provide Council with rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

Council's share in the joint ventures gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of Council for the purpose of the consolidated financial statements.

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.

In addition to the joint ventures and associates disclosed individually above, Council has interests in a number of individually immaterial joint ventures and associates that have still been accounted for using the equity method.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Commitments

\$ '000	2020	2019
---------	------	------

(a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	723	6,775
Plant and equipment	561	228
Newcastle airport	11,034	5,395
Other	564	1,072
Total commitments	12,882	13,470

These expenditures are payable as follows:

Within the next year	12,882	13,470
Total payable	12,882	13,470

Details of capital commitments

The majority of Councils capital commitments relate to the Newcastle Airport building and terminal development.

\$ '000	2020	2019
---------	------	------

(b) Non-cancellable operating lease commitments (2019 only)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	–	421
Later than one year and not later than 5 years	–	538
Later than 5 years	–	262
Total non-cancellable operating lease commitments	–	1,221

b. Non-cancellable operating leases include the following assets:

Refer to Note 14 for information relating to leases for 2020.

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 19 (c)

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies

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 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. 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

continued on next page ...

Page 74

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies (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 2020 was \$631,543. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA on 31 December 2019, relating to the period ending 30 June 2019.

The amount of additional contributions included in the total employer contribution advised above is \$309,698. Council's expected contribution to the plan for the next annual reporting period is \$609,035.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

* 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 \$332,000 as at 30 June 2020.

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.

continued on next page ...

Page 75

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 21. Contingencies (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 2020

Note 22. 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 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	16,525	13,948	16,525	13,948
Receivables	8,578	9,102	8,640	9,102
Investments				
– 'Financial assets at amortised cost'	26,852	36,289	26,852	36,289
Total financial assets	51,955	59,339	52,017	59,339
Financial liabilities				
Payables	17,168	14,345	17,816	14,345
Loans/advances	32,847	19,528	32,847	19,528
Lease liabilities	4,863	–	4,863	–
Total financial liabilities	54,878	33,873	55,526	33,873

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** – 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 its 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.

continued on next page ...

Page 77

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. 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 there 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
2020				
Possible impact of a 1% movement in interest rates	363	–	(363)	–
2019				
Possible impact of a 1% movement in interest rates	412	–	(412)	–

(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.

continued on next page ...

Page 78

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. 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
2020						
Gross carrying amount	–	2,279	272	237	134	2,922
2019						
Gross carrying amount	–	2,184	203	188	123	2,698

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 2020 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
2020						
Gross carrying amount	2,883	968	120	782	1,273	6,026
Expected loss rate (%)	0.06%	29.91%	1.58%	0.77%	5.61%	6.15%
ECL provision	2	289	2	6	71	370
2019						
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%
ECL provision	4	–	–	1	13	18

(c) Liquidity risk

Payables, lease liabilities and borrowings are 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,

continued on next page ...

Page 79

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. 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 for non-lease liabilities (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
2020							
Trade/other payables	0.00%	1,244	13,274	6,560	—	21,078	17,168
Loans and advances	1.89%	—	3,757	22,095	9,104	34,956	32,847
Lease liabilities	0.00%	—	794	2,886	1,184	4,864	4,864
Total financial liabilities		1,244	17,825	31,541	10,288	60,898	54,879
2019							
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
Total financial liabilities		961	28,820	8,553	941	39,275	33,873

Loan agreement breaches

There were no loan agreement breaches recorded during the year.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 29/01/2019 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	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	59,087	59,812	725	1% F
User charges and fees	41,682	41,465	(217)	(1)% U
Other revenues	2,503	2,877	374	15% F
Other revenues were higher than originally budgeted for due to the receipt of insurance recoveries for assets that were damaged during the year.				
Operating grants and contributions	12,339	12,837	498	4% F
Capital grants and contributions	5,866	24,318	18,452	315% F
Council was successful in obtaining a number of capital grants during the year which was higher than originally budgeted for.				
Interest and investment revenue	1,421	884	(537)	(38)% U
The rapid decline in interest rates as a result of Covid-19 impacted on Councils investment earnings.				
Net gains from disposal of assets	250	–	(250)	100% U
Council made an overall net loss on disposal of IPPE primarily due to the disposal of infrastructure. Due to its uncertain nature Council does not budget for the disposal of infrastructure assets.				
Fair value increment on investment property	787	13	(774)	(98)% U
The fair value increase in Councils investment property portfolio was impacted due to Covid-19.				
Rental income	3,794	4,154	360	9% F
Joint ventures and associates – net profits	–	540	540	∞ F
Council has recognised its share of Strategic Services Australia Ltd for the first time which was not originally budgeted for.				

continued on next page ...

Page 81

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	46,786	49,812	(3,026)	(6)% U
Borrowing costs	767	797	(30)	(4)% U
Materials and contracts	40,103	39,023	1,080	3% F
Depreciation and amortisation	16,003	17,073	(1,070)	(7)% U
Other expenses	14,387	17,558	(3,171)	(22)% U
Other expenses exceeded the original budget due to the write off of bad debts arising from consolidation with the Newcastle Airport Partnership.				
Net losses from disposal of assets	–	2,570	(2,570)	∞ U
This item primarily relates to the disposal of infrastructure assets. Due to its uncertain nature Council does not budget for the disposal of infrastructure assets.				

STATEMENT OF CASH FLOWS

Cash flows from operating activities	24,052	40,218	16,166	67% F
Cash flows from operating activities exceeded the original budget due to the receipt of capital grants for new infrastructure projects.				
Cash flows from investing activities	(20,888)	(50,217)	(29,329)	140% U
Cash flows from investing activities are higher than originally budgeted for due to the increase in the capital works program which was funded from a mixture of bank loans, contributions and grants.				
Cash flows from financing activities	3,198	12,576	9,378	293% F
Cash flow from financing activities exceeded the original budget due to additional bank loans that were obtained to fund new community infrastructure projects.				

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. 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 \$ '000					
2020	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements					
Investment property					
Investment properties held		–	37,575	–	37,575
Total investment property		–	37,575	–	37,575
Infrastructure, property, plant and equipment					
Plant and equipment		–	–	10,317	10,317
Office equipment		–	–	1,096	1,096
Furniture and fittings		–	–	311	311
Land		–	49,257	74,093	123,350
Land Improvements		–	–	6,986	6,986
Buildings – specialised		–	–	102,611	102,611
Other Structures		–	–	5,647	5,647
Infrastructure	30/06/20	–	–	675,848	675,848
Other Assets		–	–	54,552	54,552
Total infrastructure, property, plant and equipment		–	49,257	931,461	980,718

Fair value measurement hierarchy \$ '000					
2019	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements					
Investment property					
Investment properties held		–	35,550	–	35,550
Total investment property		–	35,550	–	35,550

Infrastructure, property, plant and equipment

continued on next page ...

Page 83

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

2019	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Plant and equipment		–	–	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		–	–	35,770	35,770
Total infrastructure, property, plant and equipment		–	38,932	912,821	951,753

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 2 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:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.

continued on next page ...

Page 84

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

- 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 2 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 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,

continued on next page ...

Page 85

Port Stephens Council**Notes to the Financial Statements**

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

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. Therefore, Level 3 is best suited.

There has been no change to the valuation process during the reporting period.

continued on next page ...

Page 86

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. 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
2019								
Opening balance	9,927	106	75,912	93,660	4,122	666,847	38,105	888,679
Transfers from/(to) another asset class	(21)	36	4,378	1,640	1,368	—	(2,745)	4,656
Purchases (GBV)	5,551	93	665	4,025	449	(5,754)	3,725	8,754
Disposals (WDV)	(188)	—	(349)	(315)	—	17,575	(553)	16,170
Depreciation and impairment	(2,285)	(24)	(77)	(4,016)	(560)	(232)	(2,762)	(9,956)
Transfer from prior year	—	—	—	—	—	(4,254)	—	(4,254)
Revaluation increments/decrements	—	—	(26)	—	—	8,977	—	8,951
Transfers from/(to) Note 8	—	—	—	—	—	(180)	—	(180)
Closing balance	12,984	211	80,503	94,994	5,379	682,979	35,770	912,820
2020								
Opening balance	12,984	211	80,503	94,994	5,379	682,979	35,770	912,820
Transfers from/(to) another asset class	—	—	—	657	42	280	44	1,023
Purchases (GBV)	1,206	118	667	11,349	758	15,825	9,273	39,196
Disposals (WDV)	(208)	—	(11)	(304)	(27)	(2,438)	(137)	(3,125)
Depreciation and impairment	(2,569)	(18)	(80)	(4,085)	(505)	(5,832)	(2,611)	(15,700)
Revaluation increments/decrements	—	—	—	—	—	(14,966)	10,463	(4,503)
Transfers from/(to) Note 8	—	—	—	—	—	—	1,750	1,750
Closing balance	11,413	311	81,079	102,611	5,647	675,848	54,552	931,461

continued on next page ...

Page 87

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

\$ '000	Fair value (30/6/20)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant & Office Equipment	11,413	Cost approach	Current replacement cost of modern equivalent asst, asset condition, useful life and residual value
Furniture & Fittings	311	Cost approach	Current replacement cost of modern equivalent asst, asset condition, useful life and residual value
Land & Land Improvements	81,079	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	102,611	Cost approach	Unit price
Other Structures	5,647	Cost approach	Current replacement cost of modern equivalent asst, asset condition, useful life and residual value
Infrastructure	675,848	Cost approach	Current replacement cost of modern equivalent asst, asset condition, useful life and residual value
Other Assets	54,552	Cost approach	Current replacement cost of modern equivalent asst, asset condition, useful life and residual value

continued on next page ...

Page 88

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

(5) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Related party disclosures

(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	2020	2019
Compensation:		
Short-term benefits	3,893	4,146
Post-employment benefits	332	360
Termination benefits	279	–
Total	4,504	4,506

(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	Ref					
2020						
Director remuneration	1	66	–		–	–
Director remuneration	2	32	–		–	–
Payment of contributions	3	408	–		–	–
Legal services	4	215	–		–	–
Training services	5	92	–		–	–
Tourism services	6	10	–		–	–
Cleaning services	10	20	–		–	–
Sub lease of Council buildings	11	64	–		–	–
Supply of Goods	12	11	4		–	–

continued on next page ...

Page 90

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Related party disclosures (continued)

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	Ref					
Supply of goods	13	26	—		—	—
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	—		—	—
Cleaning services	10	24	—		—	—
Sub lease of Council buildings	11	66	—		—	—
Supply of Goods	12	4	4		—	—
Supply of goods	13	—	—		—	—

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.

continued on next page ...

Page 91

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Related party disclosures (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 Birubi 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 Birubi Beach Pty Ltd (a company which has a member of Council's KMP as a director) have a sublease with Birubi Point 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 paid expenses to Port Stephens Koalas in relation to a grant recieved on their behalf during the year. Port Stepehns Koalas has 2 members of Council's KMP as a director.
- 13 Port Stephens Council purchased products from S & K Iatham 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.

(c) Other related party transactions

\$ '000	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
2020						
Shareholder dividend	1	2,000	—		—	—
2019						
Shareholder dividend	1	1,943	—		—	—

continued on next page ...

Page 92

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Related party disclosures (continued)

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.

Note 26. Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Note 27. Statement of developer contributions

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 ¹

\$ '000	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	Cumulative internal borrowings due/(payable)
	Opening Balance	Cash	Non-cash				Held as restricted asset	
Civic Administration	505	294	8	4	(317)	—	494	—
Town Centre Upgrades	—	68	—	—	—	—	68	—
Public Open Space, Parks and Reserves	—	243	—	—	—	—	243	—
Sports and Leisure Facilities	—	772	—	—	—	—	772	—
Community and Cultural Facilities	—	27	—	—	—	—	27	—
Road Works	—	145	—	—	—	—	145	—
Medowie, Traffic and Transport	—	68	—	—	—	—	68	—
Shared Paths	—	76	—	—	—	—	76	—

continued on next page ...

Page 93

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

\$ '000	as at 30/06/19		Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash					Held as restricted asset	Cumulative internal borrowings due/(payable)
Bus Facilities	–	8	–	–	–	–	–	8	–
Fire and Emergency	–	11	–	–	–	–	–	11	–
Flood and Drainage Works	–	36	–	–	–	–	–	36	–
Cross Boundary Contributions	–	3	–	–	–	–	–	3	–
Haulage	2,460	758	17	17	(802)	–	–	2,450	–
S7.11 contributions – under a plan	2,965	2,509	25	21	(1,119)	–	–	4,401	–
S7.12 levies – under a plan	–	129	–	–	–	–	–	129	–
Total S7.11 and S7.12 revenue under plans	2,965	2,638	25	21	(1,119)	–	–	4,530	–
Repealed funds	15,387	2,481	102	108	(9,575)	–	–	8,503	–
Fern Bay - Repealed Funds	1,500	–	–	10	–	–	–	1,510	–
Total contributions	19,852	5,119	127	139	(10,694)	–	–	14,543	–

(1) Interest is earned according to the opening balance for the year

S7.11 Contributions – under a plan

CATCHMENT DISTRICT – RAYMOND TERRACE - RURAL

Town Centre Upgrades	–	17	–	–	–	–	–	17	–
Public Open Space, Parks and Reserves	–	68	–	–	–	–	–	68	–
Sports and Leisure Facilities	–	240	–	–	–	–	–	240	–
Road Works	–	58	–	–	–	–	–	58	–
Shared Paths	–	9	–	–	–	–	–	9	–
Bus Facilities	–	–	–	–	–	–	–	–	–
Fire and Emergency	–	6	–	–	–	–	–	6	–

continued on next page ...

Page 94

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

\$ '000	as at 30/06/19		Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash					Held as restricted asset	Cumulative internal borrowings due/(payable)
Flood and Drainage Works	–	2	–	–	–	–	–	2	–
Total	–	400	–	–	–	–	–	400	–
CATCHMENT DISTRICT – CENTRAL GROWTH CORRIDOR									
Town Centre Upgrades	–	28	–	–	–	–	–	28	–
Public Open Space, Parks and Reserves	–	85	–	–	–	–	–	85	–
Sports and Leisure Facilities	–	264	–	–	–	–	–	264	–
Road Works	–	62	–	–	–	–	–	62	–
Medowie, Traffic and Transport	–	68	–	–	–	–	–	68	–
Shared Paths	–	6	–	–	–	–	–	6	–
Bus Facilities	–	–	–	–	–	–	–	–	–
Flood and Drainage Works	–	17	–	–	–	–	–	17	–
Total	–	530	–	–	–	–	–	530	–
CATCHMENT DISTRICT – TOMAREE									
Town Centre Upgrades	–	15	–	–	–	–	–	15	–
Public Open Space, Parks and Reserves	–	33	–	–	–	–	–	33	–
Sports and Leisure Facilities	–	80	–	–	–	–	–	80	–
Community and Cultural Facilities	–	27	–	–	–	–	–	27	–
Road Works	–	25	–	–	–	–	–	25	–
Shared Paths	–	12	–	–	–	–	–	12	–
Bus Facilities	–	–	–	–	–	–	–	–	–
Fire and Emergency	–	5	–	–	–	–	–	5	–
Flood and Drainage Works	–	17	–	–	–	–	–	17	–
Total	–	214	–	–	–	–	–	214	–
CATCHMENT DISTRICT – FERN BAY									
Town Centre Upgrades	–	8	–	–	–	–	–	8	–

continued on next page ...

Page 95

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19						as at 30/06/20	
	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/(payable)
\$ '000		Cash	Non-cash					
Public Open Space, Parks and Reserves	–	57	–	–	–	–	57	–
Sports and Leisure Facilities	–	188	–	–	–	–	188	–
Shared Paths	–	49	–	–	–	–	49	–
Bus Facilities	–	8	–	–	–	–	8	–
Cross Boundary Contributions	–	3	–	–	–	–	3	–
Fern Bay - Repealed Funds	1,500	–	–	10	–	–	1,510	–
Total	1,500	313	–	10	–	–	1,823	–
CATCHMENT DISTRICT – SHIRE WIDE								
Haulage	2,460	758	17	17	(802)	–	2,450	–
Civic Administration	505	294	8	4	(317)	–	494	–
Total	2,965	1,052	25	21	(1,119)	–	2,944	–

S7.12 Levies – under a plan

S7.12 LEVIES – UNDER A PLAN

Section 7.12	–	129	–	–	–	–	129	–
Total	–	129	–	–	–	–	129	–

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Result by fund

Council utilises only a general fund for its operations.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29. Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods 2019 2018		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(2,145)	(1.76)%	2.61%	(0.08)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	122,118				
2. Own source operating revenue ratio ³					
Total continuing operating revenue excluding all grants and contributions ¹	109,281	74.63%	76.86%	78.24%	>60.00%
Total continuing operating revenue ¹	146,436				
3. Unrestricted current ratio					
Current assets less all external restrictions	44,747				
Current liabilities less specific purpose liabilities	20,586	2.17x	1.59x	2.08x	>1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	15,725	2.49x	3.71x	2.36x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,321				
5. Rates, annual charges, interest and extra charges outstanding percentage ³					
Rates, annual and extra charges outstanding	1,921	3.05%	2.95%	2.84%	<10.00%
Rates, annual and extra charges collectible	62,942				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	39,467	4.03	5.22	5.53	>3.00
Monthly payments from cash flow of operating and financing activities	9,791	mths	mths	mths	mths

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

(3) Reclassification has occurred on comparative figures for this line item

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.**Port Stephens Council****Notes to the Financial Statements**

for the year ended 30 June 2020

Note 30. 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**Telephone:** 02 4988 0255**Facsimile:** 02 4988 0130**Opening hours:**8:30am - 5:00pm
Monday to Friday**Internet:** www.portstephens.nsw.gov.au**Email:** council@portstephens.nsw.gov.au**Officers****General Manager**

Wayne Wallis

Responsible Accounting Officer

Tim Hazell

Public Officer

Tony Wickham

AuditorsThe Audit Office of New South Wales
Level 19, Tower 2 Darling Park, 201 Sussex St,
Sydney NSW 2000**Elected members****Mayor**

Ryan Palmer

CouncillorsCr 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

Port Stephens Council

General Purpose Financial Statements

for the year ended 30 June 2020

Independent Auditor's Report

Please upift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Port Stephens Council

General Purpose Financial Statements
for the year ended 30 June 2020

Independent Auditor's Report

Please upift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

Port Stephens Council

SPECIAL SCHEDULES
for the year ended 30 June 2020

"A great lifestyle in a treasured environment"



Port Stephens Council**Special Schedules**

for the year ended 30 June 2020

Contents	Page
Special Schedules	
Permissible income for general rates	3
Report on Infrastructure Assets - Values	4

Port Stephens Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
Notional general income calculation ¹			
Last year notional general income yield	a	43,572	42,049
Plus or minus adjustments ²	b	334	372
Notional general income	c = a + b	43,906	42,421
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	1,142	1,145
Sub-total	k = (c + g + h + i + j)	45,048	43,566
Plus (or minus) last year's carry forward total	l	10	15
Sub-total	n = (l + m)	10	15
Total permissible income	o = k + n	45,058	43,581
Less notional general income yield	p	45,065	43,572
Catch-up or (excess) result	q = o - p	(7)	10
Plus income lost due to valuation objections claimed ⁴	r	7	—
Carry forward to next year ⁶	t = q + r + s	—	10

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.

(4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.

(6) 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 OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost	Estimated cost	2019/20	2019/20	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		to bring assets to satisfactory standard	to bring assets to the agreed level of service set by Council	Required maintenance ^a	Actual maintenance			1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000							
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	1,524	1,524	2,718	2,747	102,611	189,791	19.7%	39.1%	33.6%	6.6%	1.0%
	Sub-total	1,524	1,524	2,718	2,747	102,611	189,791	19.7%	39.1%	33.6%	6.6%	1.0%
Other structures	Other structures	—	—	203	176	5,647	13,354	7.2%	44.5%	48.3%	0.0%	0.0%
	Sub-total	—	—	203	176	5,647	13,354	7.2%	44.5%	48.3%	0.0%	0.0%
Roads	Sealed roads	10,317	10,317	4,063	4,037	300,661	339,756	50.5%	30.6%	14.0%	4.3%	0.6%
	Unsealed roads	—	—	796	799	8,905	10,054	6.4%	41.4%	42.6%	9.6%	0.0%
	Bridges	—	—	12	14	12,917	14,941	38.5%	52.8%	0.5%	8.2%	0.0%
	Footpaths	191	191	402	371	57,106	67,816	15.8%	23.4%	53.6%	7.1%	0.1%
	Other road assets	491	491	2,102	1,969	69,027	79,940	18.1%	59.9%	18.6%	3.0%	0.4%
	Sub-total	10,999	10,999	7,375	7,190	448,616	512,507	39.6%	35.1%	20.1%	4.7%	0.5%
Stormwater drainage	Stormwater drainage	610	610	1,060	976	208,679	235,509	23.8%	72.8%	2.6%	0.7%	0.1%
	Sub-total	610	610	1,060	976	208,679	235,509	23.8%	72.8%	2.6%	0.7%	0.1%
Open space /recreational assets	Swimming pools	—	—	129	124	3,104	6,838	0.0%	15.0%	85.0%	0.0%	0.0%
	Open space	320	320	3,496	3,654	21,504	32,328	11.8%	51.7%	28.5%	6.0%	2.0%
	Sub-total	320	320	3,625	3,778	24,608	39,166	9.7%	45.3%	38.4%	5.0%	1.7%
Other infrastructure assets	Other	380	380	271	222	7,376	13,381	15.0%	46.0%	29.0%	10.0%	0.0%
	Sub-total	380	380	271	222	7,376	13,381	15.0%	46.0%	29.0%	10.0%	0.0%
TOTAL - ALL ASSETS		13,833	13,833	15,252	15,089	797,537	1,003,708	30.2%	45.4%	19.8%	4.1%	0.5%

(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 |

continued on next page ...

Page 4

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Report on Infrastructure Assets - Values (continued)

as at 30 June 2020

3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	16,621	157.37%	114.92%	123.14%	>= 100.00%
Depreciation, amortisation and impairment	10,562				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	13,833	1.73%	1.80%	1.83%	<2.00%
Net carrying amount of infrastructure assets	797,538				
Asset maintenance ratio					
Actual asset maintenance	15,089	98.93%	99.05%	104.10%	>100.00%
Required asset maintenance	15,252				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	13,833	1.38%	1.48%	1.57%	
Gross replacement cost	1,003,708				

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) 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.

ITEM 3 - ATTACHMENT 1 2019 - 2020 ANNUAL FINANCIAL STATEMENTS.

Port Stephens Council Holiday Parks and Investment Property Report Financial Year 2019/2020					
Holiday Parks		Operating Income	Operating Expenditure	EBITDA (3)	Net Yield % (1) Notes
	Fingal Bay Crown	4,022,583	3,267,768	754,815	6%
	Halifax Crown	2,559,717	2,292,381	267,336	3%
	Shoal Bay Crown	877,528	785,621	91,906	
	Council	1,629,694	1,459,011	170,683	2%
		2,507,222	2,244,633	262,589	
	Thou Walla Council	827,503	810,789	16,714	0%
	TreEscape Council	81,348	432,645	(351,297)	-3%
Investment Property		Operating Income	Operating Expenditure	EBITDA (3)	Net Yield % (1) Notes
	Total	3,427,196	595,056	2,832,140	8% 2
Newcastle Airport		Operating Income	Operating Expenditure	EBITDA (3)	Net Yield % (4) Notes
	Total	19,606,293	13,733,723	5,872,571	12%
Notes 1 Net Yield = EBITDA/Capital 2 Councils 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					